

THE CANADIAN COUNCIL FOR PUBLIC-PRIVATE PARTNERSHIPS

International PPP Schools Survey Report

PPP Schools – The View from Within

The Canadian Council for
Public-Private Partnerships



Le Conseil Canadien pour
les Partenariats Public-Privé

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Foreword

The Canadian Council for Public-Private Partnerships (CCPPP) is a not for profit organization formed to promote collaborative working between the public sector, at the municipal, regional, provincial and federal levels, and the private sector to achieve innovative delivery of public infrastructure and services.

CCPPP has commissioned and published research papers on the application of PPPs to deliver investment in social infrastructure such as hospitals and schools. In 2007 CCPPP published a report titled “Schools – The Case for a Canadian PPP Application”¹. The aim of this research is to ensure that infrastructure projects have the greatest chance for success and by drawing upon evolving learning experiences globally.

Following the 2007 publication, CCPPP commissioned an international survey to review school projects that have used PPPs as the procurement model in England, Scotland, the Republic of Ireland, Australia (New South Wales) and across Canada. This survey sought to understand, from a users’ perspective, the success of PPP as a delivery model for the procurement of educational facilities. It focused on the planning, design, construction and ongoing operation of school facilities and the Value for Money offered by the PPP process. This paper presents the results of that survey and proposes some recommendations based on lessons learned.

This study is the product of research conducted by CCPPP in conjunction with Brian Low from Brian Low & Associates and the results presented by PricewaterhouseCoopers LLP.

1. The Canadian Council for Public-Private Partnerships, “Schools: The Case for a Canadian PPP Application,” November 2007. Available for order at: www.pppcouncil.ca.

Introduction

Setting the Scene

Changing demographics are increasing demand on school locations, which when accompanied by the structural unsuitability and aging of many school buildings, present opportunities and challenges for the provision of state of the art education facilities. These demographic changes are symptoms of the need for investment in education infrastructure in Canada and around the globe. This expanding investment need has become a catalyst for the increased interest in options for investment, ranging from conventional procurements to PPPs.

The Objective of CCPPP in Commissioning an International PPP Schools Survey

CCPPP commissioned an international survey with the objective of obtaining a balanced, impartial view of the success of the PPP model in the delivery of schools from the perspective of a limited number of key user groups with day-to-day experiences of using PPP facilities. This “view from within” provides an excellent opportunity to maximize the benefits for future Canadian public school investment projects considering the use of PPP delivery models.

The survey is restricted to the infrastructure-related aspects of delivering PPP schools and does not attempt to address the delivery of education within a PPP school such as the measurement of educational outcomes or the impact on the performance of students and teachers.

The Scope of the International PPP Schools Survey

The survey focused on the entire PPP process including the operational phase. The survey canvassed the ratings, opinions and comments of approximately 96 participants linked to 13 schools, including teachers, principals/head teachers, students and government. There was an overall response rate of 65%.

Respondents to the survey were provided with a group of questions relevant to their respective roles within the educational environment. For example teachers were asked to comment on the functionality of the space, whereas pupils were asked to comment on their perception of issues such as congestion in corridors.

