

2006

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### Recommended Citation

Gunnigan, L., and Eaton, D., A critical appraisal of the roles of public sector employees in the provision of educational buildings under a Public Private Partnership (PPP) in the Republic of Ireland, Proceedings of the *,CIB W89 International Conference on Building Education and Research, April 11-13 2006, Hong Kong.*  
doi:10.21427/cr3m-xn21

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# **A CRITICAL APPRAISAL OF THE ROLES OF PUBLIC SECTOR EMPLOYEES IN THE PROVISION OF EDUCATIONAL BUILDINGS UNDER A PUBLIC PRIVATE PARTNERSHIP (PPP) IN THE REPUBLIC OF IRELAND**

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Public-Private Partnership (PPP) has now become established as a key element in the Irish Government's strategy in the provision of school buildings. Specific guidelines have been implemented to define the public sector role in a PPP in Ireland and these guidelines represent a significant change in role from those in the traditional schools procurement process. Through a literature review, this paper maps the PPP process and establishes the new tasks that public sector employees must carry out in the adoption of PPP. The new knowledge, skills and competence (KSC) required to carry out these tasks are noted. Whilst existing literature has noted that a more commercial attitude is required by the public sector, this paper illustrates the precise tasks in the PPP process that will be influenced by such a change. It also identifies the KSC required by each of the people who are responsible for carrying out the new tasks. The outcome of the paper will assist in the planning of PPP process training for public sector workers.

**Key Words:** PPP, Public Sector, Educational Buildings, Employees Roles, Ireland.

## **INTRODUCTION**

Public Private Partnerships (PPP) were introduced in Ireland as a means of realising key elements of the National Development Plan 2000 – 2006 (Department of Finance 1999). They were to be used in accordance with the guidelines laid down by the government (Department of Environment & Local Government 2000a) and initially were applied to a programme of pilot PPP projects across a variety of sectors. By 2001, it was estimated that €13 billion worth of projects would be procured by PPP between 2001 and 2006 (PriceWaterhouse Coopers 2001). By early 2004, 74 PPP projects had reached various stages of procurement (Central PPP Unit 2004b). These projects span such sectors as education, roads, solid waste, public transport, water services, housing, car testing and driver testing. The next phase of development of the Irish PPP programme is now due to commence.

Compiled in the context of PhD level research into the use of PPP in Ireland, this paper aims to:

- map the PPP process involved in the procurement of a school under PPP;
- establish the changes in the role of the DOES employees in the change to PPP;
- establish the public sector knowledge, skills and competence (KSC) needs arising from the introduction of PPP;

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The paper is compiled by extracting information on the role of public sector employees in PPP from a number of documents published by the Irish government. The new tasks arising from the introduction of PPP are highlighted and the KSC required to address these tasks is noted. The paper concludes that there are significant public sector training needs that must be addressed to ensure that the benefits of using PPP in the provision of educational buildings are maximised.

### **Background - The role of the Contracting Authority**

In a typical PPP project, the contracting authority can consist of a number of parts of the public sector. Each of these parts has specific responsibilities in relation to the project. PriceWaterhouse Coopers (2001) identifies the following roles that must be filled in a PPP:

- \* The sponsoring agency
  - the part of the public sector that will act on behalf of the Government in procuring the service required. In the case of procurement of school buildings, this is part of the role of the Department of Education and Science (DOES);
- \* The sanctioning authority
  - the part of the public service that has responsibility for sanctioning the expenditure of funding in the procurement of the service. In the case of PPP in Ireland, this is part of the role of the Department of Finance.

The Central PPP Unit (2004b) identifies the following individuals that have specific responsibilities within the sponsoring agency:

- \* The Accountable Officer;
- \* The Project Manager;
- \* The Process Officer;
- \* The Contract Manager.

This paper concentrates on the DOES staff that take on these roles during the various stages of a PPP.

### **The Project Procurement Process**

Figure 1 outlines the project process and shows the comparative stages of a PPP and Traditional Procurement project. The above roles will in turn be examined in relation to each of the stages to establish the new skills and knowledge that will be required by a member of DOES staff in a schools PPP. At each stage, the new tasks required are noted. An outline of the new skills/knowledge that will be required to carry out these tasks is given. As the Project Identification stage is common to both procurement routes, it is not examined in this paper.

