

1. What is Partnerships UK?

Partnerships UK is a public private partnership with a clear public mission. It has been promoted by the Government to take forward and expand the work of the Treasury Taskforce in developing public-private partnerships.

Partnerships UK is a private sector company with the Government holding a substantial minority stake. It works only with the public sector. Its role is to provide Government and the public sector with the private sector expertise and resources needed to build better partnerships and to help the public sector achieve:

fast and efficient development and procurement of PPPs;
strong PPPs that build stable relationships with the private sector;
savings in development costs; and
best value for money.

2. Who do we deal with?

Existing Taskforce clients continue to see the same faces supporting them on their significant projects. But to meet a new set of challenges and new relationships, Partnerships UK has strengthened its staff by recruiting additional expertise from both public and private sectors. It will continue to bring in new skills to ensure it has the breadth and depth of expertise to deliver value to the public sector.

3. What does Partnerships UK do?

Partnerships UK maintains very close links with Government. As the successor to the Taskforce, it continues to assist the Treasury, Government Departments and the Office of Government Commerce. It works with the Government in the development of PPP policy and contract standardisation, helps with project evaluation and implementation, and supports PPPs in difficulty. It also continues to work closely with 4Ps on local authority projects.

But Partnerships UK has an extra dimension - the resources to assist public bodies with the development of Public Private Partnerships not only with expertise but with financial backing.

4. Is Partnerships UK just another adviser?

Partnerships UK is not an adviser; it is a PPP developer. It stands shoulder to shoulder with the public body throughout the development, procurement and negotiation of a public private partnership and takes an active role in managing the process. Partnerships UK has "development partnership" relationships with public bodies.

5. What does it mean in practice to have Partnerships UK as a development partner?

Having Partnerships UK as a development partner means the public sector has access to the private sector skills and commercial know-how of Partnerships UK personnel who bring to the table unrivalled experience in working with the public sector on innovative and ground-breaking PPP projects. It also means that the costs of the development and procurement can be shared with PUK and effectively managed and controlled. Most significantly, PUK takes a risk on the outcome of the development and procurement process so it has a real interest in delivering a successful deal.

Partnerships UK will stand with the public sector at the heart of commercial negotiations with prospective project partners. It will be represented on the project board and will share responsibility with the public body for the management of the project implementation process.

The exact terms of each development partnership will be agreed on a case by case basis and will reflect the particular project or PPP and the needs of the public sector partner. In many cases the partnership will have the characteristics of a joint-venture relationship and in all cases it will involve genuine sharing of responsibility for the management of the PPP process.

6. Will partnering with Partnerships UK affect public sector accountability?

Key policy decisions, for instance those relating to the scope of the services to be delivered by the project, remain the sole responsibility of the public sector so there can be no blurring of its accountability. Partnerships UK's role is focused on structuring and negotiating the commercial aspects of the transaction, for example delivering a deal which achieves robust value-for-money for the public sector.

7. Why should I use Partnerships UK?

There is no compulsion whatsoever to use Partnerships UK but as the successor to the Treasury Taskforce it is uniquely placed to understand the requirements of a public body going into the procurement process and to help it achieve robust, improved value for money PPPs.

8. How do I enter into a development partnership with Partnerships UK?

Partnerships UK is ready to talk to any public body, either about PPPs in general or about specific schemes. Since the development partnership is a formal agreement there will need to be discussions about the content of the agreement and the cost, and both the public body and Partnerships UK will

want to be satisfied about the terms of the relationship. But the first step is to contact Partnerships UK. Full contact details are available from Partnerships UK on 020 7273 8383

9. At what stage should I approach Partnerships UK?

You should aim to get Partnerships UK involved as early as possible in the development of a PPP. To achieve efficient procurements and effective partnerships, it is essential to devote sufficient resources to the process from the outset.

10. How will Partnerships UK deliver value for money?

Over the last two years, the Treasury Taskforce has consistently delivered value for money for the public sector. On projects where it has been closely involved, savings have run into many millions of pounds. Partnerships UK builds on the Taskforce's achievements. Partnerships UK is confident that savings for the public sector - in procurement costs, in negotiation time, in delivering a robust, well-competed commercial and financial deal – will represent good value for its public sector partners.

11. If Partnerships UK's return is based on success, when do I pay?

We have devised a flexible approach which permits Partnerships UK to recover its return from the project company.

If a PFI deal is successfully concluded, Partnerships UK's return will be payable by the winning contractor at the time the deal is signed - Financial Close. The winning contractor will have a choice between paying Partnerships UK in one lump sum or in the form of a "royalty" so that the payment is spread over the period for which the project is in operation.

The choice between cash and royalty is left to the public body and to the successful bidder - Partnerships UK has no say in the matter.

If the deal is another form of PPP, Partnerships UK may take its return in the form of an equity interest in the business that the PPP has been created to develop.

12. What else can Partnerships UK offer its public sector partners?

Partnerships UK may provide development funding, beyond just bearing its share of the costs of developing and negotiating the deal, in order to get PPP deals off the ground. Where it can deliver value to the public sector and enhance existing forms of finance it will provide a range of financial projects tailored to the needs of public bodies in the early stages of procurement. For

example, it might bundle together smaller schemes otherwise unattractive to private sector bidders or provide support for contractors' bidding costs on large or novel projects.

13. What is different about Partnerships UK?

Partnerships UK works only with the public sector. So it will only succeed if it retains the confidence of the public sector through a track record of successful development partnerships.

Partnerships UK has been carefully designed to balance private sector disciplines with a public sector mission. The public sector's interests are clearly represented in a number of ways:

Partnerships UK's public mission is enshrined in its constitution. It cannot be changed without Treasury consent.

it has an **Advisory Council** made up of public sector stakeholders. This monitors its effectiveness in fulfilling its public sector mission and sends a formal report to the Treasury at least once a year. That report is published. the Treasury holds a significant minority stake and its shares have certain special rights.

the Treasury appoints two non-executive directors to the board.

Partnerships UK's financial targets are set to fulfill its public sector mission while permitting a fair return on capital.

So, Partnerships UK is unique. Although it is a private sector organisation, it only acts for or at the request of the public sector in developing public private partnerships. It is, therefore, different from other private sector bodies.

14. Will Partnerships UK be taking equity in PPPs?

Partnerships UK is not in business to replace existing sources of finance and, in traditional PFI projects, it will not normally take equity.

However, there are circumstances where it may be appropriate for Partnerships UK to take equity in a PPP – for instance in wider market joint ventures to maximise the value of public sector assets and technology. Partnerships UK will normally be prepared to invest alongside the public body, so that their interests are aligned. In effect, the deal that Partnerships UK does for itself will be the same deal it does for the public sector.

15. What if the PPP isn't delivered?

As a partner in the procurement, if a PPP is not delivered then Partnerships UK will normally take a hit, losing some or all of its investment and getting no further reward.

16. What stops Partnerships UK walking away if things get tough?

Partnerships UK is in business to help the public sector with difficult projects – it has a public sector mission. If things get tough, then that is precisely when the true value of having Partnerships UK as a development partner comes through. It can't just walk away; the development partnership agreement prevents it from doing so. In any event, Partnerships UK only works with the public sector and the damage to its prospects for future business would be immense if it got the reputation for being a "quitter".