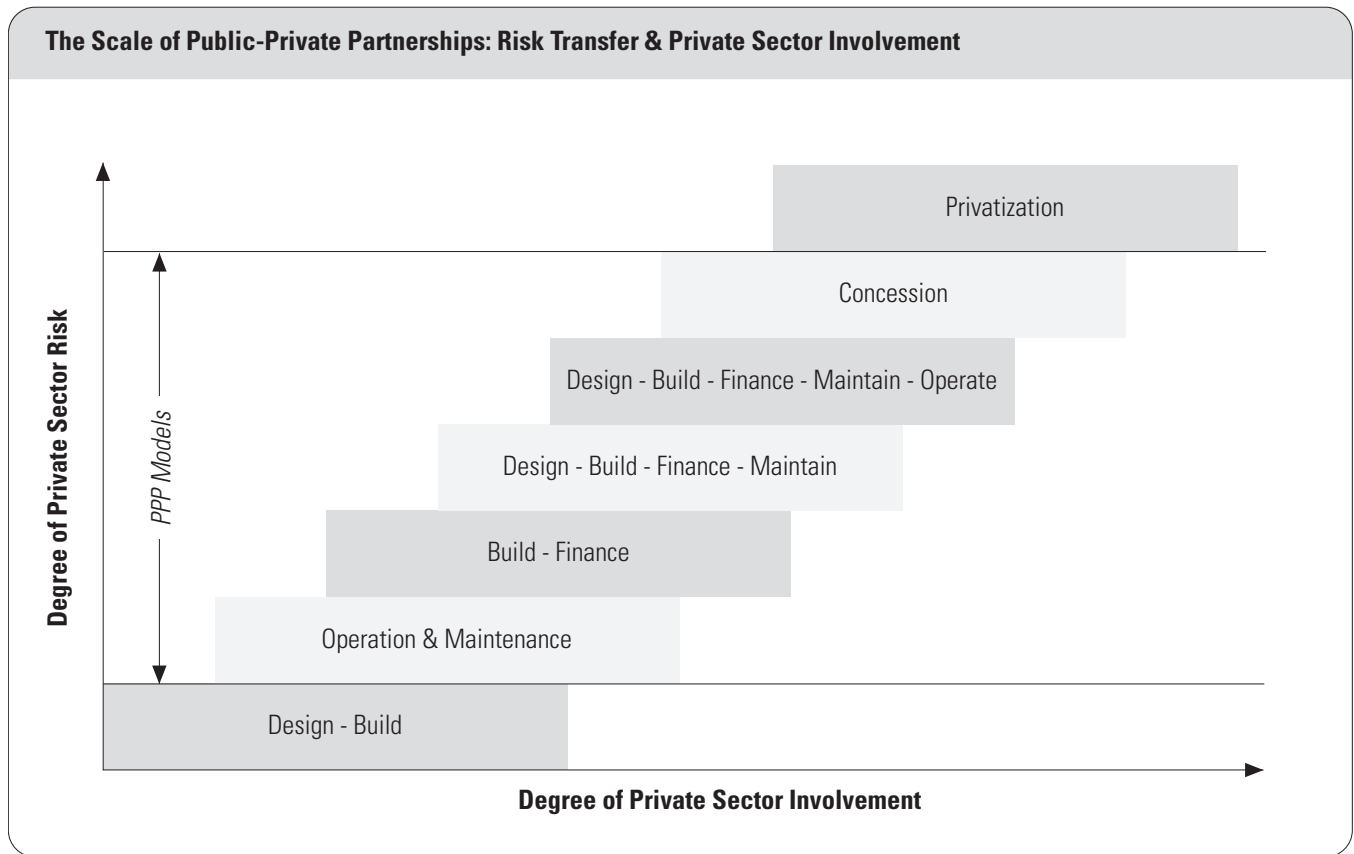
The survey focused on the following core topic areas:

1. Design – Consultation – Appearance
2. Construction – On Time – On Budget – Handover
3. Value for Money (VfM) – Reinvestment
4. Relationship with Service Provider
5. Food Services
6. Information Technology (IT) Services
7. Security and Feeling Safe
8. Community Use
9. Working in PFI/PPP Schools
10. Recommendations and Preferences regarding PPP/PFI Schools

The results are reported generally in percentages and when the sample size is too small, individual responses are quoted instead.

PPPs and the Role of the Private Sector in the Delivery of Education Infrastructure

The options available for the delivery of public infrastructure extend from direct provision by government to privatization, which transfers the service function in totality to the private sector. PPPs lie between these two extremes.



All infrastructure projects are subject to the risk that some event or variable will have an adverse effect on the outcome of the project, leading to increased costs or time delays. Under a PPP, a collaborative partnership is formed between the public and

private sectors whereby project risks are allocated to the party best placed to manage or mitigate these risks in the most cost effective manner.

Analytical Survey Framework

In order to usefully interpret and understand the results of this survey, it is important to bear in mind any differences and nuances between the user groups and the geographic regions that formed part of the survey. Therefore, where figures have been used we have set out those figures according to their regions and user groups.

