

# SFT OUTCOMES 2023

## Programme approach to ensure quality PPP handback

PRIMARY OUTCOME

SECONDARY

OUR CORPORATE PRIORITIES

07

IMPROVED COHERENCE, PACE & PLACEMAKING ACROSS MAJOR DEVELOPMENT

08

09

10



NET ZERO



SUSTAINABLE PLACES



INCLUSIVE GROWTH

Throughout Scotland during the 1990s and early 2000s, many essential public sector buildings such as hospitals and schools were built using the Public Private Partnership (PPP) revenue-funded delivery model.

As part of the PPP contract, it is the responsibility of the private sector to maintain these buildings on behalf of the public sector, usually for a period of 25 years, and then hand them over to the public sector in good order.

Across Scotland there are some 120 operational PFI/PPP contracts, and of them about 26 will expire their contracts over the next nine years, triggering an estimated £1.1bn worth of public buildings going into the hands of various public sector bodies for them to now look after and maintain.

The scale and complexity of achieving successful PFI/PPP handbacks cannot be underestimated where the buildings and facilities must be in good order to minimise any future financial impact to the public sector, and importantly, allow the public body to continue to deliver its service.

In order to set project handbacks up for success, detailed consideration and appropriate pre-handback preparations are required long-before the contractual handback process starts, in some cases nine years.

The public body needs to make preparation for the management of their asset after handback, readying itself to take on the legal liabilities as the operator and then either procure or reprocure services and expertise that have previously been provided by the project company and its supply chain.

The 'programme approach' to handback provided by our dedicated Operational Contract Management (OCM) team, has been to work alongside public bodies to build upon existing relationships and, through our extensive public and private sector network, promote early end-of-contract

preparations and adopt a collaborative approach between the public and private stakeholders in order to help ensure a successful end-of-contract expiry.

In assisting public bodies set up projects for success, our team provides them with specialist commercial support and guidance which together have contributed to good governance, programme management as well as the development of handback tools and templates to support buildings meet the essential handback requirements.

An important part of our handback work includes promoting a net zero approach to lifecycle replacement, based on the team's 'Guidance on pathways to net zero for assets delivered under PPP contracts'.

For PPP health projects, our OCM team are members of NHS Assure's specialist support team where a similar handback approach for NHS Scotland has been adopted.

NHS Highland and The Highland Council who have embraced, adopted and embedded a collaborative approach between public and private stakeholders, embedded good governance and committed resources to set themselves up for a successful end of contract expiry.



**Guidance on pathways to net zero for assets delivered under PPP contracts**