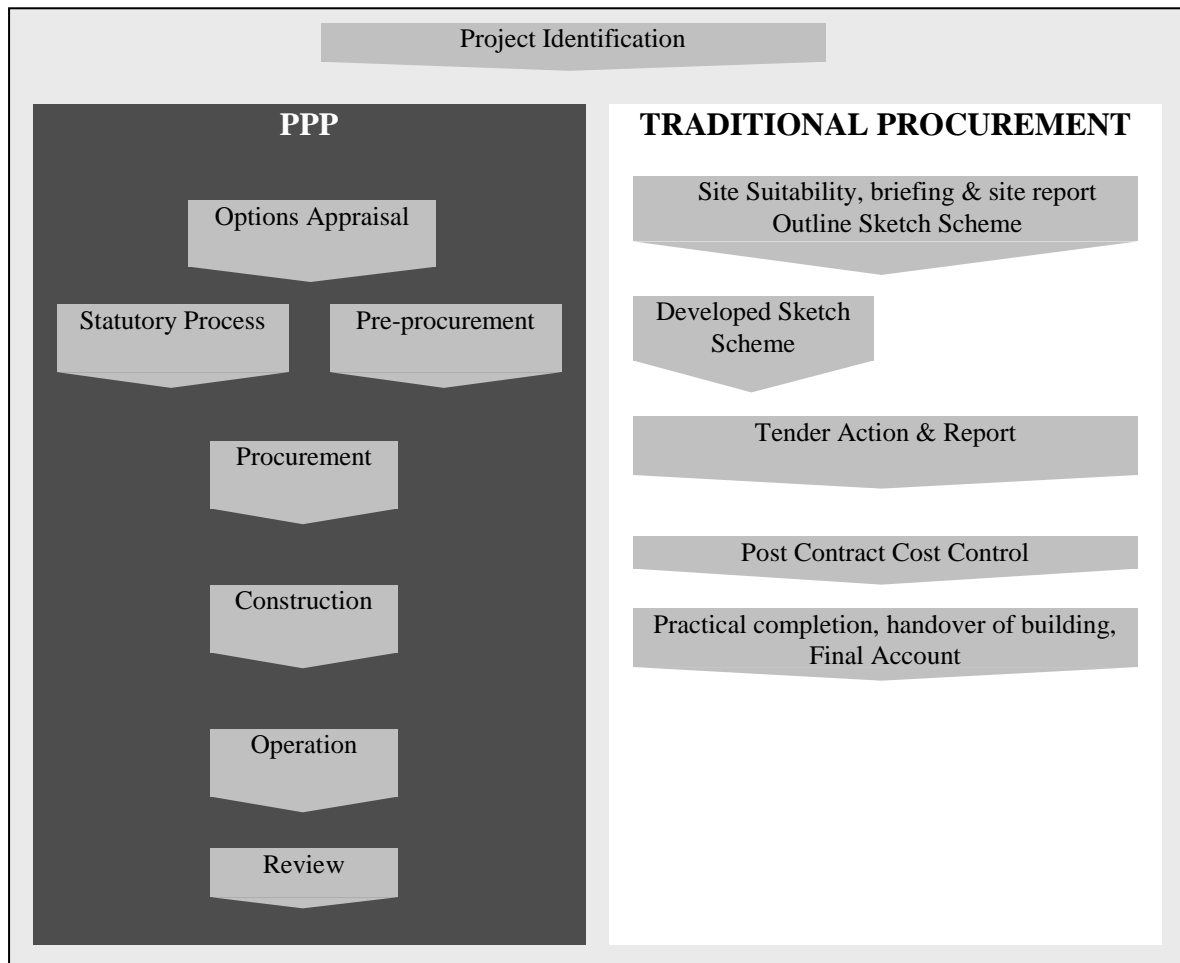


Figure 1. The Project Procurement Process (summarised from Department of Environment, Heritage & Local Government, 2003)

The roles of each of those that have specific responsibilities within the DOES will now be examined in the context of each of the stages in a PPP. By analysing the Department of Environment & Local Government (2000a-o) PPP guidelines and the publications of the Central PPP Unit (2004a,b), the new tasks that arise in a PPP are extracted and highlighted. By further detailed analysis of existing literature from Ireland (Interdepartmental Group on Public Private Partnerships, 2000; PriceWaterhouse Coopers, 2001; Central PPP Policy Unit, 2002; Department of Environment Heritage and Local Government, 2003) and supplementing this with the records of the experiences gained from the use of the Private Finance Initiative in the UK (Audit Commission, 2001; Audit Scotland 2002; HM Treasury, 2003), the knowledge, skills and competence (KSC) that would be required to carry out each task is determined. A summary of the KSC required by each individual is given in turn.

### **The Accountable Officer**

This is the senior manager within the DOES who has overall responsibility for the project and who acts as a link between the DOES and the Central PPP unit in the Department of Finance. In the author's experience, this person is usually the head of the departmental PPP unit.

