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Neoliberalism and the Irish Welfare State:

Public Private Partnerships in the Delivery of Schools and Social-Housing Regeneration

Rory Hearne

Thesis Submitted for the Degree of Ph.D.

University of Dublin
2009

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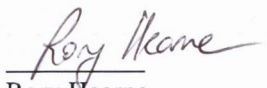

Rory Hearne
October 2008

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Summary

This project examines the policy background and decision-making process that led to the introduction of Public Private Partnerships (PPPs) in the delivery of public services and infrastructure in Ireland. It draws on geopolitical-economy approaches to explore the role of PPPs in the ongoing processes of the neoliberal transformation of the Irish welfare state. The research addresses the manner in which the development and outcomes and rationales of PPPs in Ireland reflect international experiences.

In a PPP, the state contracts a private company to design, build and/or finance and/or maintain a public service or infrastructure for up to 35 years. PPPs were introduced in the U.K. by the Conservative government in 1992 and their use since then has been expanded across western Europe and North America. PPPs were introduced in Ireland on a pilot basis in June 1999 to address the infrastructure and service deficit through the provision of additional funding with private-sector finance. PPPs were expected to provide public services and infrastructure at a greater speed of delivery, value-for-money, efficiency and at much higher standards than the state could manage or provide through the traditional, direct, public-provision model. PPPs have been implemented and expanded at a remarkable pace in Ireland by government at central and local level, displacing direct public-sector service and infrastructure provision in the water/waste-water, social-housing, road, light rail and education sectors. The Irish Government Budget 2004 aimed to increase PPPs from three per cent of total capital investment in 2004, to 15 per cent in 2008.

The origins and development of PPPs both internationally and in Ireland raised the important analytical question of the transformation of the role and form of the welfare state. In recent years, the shifting tendencies and practices of national and urban governance in facilitating capital accumulation, through the marketisation of public services and infrastructure provision in PPPs, have been raised. Political-economy theorists have critiqued and analysed these radical developments in welfare state governance. Concerns have been raised over the impact of PPPs and neoliberalism generally on those sections of society that would traditionally have been served by and, to a certain degree, relied on the welfare state, in particular state-provided public services and infrastructure.

The neoliberal policies of privatisation have been criticised, in particular, for leading to a reduction in the quality and accessibility of public services and public- and private-sector employment conditions, while simultaneously orientating the welfare state institutions to facilitate private capital accumulation. The emergence of PPPs has been identified as a key aspect of implementing this neoliberalisation process at a central and local state level. It is argued that PPPs were introduced as a mechanism to intensify the neoliberal transformation of the welfare state in the face of the growing opposition to neoliberal policies. Therefore, the recent institutional changes associated within PPPs can be set within the more general processes of the neoliberal restructuring of the state. The international literature on PPPs highlights that PPPs were associated with the introduction or increase of user charges (waste charges, water charges, road tolls), a downward pressure on public-sector wages, decreasing levels of unionisation, a reduction in the quality and accessibility of public services and the increased corporate involvement in governance. While there exists an extensive body of literature relating to the outcomes of neoliberalism and PPPs internationally there is a dearth of such research in Ireland. The recent introduction of PPPs took place in the absence of either empirical or theoretical research into their impact on the welfare state. A central theme of this research endeavour is, therefore, to ascertain whether PPPs, in the case of Ireland, entailed such outcomes with particular reference to their impacts on lower-income populations and workers' conditions.

The theoretical framework for the thesis draws on key strands of critical urban geography and geopolitical-economy approaches to this *neoliberal* transformation of the role of the local and central state. In particular it develops the geo-political economy state theory approach, as outlined by Brenner & Theodore (2002) and Harvey (2005), in order to analyse the extent to which PPPs contribute to the current geographical moment of the neoliberal transformation of the Irish welfare

state. This thesis develops that approach in analysing the specific case of Ireland at a central-state level and Dublin at a local-state level.

