

07 Public Private Partnerships





Benefits of PPP

- improved operation and efficiency by adopting private sector technology and innovation
- long term value-for-money created through appropriate risk sharing throughout the whole life of the project
- projects delivered on time and budget through incentivisation of private sector partners
- an alternative source of funding for public services

With such long experience of PPP, the UK has unique expertise in developing PPP projects and continues to evolve the PPP model to optimise value for money through:

- greater flexibility in the provision of services
- increased transparency of the liabilities created by long term projects
- increased transparency of the equity returns achieved by investors
- speeding up and reducing the cost of the procurement process
- sharing investor returns between the public and private partners
- wider sources of equity and debt financing

Public Private Partnerships – innovative approaches to extend healthcare services

The UK was the first country in the world to develop the concept of public private partnerships (PPPs)* for public services projects. Through partnership with the private sector, PPPs enable the delivery of efficient, cost-effective and measurable public services within modern facilities whilst minimising the financial risk.

More than 20 years since the UK launched its first Private Finance Initiative (PFI), the benefits of healthy citizens to a nation's economy and growth are even clearer. Many countries are experiencing a rising demand for healthcare services, whilst continuing to have constraints on public resources available to fund such developments.

PPPs offer innovative and entrepreneurial approaches to providing the services and facilities demanded of 21st century healthcare. The emphasis is on generating quality service outputs rather than treating building infrastructure as an end in itself. Also, the creation of strong partnerships is moving service delivery away from a project-by-project approach to one that includes strategic and policy developments for long-term results.

Countries around the world work with UK organisations to develop their own models of PPP and deliver outstanding healthcare facilities and services. Canada, Ireland, Portugal, Australia, Japan and Sweden are all countries developing their own PPP models using UK expertise.

*PPP (Public Private Partnership) is the general term for partnerships which involve everything from operating facilities and providing services on behalf of the public, to flexible methods of financing these services.

PFI (Private Finance Initiative) is a particular method of financing capital investment which requires that the private sector design, build, finance and operate specific facilities.



The emphasis is on generating quality service outputs

The UK - the pioneer of
Public Private Partnerships

The UK is the acknowledged world-leader in healthcare PPPs, harnessing the best in public and private sector skills and innovation to provide outstanding healthcare facilities.

The UK government has successfully implemented a range of PPP programmes for acute, primary, community and mental health facilities with a high degree of engagement with clinicians and the public.

The projects range from the massive St Bartholomew's and Royal London Hospitals project, which is the largest single PPP hospital contract in the UK at £1.1 billion to a residential care home costing £2.8m.

The UK's integrated PPP offering means that it can act as a one-stop service on projects, providing everything required for a successful completion from strategic advice and project management to securing finance.

Since 1991 the NHS, working with British advisors, has developed considerable expertise in managing the process of specifying, procuring, contracting and running a PPP project. This includes developing efficient procurement, with standard form contracts to minimise costs. At the same time, the UK private sector has gained a wealth of experience in bringing together consortia comprising architects, planners, engineers, building contractors, facilities managers, medical equippers and financiers.

The UK offers a deep knowledge about how to put a deal together, to manage the tender process, to organise delivery of the new facilities during the build phase and to manage the service contract during the delivery phase.

UK professionals excel in the complex working relationships that are common in PPP today. This promotes efficiencies, creativity and innovation not readily to be found in the more restricted practices in many other countries. The financial knowledge that UK consultants have developed offer a comprehensive understanding of the needs of the investment community, and the ability to interpret this within the local framework of the individual countries in which they work.

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Years of experience

130

More than
healthcare PPP projects

£12bn

capital value

A brief history of PPP

1991

The UK Government introduces public private partnerships

1996

First contract signed to design, build, finance and operate a 1,000-bed hospital in Norwich

2001

The Norwich hospital was completed on budget and 5 months ahead of schedule

2006

The largest single PPP hospital contract in the UK signed for the £1.1 billion St Bartholomew's and Royal London project

2012

More than 130 healthcare related PPP schemes completed, underway or approved since 2001

2016

Completion of the St Bartholomew's and Royal London project

Healthcare UK
Public Private Partnerships

Barts Health NHS Trust
Healthcare planning for
a successful PPP bid: HCP
Social Infrastructure (UK) Ltd

The £1.1 billion redevelopment of St Bartholomew's and The Royal London New Hospitals PFI is the largest private finance initiative hospital scheme to be undertaken in the UK and involves the reconfiguration and re-provision of clinical accommodation across two major inner London acute hospital sites.

In this project, in addition to the design, construction and maintenance of the new facilities, the private sector provides high tech equipment, all facilities management and CSSD services. The concession runs until 2048.

HCP have provided healthcare planning services to the successful bidding consortium Skanska-Innisfree, including advising on the development control plans for the two hospitals, as well as the detailed planning of clinical departments. HCP have been instrumental in working with the contractor and the design team to ensure that the aspirations and requirements of the Trust's clinical users have been addressed in the development of the design. This has included advising on the phasing of the construction of the facilities to ensure that the two sites continue to offer the highest standards of care in the interim period.

The two schemes are currently under construction, with facilities being handed over the course of the next three years.



www.hcp.co.uk



Alder Hey Children's NHS
Foundation Trust
Hospital redevelopment:
John Laing, Laing O'Rourke
and Interserve

The Acorn consortium, comprising John Laing, Laing O'Rourke and Interserve has begun construction work on the new Alder Hey Children's Hospital in Liverpool. The new £167m hospital will have a floor area of 51,000m², will contain 270 beds and 16 state-of-the-art operating theatres.

John Laing and Laing O'Rourke will each hold 40% of the total investment equity in the project with Interserve holding 20%.