*Options Approval Stage*

New task	Knowledge/Skill/Competence (KSC) required
1. Brief the consultants who will carry out a PPP Assessment	<ul style="list-style-type: none"> <li>• Competence in the application of the PPP process and a strong knowledge of how it differs from the traditional procurement route;</li> <li>• Knowledge of the current market for a schools PPP;</li> <li>• Knowledge of the outcome of other schools PPPs in Ireland and the use of PPP in the provision of schools elsewhere;</li> <li>• Project risks assessment skills;</li> <li>• Knowledge of PPP financing;</li> <li>• Ability to build a team capable of managing the project.</li> </ul>
2. Analyse the PPP Assessment	
3. Appoint the Project Manager & the Project Board	
4. Appoint Process Auditor	
5. Approve project procurement checklist	

The Accountable Officer has no new tasks to perform in the Statutory Process Stage.

*Pre-procurement Stage*

New task	KSC required
6. Review progress to date and apply to Department of Finance for approval to proceed to Procurement Stage	<ul style="list-style-type: none"> <li>• Competence in the application of the PPP process and a strong knowledge of how it differs from the traditional procurement route.</li> </ul>

*Procurement Stage*

New task	KSC required
7. Approve Tender Recommendation Report	<ul style="list-style-type: none"> <li>• Competence in the application of the PPP process;</li> <li>• Knowledge of PPP contracts;</li> <li>• Ability to build a team capable of managing the project.</li> </ul>
8. Submit all documentation to Department of Finance for final approval	
9. Appoint the Contracts Manager	

Whilst the Accountable Officer has significant involvement in the Options Approval Stage of the project, his/her direct involvement decreases as the project progresses and is fully delegated once construction commences. In summary, the training needs of the Accountable Officer are as follows:

- Knowledge of the PPP process as it applies to the procurement of school buildings and how it differs from traditional procurement methods;
- Knowledge of PPP contracts;
- Knowledge of PPP financing;
- Team building skills;
- Risk assessment skills;
- Competence in the application of the PPP process.

## The Project Manager

This is the lead individual in the DOES with responsibility for the planning, monitoring and implementation of the project. He/she is appointed at the Options Approval stage.

### *Options Approval Stage*

New task

KSC required

10. Compile the project procurement checklist	<ul style="list-style-type: none"> <li>Detailed knowledge of the PPP procurement process;</li> <li>Project management skills.</li> </ul>
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### *Statutory Process Stage*

New task

KSC required

11. Establish criteria for risk assessment	<ul style="list-style-type: none"> <li>Detailed knowledge of the PPP procurement process;</li> <li>Competence in working with consultants;</li> <li>Detailed knowledge of the risks that can occur on a PPP project.</li> </ul>
12. Brief the consultants who will carry out the risk Assessment	
13. Analyse the Risk Assessment Report	

### *Pre-procurement Stage*

New task

KSC required

14. Establish criteria for preparation of Output Specification	<ul style="list-style-type: none"> <li>Detailed knowledge of the general use of school buildings</li> <li>Strong understanding of the requirements of the actual users of the school;</li> <li>Detailed knowledge of PPP contracts;</li> <li>Experience of working with consultants;</li> <li>Competence in long term and short term financial planning;</li> <li>Competence in PPP tender evaluation;</li> <li>Strong analytical and decision-making abilities.</li> </ul>
15. Brief the consultants who prepare Output Specification	
16. Establish criteria for preparation of Project Agreement	
17. Brief the consultants who prepare Project Agreement	
18. Establish criteria for preparation of Payment Mechanism documentation	
19. Brief the consultants who prepare Payment Mechanism documentation	
20. Establish criteria for preparation of Public Sector Benchmark (PSB)	
21. Brief the consultants who prepare Public Sector Benchmark (PSB)	
22. Establish Tender Evaluation criteria	
23. Analyse consultants reports	
24. Decide on procurement strategy	
25. Present report to Accountable Officer	

*Procurement Stage (bidding)*

New task	KSC required
26. Issue procurement notice in the Official Journal of the European Community	<ul style="list-style-type: none"> <li>• Marketing skills;</li> <li>• Facilitation skills;</li> <li>• Ability to deal with a variety of stakeholders at one time;</li> <li>• Strong analytical and decision-making abilities.</li> </ul>
27. Hold public meetings	
28. Assess expressions of interest	
29. Request outline proposals	
30. Compile a shortlist of bidders	
31. Issue detailed tendering documentation to bidders	