1. Design – Consultation – Appearance

In the midst of global economic and environmental changes, demands on the education systems across the study area have notably changed to embrace inspirational and personalized learning. This includes the requirement for ongoing changes in curriculum delivery. School buildings and facilities play a vital role in achieving these ambitions as they need to combine functionality with adaptability for change now and in the future. School designs need to be accommodating to specific site requirements, energy efficient and flexible to changes in curriculum, teaching methods, technological advances and students' needs.

Global research has demonstrated a clear link between good design and improved motivation and performance in children's education, thereby recognizing design as a critical contributor to the success of a school development. The UK has recognized the importance of good design and has provided design support and guidance at a local level by a government funded organization, The Commission for Architecture and Built Environment (CABE).

Typically, under a PPP structure design risk is passed to the private sector. However, good designs require a collaborative working approach between user groups and designers/operators that achieves a comprehensive and complete balance of key stakeholders' needs and aspirations.

For this category, user groups in the survey were asked to consider and rate the following questions relating to design:

Elected representatives and government officials:

Q: How would you rate the design quality of your PPP/PFI schools projects?

Head Teachers/Principals:

Q: How would you rate the design quality of your school?

Teachers:

Q: When you approach your school does it have an attractive appearance?

Students:

Q: When you walk up to your school, do you like the way it looks?

The results of the specific respective design related questions are summarized by territory in the table below.

Design Quality and Appearance			
	New South Wales	UK (England & Scotland) and Ireland	Canada
Elected Representative & Government Officials	3 respondents: ▶ 1 rated Excellent ▶ 2 rated Very Good	▶ 1 respondent rated Excellent ▶ 2 respondents rated Very Good	▶ 1 elected official rated Fair. This was attributed to the poor quality of playing fields and the fact that the school did not have a separate auditorium.
Head Teachers/Principals	4 respondents: ▶ 3 rated Very Good ▶ 1 rated Good	6 respondents: ▶ All rated Very Good due to good integration with community activities, bright spacious buildings with good circulation	3 respondents: ▶ 2 rated Very Good ▶ 1 rated Good
Teachers	8 respondents: ▶ 4 rated Excellent ▶ 4 rated Very Good	6 respondents: ▶ 3 rated Very Good ▶ 3 rated Good	2 respondents: ▶ 1 rated Excellent ▶ 1 rated Very Good
Students	▶ All rated Excellent	7 respondents: ▶ 1 rated Excellent ▶ 5 rated Very Good ▶ 1 rated Good	3 respondents: ▶ 1 rated Excellent ▶ 1 rated Very Good ▶ 1 rated Good

The above survey results demonstrate that the various user groups across the regions rated the private sector designs of their PPP school buildings highly.

The main issues that were raised related to the inadequate size and number of certain functional areas (e.g. storage spaces, administrative offices and laboratories) and poor layout of playing fields. These factors are unlikely to be attributable to design alone but will have been influenced by factors such as available funding, site constraints and design directives.

Positive comments received included:

One student in Ireland attributed the success of their PPP school design to being: **“modern and inspiring”**

Keith Austin (Telford & Wrekin Council):

“Modern environmentally friendly design, such as water harvesting, air flow changing mechanism and wind turbine power contribution.”

2. Construction – On Time – On Budget – Handover

The construction of social infrastructure can be plagued by significant cost and time overruns and frequent change orders. Under a PPP project, many of the risks and costs related to the construction function are transferred to the private sector.

Good quality construction which is delivered on time and on budget is a key contributing factor to the success of a project. This function needs to be accompanied by a smooth and collaborative handover. Each of the user groups in the survey were asked to comment and rate their experience in this regard.

Elected representatives and government officials:

- Q1:** How would you rate the construction quality of the PPP/PFI schools project you have been involved with?
- Q2:** Do PPP/PFI schools projects generally come in “on time”?
- Q3:** Do PPP/PFI schools projects generally come in “on budget”?
- Q4:** How would you rate the handover for PPP/PFI projects?

