

Healthy injection of cash for city

Thanks to the government's Public Finance Initiative, public services in the city have improved dramatically writes **David Thame**

A STAGGERING £3.5bn has been spent improving schools, hospitals and other public buildings in the north west, thanks to the government's Public Finance Initiative.

The PFI scheme was introduced by the Conservatives in 1992 as a way of bringing private money and know-how to help improve public services. Since the Labour government took office in 1997 the rules have been eased to create more flexible public/private sector partnerships, often called PPPs.

The PPP scheme has involved 75 projects estimated to be worth £3.5bn including the Miles Platting and Plymouth Grove social housing projects, the Lancashire Waste Treatment and Transfer Facility and Central Manchester and Man-

chester Children's Hospital project. According to experts it has taken many years for both public and private sectors to make the best of the PFI and PPP rules.

Andrew Dumbleton, corporate finance partner at BDO Stoy Hayward in Manchester, said: "PFI for schools has a mixed history in the north west. There was a steep learning curve for all parties involved and teething problems along the way."

The PPP process is better, says Mr Dumbleton, because it makes it simpler for local councils and health authorities to team up with private sector builders and developers.

"Once a long procurement process has been completed

and a partner chosen, there is no need to keep repeating the process to tender for other work as in PFIs," he explained.

"The use of PFIs has ensured that more than 100 hospitals have been developed or refurbished in England including Wythenshawe, Tameside General and Manchester Children's Hospital.

"A range of health centres have also successfully been completed throughout the UK in the last 15 years or so, with a further 20 in the pipeline over the coming five years."

However, Mr Dumbleton says that some larger hospital contracts have proved disappointing.

"There's a view that that some larger PFI hospitals do not afford the level of flexibility needed in the process of deliv-

The use of PFIs has ensured that more than 100 hospitals have been developed or refurbished in England...



GETTING TREATED The use of PFIs has ensured increased development for Manchester Children's Hospital

ering large acute hospital trusts where constantly shifting elements of patient provision need to be factored in," he said.

"This is not easy to take into consideration using the PFI model and there is increasing emphasis on managing costs surrounding variations that are required during the operational period."

Shahid Nazir, partner at law firm Hammonds in Manchester and a specialist in PPP and PFI schemes, says that both have

been a success – and that forthcoming schemes like the improvement to Greater Manchester Disposal Authority's waste treatment facility – the largest PFI project of its kind so far – will also yield good results. "PFI is certainly a little complicated but it does bring private sector finance and expertise into the delivery of public sector assets.

"Crucially, PFI also involves a significant transfer of risk from the public to the private sector.

"As a consequence of this risk transfer, projects procured under the PFI model typically suffer far less from delays in construction and cost overruns which under PFI, in most instances, are the risk of the contractor anyway," he said.

"The private sector only gets paid for the delivery of the actual services being procured – no service no fee. If the service is delivered to a poor standard then the fees are subject to deductions."

Educating schools in the ways of energy efficiency

BUILDING schools for the future is the aim of a multi-million pound partnership between local councils and private developers.

The £250m partnership between Catalyst Lend Lease and Lancashire County Council to develop seven new schools in Lancashire is one of the largest of its kind in the country, and a part of the government's Private Finance Initiative (PFI).

The new schools are planned to be the most energy efficient in Britain.

The project has also helped local businesses and employers. Some £35m of work went to 20 companies throughout Lancashire and an additional £30m worth of contracts went to 20 other firms in and around Greater Manchester.

The schools, built on sites at Burnley Campus, Pendle Vale, in Nelson and Shuttleworth College in Padiham, are due to open in September.



SCHOOL'S OUT The Burnley Campus school, planned to be one of the most energy efficient in Britain, is due to open in September

"Our goal is to set new standards of sustainability," said David Snowdon, Catalyst Lend Lease's general manager of the Local Education Partnership with the county council. "They are designed, built and equipped for maximum energy efficiency and minimum carbon emissions.

"We also want them to be living and practical examples of sustainability in action – places of learning where pupils, parents, teachers and the public can all see for themselves how modern technology is helping us to tackle some of the critical issues of climate change."

Biomass boilers will make the

biggest impact on the schools' carbon footprint. Designed and manufactured in Austria and fuelled by woodchips, they are virtually carbon neutral in operation. One biomass boiler has been installed at each site, serving as the main source of heat and hot water, supplemented by twin gas-fired boilers.

Healthcare in the city gets a £400m cash boost

A FOUR-year project to rebuild Manchester's major hospitals is nearing completion.

The project, valued in 2004 at more than £400m, is believed to be the most complex hospital PFI scheme in the UK.

It involves new facilities for the Manchester Royal Infirmary, the Manchester Royal Eye Hospital, St Mary's Women's Hospital, Manchester Children's Hospitals, and a new mental health facility, all on a single site. The new units will have a total of 1,104 beds, in addition to 556 beds retained on the site.

As the rebuilding nears completion waterproof specialist BriggsAmasco is completing the £4m roofing contract. They are responsible for 323,000 sq ft of roof.

Catalyst Healthcare, a consortium including contractor

Bovis Lend Lease and FM provider Sodexo has been chosen as preferred bidder for the Manchester Joint Hospitals PFI project. BriggsAmasco was appointed roofing contractor in 2005 and is currently still on site at the scheme.

The hospital project is due for completion by spring 2010. When finished the company will have carried out roofing works across an area of 30,000 sq metres and also 4,000 sq metres of cladding.

Mike Russell, manager of BriggsAmasco in Manchester, said: "This is an exciting, large scale project that has required much planning, thought and attention to detail in order to meet the design and build specification. This is a vital scheme for Manchester and one that will see a massive boost to the provision of healthcare in the city."

The team that puts your deals together

Eversheds gives you more than just the nuts and bolts

EVERSHEDS

Contact **Simon Masters**
0845 497 8594
simonmasters@eversheds.com

www.eversheds.com

© EVERSHEDS LLP 2007. Eversheds LLP is a limited liability partnership.