*Procurement Stage (negotiation)*

New task	KSC required
32. Evaluate and rank bids in accordance with the Tender Evaluation Criteria	<ul style="list-style-type: none"> <li>• Strong analysis and decision-making abilities;</li> <li>• Commercial approach to negotiation of contracts;</li> <li>• Strong communication skills;</li> <li>• Detailed knowledge of PPP contracts.</li> </ul>
33. Request and assess best and final offer from one or two bidders	
34. Negotiate concession contracts	
35. Prepare Tender Recommendation Report and submit to Accountable Officer	
36. Finalise Contracts	

*Construction Stage*

New task	KSC required
37. Hand over project to Contract Manager	<ul style="list-style-type: none"> <li>• Strong communication skills;</li> <li>• Competence as a team player.</li> </ul>

In summary the training needs of the Project Manager are as follows:

- Knowledge of the use of school buildings and of the specific needs of the future users of the facility being provided;
- Detailed knowledge of the PPP process;
- Knowledge of PPP contracts;
- Knowledge of risk in PPP projects;
- Project management skills;
- Strong communication skills;
- Team building skills;
- Marketing skills;
- Facilitation skills;
- Analysis and decision making skills;
- Competence in dealing with consultants;

- Competence in PPP project financing;
- Competence in commercial negotiations;
- Competence in PPP tender evaluation.

### **The Process Officer**

This person is appointed by and reports to the Accountable Officer at the Options Approval Stage. The Process Officer’s responsibility is to monitor compliance with the procurement procedures that have been agreed for the project. His/her role begins in the Statutory Process stage and ends at the completion of the Procurement stage. The tasks in all stages and the KSC required are as follows.

New task	KSC required
38. Establish audit criteria	<ul style="list-style-type: none"> <li>• Strong communication skills to ensure that acceptable and realistic audit criteria are agreed;</li> <li>• Strong knowledge of the PPP process;</li> <li>• Ability to carry out audits impartially and decisively.</li> </ul>
39. Measure actions against audit criteria	
40. Report to Accountable Officer	

### **The Contract Manager**

This person is appointed by the Accountable Officer prior to the construction stage to oversee construction and to manage the operational contract.

#### *Construction Stage*

New task	KSC required
Monitor progress and construction standards from a regulatory perspective	<ul style="list-style-type: none"> <li>• Strong knowledge of the PPP process;</li> <li>• Competence in management from a “hands-off” perspective;</li> <li>• Detailed knowledge of the regulatory environment relating to the construction of school buildings;</li> <li>• Detailed knowledge of the agreed Output Specification, Project Agreement and Payment Mechanism.</li> </ul>
41. Certify achievement of agreed milestones	
42. Report to Accountable Officer	
43. Certify that the completed facility is ready for occupation	



### *Operation Stage*

New task	KSC required
44. Monitor the service provided in accordance with the conditions of contract	<ul style="list-style-type: none"> <li>• Detailed knowledge of the agreed Output Specification, Project Agreement and Payment Mechanism;</li> <li>• Ability to act in a fair and decisive manner in a commercial environment;</li> <li>• Competence in change management;</li> <li>• Detailed knowledge of the regulatory environment relating to the construction of school buildings;</li> <li>• Competence in management of re-tendering process.</li> </ul>
45. Certify the level of achievement of service	
46. Report to the Accountable Officer and the Central PPP unit making recommendations for the level of payment to be made	
47. Assess changes required in the facility to cope with required changes of service required over the life of the contract	
48. Assess the condition of the asset (the school) and potential liabilities for upgrading towards the end of the contract	
49. Manage the re-tendering of the ongoing operational service, if this is required.	

In summary the training needs of the Contract Manager are as follows:

- Knowledge of the PPP process and how it differs from traditional procurement;
- Detailed understanding of the agreed Output Specification, Project Agreement and Payment Mechanism;
- Knowledge of PPP contracts;
- Knowledge of the regulatory environment;
- Project management skills;
- Strong communication skills;
- Analysis and decision making skills;
- Competence in change management;
- Competence in dealing with contractors and service providers;
- Competence in management in a commercial environment;
- Competence in PPP tender management.

## **CONCLUSION**

Public sector employees have experienced significant role change as a result of the introduction of PPP. This role change is evident at all stages of the PPP process. Clearly a considerable amount of time and effort has been invested into developing new procedures for the public sector's role in PPP. This paper shows that these procedures have in turn have generated considerable public service training needs. Whilst a framework for general training on PPP is available (Interdepartmental Group on Public Private Partnerships, 2000), there is no published evidence to show that the specific necessary training is systematically provided in the DOES for those who need

it. In rolling out the next phase of the Irish PPP programme, these training needs must be addressed.

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