Head Teachers/Principals:

- Q1:** How would you rate the construction quality of your school?
- Q2:** How would you generally rate the temperature control in your school?

Teachers and students:

- Q1:** How would you generally rate the temperature control in your school?

The results of the specific respective design related questions are summarized by territory in the table below.

Construction Quality			
	New South Wales	UK (England & Scotland) and Ireland	Canada
Elected Representative & Government Officials	3 respondents: <ul style="list-style-type: none"> ▶ 1 rated Excellent ▶ 2 rated Very Good 	8 respondents: <ul style="list-style-type: none"> ▶ 2 rated Excellent ▶ 2 rated Very Good ▶ 4 rated Good 	2 respondents: <ul style="list-style-type: none"> ▶ 1 rated Excellent ▶ 1 rated Good

A few elected officials in the UK observed that schools suffered from post construction settling, lack of attention to final completion details and other defects some of which were a result of the pressures to open schools on a tight timeframe.

Construction Quality			
	New South Wales	UK (England & Scotland) and Ireland	Canada
Head Teachers/ Principals	4 respondents: <ul style="list-style-type: none"> ▶ All rated the construction quality of their schools as Excellent ▶ 2 indicated the school was sometimes too hot ▶ 2 indicated temperatures were just right 	6 respondents: <ul style="list-style-type: none"> ▶ 3 considered construction quality Very Good ▶ 1 rated Good ▶ 2 rated Fair ▶ In response to the temperature control in their schools, all 6 indicated their schools were sometimes too hot. One respondent attributed the issue to a lack of air conditioning for the summer months. 	3 respondents: <ul style="list-style-type: none"> ▶ 1 rated Excellent ▶ 1 rated Very Good ▶ 1 rated Good ▶ 2 indicated that the school was sometimes too hot ▶ 1 indicated that temperatures were just right

“On Time and On Budget”

	New South Wales	UK (England & Scotland) and Ireland	Canada
Elected Representative & Government Officials	3 respondents: <ul style="list-style-type: none"> ▶ 2 rated Always on time and on budget ▶ 1 indicated Most Times on time and on budget 	8 respondents: <ul style="list-style-type: none"> ▶ 4 responded Always on time ▶ 4 said Most Times or Sometimes on time ▶ 8 responded that either Always or Most Times they come in on budget 	2 respondents: <ul style="list-style-type: none"> ▶ 2 reported on time Most Times ▶ 1 rated on-budget Most Times ▶ 1 rated on-budget Never

Handover

	New South Wales	UK (England & Scotland) and Ireland	Canada
Elected Representative & Government Officials	3 respondents: <ul style="list-style-type: none"> ▶ 1 indicated Seamless ▶ 1 indicated Good ▶ 1 indicated Satisfactory 	8 respondents: <ul style="list-style-type: none"> ▶ 1 indicated Seamless ▶ 3 indicated Satisfactory ▶ 3 indicated Good ▶ 1 respondent indicated Not Good and said this was due to the poor commissioning program of the Service Provider with concerns around ventilation, heating and acoustics on handover 	2 respondents: <ul style="list-style-type: none"> ▶ 1 indicated Seamless ▶ 1 indicated Good

3. Value for Money (VfM) – Reinvestment

Decisions to enter into a school infrastructure PPP initiative will be based to a large extent on demonstrating a value for money (VfM) proposition that is determined through the assessment of different options. VfM is achieved through the appropriate allocation and management of risk between the public and private sectors. VfM is benchmarked against a public sector comparator (PSC), which is to the estimated cost of a school procured, constructed and operated under a conventional contract.

Elected representatives and government officials were asked whether in their opinion projects under PFI/PPP offered a good VfM proposition to the local authorities and government. There was no apparent difference in the views expressed by the respondents. All were either of the view that VfM was present in the projects or would be subject of further review during the contract operating period.

One Government Official in Australia observed that **“in comparison to our PSC, the PPP option has provided savings to Government.”**

Elected representatives and head teachers/principals were asked to rate the level of reinvestment they had witnessed the service provider make to PFI/PPP schools since construction. The same two groups were also asked if, in their view, service providers generally provide a greater level of investment in PFI/PPP operated schools than the public sector carries out in conventional schools.

