

Interdepartmental Group on Public Private Partnerships (PPPs)

Framework for PPP Awareness and Training: *Background and Explanatory Note*

Introduction

Public Private Partnerships (PPPs) are a central element of the National Development Plan 2000-2006 with a minimum target of €2.4bn. of private finance identified for PPP projects under the Plan. PPPs are expected to have a pivotal role in supporting the efficient and timely delivery of major infrastructural projects under the NDP, delivering long-term value for money for the Exchequer and quality public services for the taxpayer.

Interdepartmental Group on PPPs (IDG)

The Interdepartmental Group on PPPs is the key public sector forum of the institutional structures established by Government to manage the development of PPPs in Ireland. The main task of the IDG is to ensure consistency in the implementation of Ireland's PPP programme across the public service and to develop issues cutting across all the sectors involved in the PPP programme.

The Interdepartmental Group is chaired by the Head of the Central PPP Unit in the Department of Finance and its membership includes the heads of the PPP Units in the main sectoral departments/bodies engaged in PPPs: Department of the Environment and Local Government, Department of Public Enterprise, Department of Education and Science, National Roads Authority (as well as representatives of the Department of the Taoiseach, the National Treasury Management Agency and the Department of Enterprise, Trade and Employment).

Framework for PPP Awareness and Training

The IDG has recently agreed a *Framework for PPP Awareness and Training*. The Group has agreed that this Framework should be made available to potential training providers in the Irish market in order to assist them in developing/designing their training programmes to match the requirements of the development of Ireland's PPP programme. The IDG has also agreed that training providers should also be invited to submit details of their PPP training programme(s), setting out how they meet the requirements of the Framework.

Role of Interdepartmental Group

The Interdepartmental Group does not intend to approve training programmes submitted to it or to enter into any contract for the provision of training services at this time. The IDG is, however, anxious to assist any service providers in bringing suitable courses to the Irish market. In view of this objective, and without prejudice, the Interdepartmental Group (through appropriate Government Departments) will:

- (i) advise service providers of the broad range of issues to be encompassed by planned courses in order to address the training needs of the public sector in the Irish market;
- (ii) bring the training programmes and courses submitted to the attention of the public service bodies requiring training in PPP issues; and
- (iii) provide appropriate feedback on the response to the courses undertaken.

Disclaimer

It is important to note that the purpose of this process is solely to facilitate the flow of information between public service bodies exploring the availability of PPP training and prospective training providers. It is the responsibility of each individual department/agency to arrange suitable and appropriate PPP training provision meeting its specific requirements in line with established procurement rules. In particular there is no obligation whatsoever on any department/agency to avail of PPP training as identified through the process set out by the Interdepartmental Group.

Interdepartmental Group on Public Private Partnerships

Framework for PPP Awareness and Training

1 Introduction

1.1 The effective utilisation of a PPP approach to the provision of economic infrastructure and quality public services clearly requires knowledge, expertise, skills and competencies differing in significant respects from those necessary under the traditional procurement regime. Skills and knowledge gaps could act as significant impediments to the successful delivery of the PPP programme currently underway and the expanded use of PPPs across the public sector in the future.

1.2 The Department of the Environment and Local Government's Policy Framework for Public Private Partnerships (April 2000) draws specific attention to the requirement for properly trained staff in order to support the successful implementation of the PPP process. It concludes that there will be a need for additional resources, skills, experience and expertise for the management of PPP projects. It recommends that contracting and central authority personnel involved with PPP receive specialised training in relevant processes and skills in order to be properly prepared to competently discharge their duties.

1.3 The launch of Ireland's PPP programme therefore gives rise to significant training and awareness requirements for public sector staff involved in the process. Consequently well-designed and structured training provision focused on addressing existing deficits in skills and knowledge is central to the successful delivery of PPP projects. Training is also integral to promoting best practice and strengthening consistency of the approach in undertaking PPP projects.

1.4 PPP training has a crucial role in helping to secure value for money in terms of the services provided by professional advisors. Value for money considerations also suggest strongly that it is important to avoid a broad and unfocused approach to PPP training which fails to meet existing gaps in skills and knowledge in PPP project areas.