Laing O'Rourke Construction will design and build the new hospital and Interserve will maintain the hospital infrastructure.

The unique, iconic design by architects BDP will integrate the hospital with Springfield Park, ensuring that the majority of bedrooms have natural views and easy access to the park. Wards have access to play decks so that children who cannot leave the ward can benefit from outdoor space.

The official opening of the new hospital is planned for autumn 2015.

www.laing.com
www.laingorourke.com
www.interserve.com

Healthcare UK

Public Private Partnerships

Turks and Caicos Islands hospital:
Developed with PFI expertise
from British advisors

UK advisors were key partners in the successful implementation of an ambitious and unique PFI in the Turks and Caicos Islands. As is becoming increasingly the case, a strong UK team of designers, advisers and financiers supported an overseas consortium to deliver new health services.

The Health Services Renewal Programme for Grand Turk and Providenciales included a strong focus on lifestyle and wellness initiatives with the revitalisation of Public Health facilities and services. PFI was used to construct two new local general hospitals.

Designed by London based Devereux Architects, the hospitals provide a full range of services



to the population of the seven islands. This PFI also included the provision of a comprehensive range of health services for the 25 years of the contract.

The Turks and Caicos Islands Government based its procurement requirements on UK practise and the UK office of Interhealth Canada prepared the successful bid, drawing on its UK financial modellers and involving HSBC Infrastructure and UK lawyers Berwin Layton Paisner to finalise the project agreement.

With the direct involvement of UK and other internationally known specialist advisors, the hospital construction was completed in 2009 and the hospitals opened as planned in April 2010.

Centre Hospitalier de l'Université de Montréal (CHUM), Montréal, Canada State-of-the-art patient-centred hospital leading the regeneration of Montréal: Innisfree

Innisfree is one of the four equity partners for the CHUM Collectif (alongside Laing O'Rourke, OHL of Spain and France's Dalkia). The new hospital will provide over 349,000m² floor space and deliver 772 single-bed rooms, together with a new energy centre.

The project also includes a 30-year maintenance concession. At CAD\$ 2.1bn, CHUM represents the most valuable social infrastructure PPP scheme in Canada's history and is one of the world's largest healthcare projects.

Innisfree is the leading infrastructure investment group in the UK, sponsoring and making long term investments in public private infrastructure projects. It provides the principal channel for institutional investors to invest in public private infrastructure projects and has to date raised £2.3 billion for these purposes.

Innisfree is the largest investor both the UK's NHS hospitals and in P3 hospital projects in Canada. Innisfree is providing 40% of the equity investment in CHUM.

www.innisfree.com



Innisfree - investment portfolio

| | UK | Canada |
|-----------------------------|---------|---------|
| Number of Hospital projects | 19 | 7 |
| Number of Beds | 13,000 | 3,000 |
| Total Cost | £4.9 bn | £4.4 bn |
| Investment | £539 bn | £169 bn |

Healthcare UK

The UK is a recognised world leader in healthcare with unrivalled experience and expertise in meeting the complex health demands of diverse populations. With an international reputation for excellence, the National Health Service (NHS) is at the forefront of healthcare delivery, research and training. It works in collaboration with commercial healthcare companies and academia to develop innovative, integrated, high-quality and cost-effective systems of care. Uniquely, the UK’s commercial healthcare sector has in-depth experience of working in partnership with the NHS in planning and delivering facilities, clinical services and deploying new technologies.

Healthcare UK has been established to provide a focal point for healthcare partnerships between UK organisations and healthcare providers around the world. As a joint initiative between the Department of Health, the NHS and UK Trade and Investment, Healthcare UK has detailed knowledge of the expertise available in the UK in both the commercial sector and the NHS. It is strategically placed to bring together consortia of UK organisations to deliver comprehensive solutions to healthcare requirements, however complex. It keeps the UK healthcare sector appraised of the evolving requirements of health services across the world, enabling compelling and culturally appropriate propositions to be formulated.

Drawing on UKTI’s network of professional advisors in more than 100 countries, Healthcare UK works with governments and healthcare providers around the globe to co-develop healthcare solutions reflecting specific needs and priorities. Healthcare UK facilitates:

- major government-to-government engagement on behalf of the UK health industry, bringing together the NHS and commercial sector to work in collaboration to deliver substantial programmes of healthcare provision, implementation and improvement
- partnerships between individual healthcare organisations around the world and NHS providers, commercial companies and national agencies to create tailored programmes for healthcare services
- professional exchange programmes and the delivery of education and training for healthcare professionals

Since 1948, the UK has invested billions of pounds in constantly improving the quality of healthcare available to the people of Great Britain. Through Healthcare UK, overseas clients can now access the significant benefits of that investment and acquire the know-how to extend their own healthcare provision

For further information and to discuss how HealthcareUK could assist you, contact:

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Why choose UK companies and organisations as partners for PPP projects?

The UK is the world leader for PPP, with more than 20 years of experience from more than 130 PPP projects.

The UK is able to provide a “one-stop-shop” service, providing everything required for the successful completion of a project from strategic advice, securing finance and project management to managing the services and facilities for the life of the contract.

UK companies are experienced in creating the consortium of architects, planners, engineers, building contractors, facilities managers, medical equippers and financiers to bring a PPP project to fruition.

The NHS has considerable expertise in specifying, procuring, contracting and running PPP projects in healthcare.

UK professionals excel in the complex working relationships often required in PPP projects. UK consultants have the experience to offer a comprehensive understanding of the needs of the investment community and interpret this within the local framework of individual countries in which they work.

HealthcareUK

The vital partner
in global health