Generally both groups identified investment in painting and upgrades to technology and grounds. Whereas head teachers/ Principals were more likely to comment on the investments required to bring the buildings to a standard they would prefer. The “didn’t know” responses were from schools that were only recently built.

Government officials were generally in agreement that more investment was made in PFI/PPP schools than in conventional ones.

When asked to respond as to whether Service Providers offer greater investment in PFI/PPP schools as compared to Public Sector investment in Conventional schools, Steve Leigh, a Government Official from England stated:

“Conventionally funded projects delivered through design and build contracts do not include any built-in provision for lifecycle maintenance. The continued repair and maintenance is therefore reliant on the school and the authority to make the appropriate budget provision. PFI offers built-in funding for the life cycle costs over the life of the contract (normally 25 years) with a contractual provision that buildings are returned to the authority in ‘prime condition’ at the end of the contract period.”

4. Relationship with Service Provider

As PFI/PPP requires operational and maintenance services over a typically 25-year-plus period, good working relationships are important between the private sector service provider and the public sector occupiers and supervisory management, for the delivery of educational services within a school.

Elected representatives, head teachers/principals and teachers were invited to comment on the quality of the relationship with the service provider and what did or did not work successfully. In addition, head teachers/principals and teachers were asked how responsive the service provider was to requests for required work.

The responses and comments gathered from the survey vary, ranging from Excellent to Poor:

A Principal in Canada rated the relationship with the Service Provider as Excellent commenting that the Service Provider “puts student learning needs as top priority”.

A Teacher in the UK rated their relationship with the Service Provider as “Good” commenting “They are available at the end of the phone.”

A Principal in the UK rated the relationship with the Service Provider as Poor due to the “reactive approach by Facilities Management Company, lack of communication and proactivity.”

It is essential for the service provider to have a clear understanding around the specific requirements of an operational learning environment within a school and that clear lines of communication are established from the outset of the contract.

This point is summed up in the “Very Good” rating offered by a teacher in Australia, where he/she states there is “Good communication and clear understanding of roles.”

5. Food Services

The provision of food services is an important element in schools. The contract arrangements for the provision of food services vary greatly in all schools, ranging from direct provision by the PPP service provider to ongoing provision by school employed staff or a third party contracted directly by the school.

Due to the different contractual arrangements for the provision of food services, it was not possible to ascertain a clear and distinct view of food provision from respondents.

6. Information Technology (IT) Services

IT systems are increasingly playing a pivotal role in teaching and learning environments around the globe. They are recognized as fundamental to children's educational development, and to the provision of learning programs that are personalized to a student's individual needs, and available anytime and anywhere.

Advancements in the IT space progress at a rapid pace and require regular upgrades and refreshes. As a result, the inclusion of IT as part of a long term contract such as a PPP has been challenging. This specialized area continues to evolve as experience is gained and lessons are learned.

This element of the survey was limited to head teachers/principals, who were asked to identify which party (public or private) was responsible for providing the initial IT system, maintaining the system and providing any required upgrades.

The survey results indicated that in the majority of cases, IT infrastructure cabling was provided by the private sector and that initial IT installation, maintenance of IT systems and the delivery of upgrades were provided by the school or a third party on behalf of the school. The majority of head teachers rated the availability and quality of IT infrastructure in their schools as very good or excellent with no ratings below good provided.

7. Security and Feeling Safe

The security of school buildings, premises, grounds and systems are of paramount importance for children, staff and visitors. The responsibility for the delivery of security services is therefore a critical function which spans many stages of a project. The design consultation process and ultimate designs will need to take into account any specialized features required for the school such as door entry control systems which monitor, manage and control access or passive supervision through camera surveillance.

Once operational, the provision of onsite security personnel and the delivery of a holistic security service including any interface issues which may arise around the division of responsibilities need to be carefully considered and planned. These specialized services are not always provided by the operational arm of the PPP provider. The scope of the survey for this project element concentrated on determining the extent of security provisions and identifying the party with responsibility for its delivery, as considered by head teachers/principals. Additionally, students were asked to comment on their feeling of safety at different times in various locations of the school.