2 Lessons from the UK

2.1 The evolution of the training regime for PFI in the UK can act as an important guide to the main steps required to ensure that all public service participants in the PPP process in Ireland are equipped to deliver PPP projects effectively. The UK experience illustrates a clear evolution and refocusing overtime of PPP training. In the initial phase, knowledge-based training predominated, but it is now accepted that training provision should concentrate on the skills and competencies required to undertake PPP projects successfully.

2.2 The first (1997) Bates Review of PFI highlighted a range of relevant training issues. It noted that PFI transactions require a level of commercial knowledge, deal-making expertise, and experience of project management, which were seen to be in short supply in the public sector. It recommended that in-depth training be provided in PFI project scoping, project management and finance and elements of negotiating skills in order to create public sector specialists to mirror expertise among private sector partners.

2.3 The second (1999) Bates review highlighted the structural problem of continuing skills shortages in the public sector (notwithstanding the relatively mature state of the market). It recommended that key private sector participants should be involved in public sector PFI training to spread best practice and familiarise the public sector with private sector practices. A particular gap was identified in relation to deal-making skills.

3. Preliminary Assessment of PPP awareness and training needs

3.1 Clearly, in Ireland, there is at present no equivalent of the accumulated knowledge in the UK public sector of PPP/PFI, which has been built up through more than 300 projects undertaken there since the mid-1990s. Hence, PPP training in Ireland must encompass both knowledge and skills development in an integrated fashion.

Step 1: PPP awareness

3.2 In exploring the appropriate structure and content of PPP training in an Irish context a clear distinction should be drawn between PPP awareness and PPP training.

3.3 PPP in Ireland is a relatively recent policy initiative in respect of which public sector awareness is low and basic knowledge of the fundamentals of the PPP approach is weak, notwithstanding some important initiatives such as, for example, the Department of the Environment and Local Government's seed fund initiative. It is essential, therefore, that priority be given to a structured and systematic awareness campaign, initiated at an early date, to properly inform all relevant decision makers, including senior management, professional and technical staff (i.e. investment decision makers and project sponsors) of the basic elements and rationale for assessing a PPP approach.

3.4 The UK experience strongly recommends against wholesale or, so called *broadband* training of staff, not directly involved in PPP projects or whose job requirements are unaffected by the adoption of a PPP approach. The needs of this group can be met through the ongoing dissemination of information on PPPs as part of the system of internal communication now operating in all public service organisations under the change management programme. This can be supplemented if required by self-training (e.g. CD Roms/websites)

3.5 It is envisaged that the main elements of the awareness programme would be to set out the general principles underlying the development of a good quality, value for money PPP projects, including for example:

- the main objectives of PPP;
- specifying user needs in output terms;
- assessing appropriate risk transfer and payment mechanisms;
- establishing value for money and gauging market interest;
- establishing criteria for examining a project's suitability for a PPP approach;
- key aspects of the overall procurement process.

3.6 It is important to emphasise that awareness training would not in itself be considered sufficient to support individuals in an organisation in successfully undertaking the project management task in relation to PPP projects. It would however provide the opportunity for those with little prior knowledge or experience of PPPs to acquire a good basic overview of PPPs essential for the effective performance of their management role within their organisations. Awareness would therefore constitute the essential first step in an integrated and structured PPP training programme.

Step 2: training in core PPP skills and competencies

3.7 A key requirement in relation to the successful delivery of the planned PPP programme is that a high priority is given by all participants to the development of properly trained and appropriately resourced project teams - PPP cannot be a residual activity within any organisation contemplating the adoption of a PPP approach. The *Best Practice Guidelines* published by the Cabinet Committee on Infrastructural Development and PPPs (February 2000) recommends for all NDP projects the establishment of dedicated project planning teams comprising experienced full time project managers and sufficient personnel with relevant skills, expertise and experience. Clearly no organisation should attempt to implement PPPs on a large-scale basis unless the requisite skills and resources are in place.

3.8 The second step in the development of PPP training in Ireland should be carefully structured to dovetail with the critical 'project start' steps in the development of a PPP as summarised below:

- selecting key personnel required to establish a project team;
- assigning clearly defined areas of responsibility and team building;
- identifying the key competencies and skills required to meet project objectives; and
- providing core training for all involved, carefully designed to close identified gaps in the capabilities required to deliver the project.

