



# Working Together in Financing Our Future

Policy Framework for  
Public Private Partnerships  
in Northern Ireland

Summary

# Policy Framework for Public Private Partnerships in Northern Ireland

## Introduction

This paper sets out the policy framework that has been determined by NIO Ministers for the use of Public Private Partnerships in the Northern Ireland Departments: it will apply unless and until an amended policy is adopted under a restored Northern Ireland Executive. The framework has been adopted having regard to the recommendations of the Report of the Working Group on Opportunities for Public Private Partnerships and the extensive consultation exercise on the theme of 'Financing Our Future' that followed publication of the Working Group Report. The policy framework for Public Private Partnerships is both consistent with and an essential element of the wider Reinvestment and Reform Initiative announced on 2 May 2002 and on which views were sought in the consultation.

## Scope and Application

The policy framework applies to Northern Ireland Departments and their associated Agencies and Non Departmental Public Bodies. It is applicable to the procurement of public infrastructure that contributes to meeting Northern Ireland's overall social and economic objectives. The definition of Public Private Partnerships in relation to this policy framework is:

"A medium to long term relationship between the public and private sector, including the voluntary and community sector that involves the sharing of risks and rewards and the utilisation of multi sector skills, expertise and finance, to deliver desired policy outcomes that are in the public interest".

The policy framework excludes privatisation, that is, the transfer of responsibility for the delivery of services to the private sector with direct payments between the beneficiary of the service and the provider and the outright sale of public assets.

## Principles

PPPs should be used for the procurement of public services where it is appropriate to do so. Appropriateness must be judged in relation to:

- (a) Value for money – the project must deliver value for money compared to conventional procurement, as assessed in relation to a properly constructed Public Sector Comparator where this is appropriate and necessary.*
- (b) Affordability – the PPP must be sustainable in the longer term and compatible with the effective management of public expenditure.*
- (c) Best Practice – PPPs should be taken forward in an open and transparent manner consistent with social partnership arrangements but respecting commercial confidentiality. The need for consistency with European Union requirements and best procurement practice applies in full to PPPs.*

## Management Structures

The Strategic Investment Board (SIB) will play a key role in providing advice on a public sector investment strategy for Northern Ireland and will work closely with Departments in the development of strategically important PPP projects. The SIB will be assisted by a new Public Private Investment Unit (PPIU). The PPIU will advise the Central Finance Group in DFP on PPP policy matters through the Economic Policy Unit (EPU) in the Office of the First Minister and Deputy First Minister. The PPIU will consult the Central Procurement Directorate regarding general procurement policy issues.

## Project Development

When preparing and developing a PPP project Departments, their Agencies and NDPBs must ensure that the project is properly structured with clear allocation of roles and responsibilities. Staff employed on PPP development must have the appropriate skills.

It is a central objective of PPP policy to ensure that projects are properly scaled, if necessary by bundling smaller projects together, and that a steady deal flow is maintained to stimulate competition from bidders.

A contract for a PPP project should only be entered into when the project has been satisfactorily appraised to 'Green Book' standards. Performance and other requirements of the contract should be objective, fair and easy to measure and contain effective provisions to manage changes in terms and conditions should this prove necessary at a future date.

Departments must ensure that effective means for monitoring performance in the contract are in place and that the requirements for accountability of public expenditure are met in any PPP project.

## Equality and Employee Issues

The policy on PPPs has been subject to a full Equality Impact Assessment (EQIA). Contracting authorities for PPPs must ensure that their objectives under Section 75 of the Northern Ireland Act 1998 to promote equality are met fully. In line with this, prior to embarking on a PPP project, contracting authorities will carry out a screening exercise to determine if there are any new circumstances which may warrant an EQIA of the project at this stage. EQIAs for individual projects should not be necessary unless screening indicates otherwise.

The Government considers it very important that any transfer of public sector staff under PPP is properly and sensitively handled so that employee concerns are taken into account, with no diminution in staff terms and conditions. The protections set out in the administration's Policy Statement on the Transfer of Employees under PPP should ensure that there will be no negative equality impacts as a result of PPP. Terms and conditions for transferred staff must comply with Transfer of Undertakings Protection of Employment (TUPE) regulations and include the opportunity to secure equivalent pension rights.



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Office of the First Minister and Deputy First Minister and the Department of Finance and Personnel