Of the responses provided by head teachers/principals, 85% indicated that the provision of security was the responsibility of the private sector for their schools with 69% indicating that they were satisfied with the level of security at their school.

The results from the review of pupils' responses as to how safe they felt at different times in various parts of the school showed that **over 85% of students always felt safe during school hours with a marginal decrease to 75% of students that always felt safe after school hours and of the remaining 25%, the majority of students nearly always felt safe after school hours.**

These results demonstrate that the inclusion of security services within the scope of a PPP contract can offer a viable solution which releases school staff from this element of service delivery.

8. Community Use

Recent global changes in the welfare of children have emphasized the role of schools as a central hub for a community and neighbourhood. This extends the use of the school to students and the community beyond the school day.

Typically, a school which offers such community use will provide adult education and higher learning, recreational and social activities, community-based health programs and other services important to each community.

When considering the option for the extended use of a school, it is necessary to recognize the additional costs attributable to administrative, security and maintenance functions against the income and social benefits generated.

Where such extended use of a school has been contemplated and included under a PPP contract, it is typical for the private sector to share the financial rewards of such use with the school.

Elected representatives and head teachers/principals were asked to comment on the ability for the community to use the playing fields, gymnasium and meetings room within their respective schools and on whether the revenue generated by any such usage was shared with the school. The survey showed that **over 85% of schools were being used by their wider communities and that around 70% of these schools shared in the revenue generated by this use.**

Kerry Poole, Ironbark Ridge Primary School (NSW):

“We pay the service provider a percentage of rental fees to cover utilities. If additional cleaning or security are involved, we pass the extra cost onto the renter as part of the agreement. The school keeps approximately 90% of the fee charged to renters.”

9. Working in PFI/PPP Schools

This area of the survey was focused to obtain an understanding from those respondent groups with direct experience of working within PFI/PPP schools and conventional schools; head teachers/

principals and teachers. Where the two groups had worked in both conventional and PFI/PPP schools, comparative results of their various experiences were sought.

The results are summarized in the following chart:

Working in PFI/PPP Schools			
	New South Wales	UK (England & Scotland) and Ireland	Canada
Percentage of Head Teachers/Principals that have worked in both PFI/PPP and conventional schools	8 respondents: ▶ All indicated they had worked in both types of schools	6 respondents: ▶ 5 had worked in both types of schools ▶ 1 had worked in only one type of school	3 respondents: ▶ All indicated they had worked in both types of schools
Head Teachers/Principals views of performing their role within a PFI/PPP school as compared to a conventional school as it relates to opportunities to focus on the educational success of students	▶ 2 rated their experience as Excellent ▶ 1 rated it as Good	▶ 50% of Head Teachers/Principals rated their experience as Good ▶ 50% rated their experience as Fair	▶ 2 Head Teachers/Principals rated as Very Good ▶ 1 rated as Good
Percentage of Teachers that have worked in both PFI/PPP and conventional schools	8 respondents: ▶ 4 indicated they had worked in both types of schools	6 respondents: ▶ All indicated they had worked in both types of schools	2 respondents: ▶ Both indicated they had worked in both types of schools
Teachers views of teaching within a PFI/PPP school as compared to a conventional school: a) Ratings for PFI/PPP schools b) Ratings for Conventional schools	a) 1 rated Excellent; 5 rated Very Good; 1 rated as Good; 1 indicating they didn't know b) 3 rated Very Good; 5 rated their experience as Good	a) 5 rated Very Good; 1 rated as Fair b) 5 rated Very Good; 1 rated the experience as Fair	a) 1 Teacher rated Excellent; 1 rated as Very Good b) 1 rated Excellent; 1 rated the experience as Very Good

10. Recommendations and Preferences Regarding PFI/PPP Schools

The case for using PFI/PPP in schools and the reasons to support or discourage this approach is complex and is based upon many contributing factors related to both construction and operations. Whether a stakeholder is further removed or directly working within an environment on a daily basis will also impact the results.