3.9 A basic principle informing the development of this structured and applied training approach should be to put in place a tailored programme under which participants can incrementally move from the general broad awareness level into greater levels of technical detail or into specifically relevant skills training. This central message for the proposed design of a PPP training programme in Ireland is highlighted in the draft UK Office of Government Commerce technical guidance - *A Competence Framework for Creating Effective PFI Project Teams* (April 2000). This recommends the development of a framework identifying the competencies staff at all levels in departments and authorities require to deliver their projects and hence avoid an undue reliance on professional advisors and/or advice/guidance from the centre.

3.10 PPP training would therefore comprise core training to enable existing or prospective project managers and their team who already have a basic grounding in PPP (from step 1 awareness courses and self-training) to understand in practical detail the specific requirements of each stage of the PPP procurement process. This training could, for example, be structured along the lines of the DOE/LG consultancy study stages/route map in a PPP, building on the awareness training outlined above. It would be focused firmly on the practical issues and priority skills and competency requirements faced by PPP project managers and their team, from preparing an outline business case through to managing the contract once a deal is done (i.e. feasibility, procurement and contract management).

3.11 The main 'second step' training requirements for persons directly involved in PPP projects would be core courses on general issues such as, for example:

- PPP assessment/appraisal including value for money;
- key elements of an outline business case;
- techniques for identifying and evaluating risks and allocating the risks to the party best able to manage them;
- output specification and stakeholder consultation;
- standard tendering procedures (i.e. OJEC notice, tendering, shortlisting ITN and

- negotiation with bidders);
- contract terms and contract management;
- best practice in construction, FM, legal and financial services;
- project management.

It is envisaged that this training would have a very strong practical orientation targeted on developing the toolkit (skills and competencies) required by a team to deal effectively with these issues in a project environment.

Step 3: customised specialised PPP training

3.12 This training could be supplemented selectively as required with more specialist and advanced modules (“second level courses”) at, for example, a regional or multi-project basis in areas such as:

- project appraisal and assessment;
- project management;
- project finance;
- contract conditions and negotiations;
- procurement;
- stakeholder consultation;
- risk evaluation and modelling;
- contract and performance management.

3.13 International experience highlights the importance of striking a correct balance in training coverage between sub-national bodies/agencies, with direct operational responsibility for PPP project delivery within their areas of responsibility, and central government departments. The primary focus and responsibilities of central government departments should reside in the development, co-ordination and monitoring of PPP activities within their sectors, and across the public sector as a whole, within national PPP structures. Hence, in framing training needs, full account must be taken of the distinct roles undertaken by central government including project sponsorship, project management and regulation.

4. Public Sector: Training Needs Analysis

4.1 In order to maximise the benefits of the recommended approach to PPP awareness and training, and also to ensure value for money in the targeted provision of PPP training, which is focused on gaps in skills and competencies, it is also recommended that all appropriate departments and agencies:

- undertake an assessment of the existing PPP skills/knowledge base in their areas of responsibility;
- identify and quantify training needs for the effective delivery of its PPP programme including requirements in relation to the provision, design and output of training courses;
- report its plans for eliminating significant deficits in PPP competencies within a specified time frame (including resource implications);
- outline the scope for common training/generic courses; and
- identify other issues arising.

This sectoral assessment is crucial to ensuring that PPP training undertaken adequately meets identified training needs.

5. Recommended Approach

5.1 Given progress to date under the current pilot phase of PPP projects and the planned expansion of the programme in the future, the Interdepartmental Group believes that it is

essential that this Framework for PPP awareness and training be put into effect as soon as possible.

5.2 Consequently, the Group recommends that the Framework should be made available to prospective PPP training providers by means of a public notice and through the utilisation of appropriate departmental websites, in order to assist training providers in devising suitable courses for the Irish market. These courses should be designed to meet public sector training needs in the light of the present stage of development of PPP and plans for the future.

5.3 Furthermore, the IDG invites training providers to submit details of their PPP training programme(s), setting out how they meet the requirements of the Framework in order to allow the Interdepartmental Group to facilitate the rapid and wide dissemination of information regarding PPP training provision in the Irish market.

5.4 Finally, the IDG recommends that the Framework should be made available through the appropriate Departmental channels, to all contracting authorities that have a PPP involvement.

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