For this category, the user groups were asked to consider and rate the following questions according to their roles and experiences of PFI/PPP:

The results of the above category are summarized as follows.

Elected representatives and government officials:

Q: Would you consider using a PFI/PPP for new or replacement schools in the future?

Head Teachers/Principals:

Q: Would you prefer to be a Head Teacher/Principal in a PFI/PPP school or a Conventional school?

Teachers:

Q: Would you prefer to teach in a PFI/PPP school or a Conventional school?

Recommendations and Preferences Regarding PPP/PFI Schools

	New South Wales	UK (England & Scotland and Ireland)	Canada
Elected Representative & Government Officials	3 respondents: <ul style="list-style-type: none"> ▶ 2 would recommend using a PFI/PPP approach ▶ 1 perhaps would consider this approach 	8 respondents: <ul style="list-style-type: none"> ▶ 6 indicated they would recommend PFI/PPP ▶ 2 indicated they perhaps would recommend this approach 	2 respondents: <ul style="list-style-type: none"> ▶ 1 would recommend using PFI/PPP ▶ 1 would not recommend using PFI/PPP due to the high cost and loss of control of the final building operation
Head Teachers/Principals	4 respondents: <ul style="list-style-type: none"> ▶ 3 would prefer to be a Head Teacher/Principal of a PFI/PPP school ▶ 1 did not complete the question 	6 respondents: <ul style="list-style-type: none"> ▶ 2 would prefer to be a Head Teacher/Principal in a PFI/PPP school ▶ 2 would prefer to be a Head Teacher in a Conventional school ▶ 2 did not provide a response 	3 respondents: <ul style="list-style-type: none"> ▶ 2 respondents would prefer to be a Head Teacher/Principal in a PFI/PPP school ▶ 1 respondent did not provide a response
Teachers	8 respondents: <ul style="list-style-type: none"> ▶ 2 would prefer to teach in a PFI/PPP school ▶ 6 did not know 	6 respondents did not know whether they would prefer to teach in a PFI/PPP or conventional school.	2 respondents: <ul style="list-style-type: none"> ▶ 1 would prefer to teach in a PFI/PPP school ▶ 1 did not know

Key Findings and Considerations

The survey highlighted the following key findings as critical to the successful development of school projects using the PPP model:

- ▶ People generally like working in PFI/PPP schools, but it is difficult to distinguish whether it is just the fact that it is a new school. There is a continuing administrative requirement for the school to operate a PFI/PPP school, but less than that required to run a conventional school leaving more free time for core related activities.
- ▶ Good contract management enhanced by strong relationships between users and private sector operators, underpinned by clear, concise contractual arrangements that all parties can understand and work within.
- ▶ Contractual arrangements that can easily be disseminated to new users from both the public and private sectors. A thorough briefing of successors is essential.
- ▶ A robust governance structure established early and setting out clear responsibilities and lines of communication.
- ▶ Thorough stakeholder engagement that is maintained all the way through the procurement, delivery and operational phases of a school is a key requirement for the success of a PPP school.
- ▶ Good quality designs that also instil student and community ownership can assist in the reduction of wilful damage and associated maintenance obligations.
- ▶ Appropriate sharing of risks with the PPP provider will assist in the efficient operation of the school.
- ▶ Clear and early communication with stakeholders to raise awareness that changes in design after the contract award can have a significant cost.
- ▶ The need to publish good news stories and regularly update local communications with stakeholders and the community.

Closing Remarks and Recommendations

Whilst not all the experiences of the users surveyed were positive, on the whole the results of “PPP Schools – The View from Within” reinforces early research that PPPs are a viable model for the delivery of investment in schools.

On time and on budget delivery accompanied with the appropriate transfer of risks that would typically distract educators from their main function of delivering education to children are some of the clear benefits delivered by PPPs.

This international survey showed PPPs as a valuable and viable model for the delivery of school buildings and services. The survey has also provided constructive comments about less positive experiences which can be used to inform and improve the process for any schools PPP projects delivered across Canada.

Additional copies of this publication may be ordered by contacting:

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