The empirical research involved in this thesis includes qualitative and quantitative methods that provided information from a wide range of primary and secondary sources. Information sources are identified from two public service and infrastructure sectors of the Irish welfare state, namely schools and local-authority housing regeneration. PPPs have been developed at a considerable pace in these two sectors and mark a radical departure in the form of provision from traditional methods. These two case-study sectors are investigated at a national policy-making and governance level including interviews with officials and elected representatives from state-institutions of central and local government and private sector and trade-union representatives. This investigation also includes research into the key actors involved in the development of PPPs in Ireland through the PPP Informal Advisory Group. The two case-study sectors are also investigated at an individual PPP-project level in order to provide information on the practical outcomes of PPPs. Methods used included participative research, direct interviews and observation.

The thesis provides an analysis of whether or not PPPs fulfill the government-outlined objectives in relation to the specific case-studies of the Grouped Schools Pilot PPP and social-housing estate regeneration in Dublin's inner city and, more generally, in relation to the PPPs developed to date in Ireland. This is important for public policy in relation to the delivery of public services and infrastructure generally, given the dearth of existing empirical evidence to ascribe such benefits to PPPs in this area. It also reviews the degree to which PPPs impact on lower-income populations in terms of the changing role of welfare state governance, the delivery of public services and infrastructure and its consequences for the wage relation.

The research found that across a variety of sectors including education, health, transport and housing, PPPs did not consistently offer better value-for-money over traditional procurement methods and, in many cases, resulted in an increased cost to the exchequer and public service users. The evidence was mixed in regard to the provision of higher quality services with some PPPs performing very well and, others, very poorly in this regard. The research also found considerable evidence that PPPs were a form of *neoliberalisation* and privatisation of key aspects of the Irish welfare state such as public governance, infrastructure and service delivery and labour conditions. The research findings contradicted the assertions made by both the Government and the Irish Congress of Trade Unions that PPPs are not a form of privatisation. It found that asset transfer did take place in PPPs, such as the social-housing regeneration PPP projects where public land was transferred into private-sector ownership. In addition, this research found that PPPs involved transferring aspects of the control and operation of key services and infrastructure over to the private-sector in sectors that were, up to that point, purely the domain of the state. The research outlines the significance and impact of the transfer of control of public services to private capital, the introduction of processes of commercialisation into public service and infrastructure delivery, the extent of transfer of control to global capital, the *neoliberalisation* of government policy-making and the impact on labour conditions.

PPPs in Ireland have increased levels of inequality and poverty and compromised the Governments' ability to fulfil commitments to tackle social inequalities, social exclusion and maximise the well-being of its citizens. A dependent relationship between aspects of the welfare state and the requirements of capital has been intensified through PPPs. Thus, PPPs constitute an important moment in the development of *actually existing neoliberalism* in Ireland.

It is intended that this research provides a significant contribution to the geography and political economy of the provision of public services and infrastructure and that it informs, more generally, the theoretical debate concerning the neoliberal transformation of the Irish welfare state.

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1. Introduction

This thesis provides a detailed critique of Public Private Partnerships (PPPs) in public service and infrastructure delivery in Ireland. The central focus of the research is an investigation of the rationale for the introduction of this radical new approach in public governance and service and infrastructure delivery, its processes of development and the outcomes to date.

PPPs are increasingly used across western Europe and North America in infrastructure and service delivery most notably in the country that pioneered their use, the United Kingdom (U.K.). In a PPP, the state contracts a private company to design, build and/or finance and/or maintain a public service or infrastructure for up to 30 years. PPPs were introduced in the U.K. by the Conservative government in 1992 and their use has been expanded across the world since then (IPPR, 2001; Osborne, 2000; Payne, 1999; Whitfield, 2001). PPPs were introduced in Ireland on a pilot basis in June 1999 following recommendations made by the private sector in a report on PPP potential carried out by private consultants, Farrell Grant Sparks (1998) and by submissions to government from the Irish Business and Employers Confederation (Allen, 2007; Central PPP Unit, 2006a; PPP Informal Advisory Group, 2001; Reeves, 2001, 2003). Since their introduction in Ireland, PPPs have been implemented and expanded by government at central and local level, displacing direct public-sector service and infrastructure provision, at a remarkable pace, in the water/waste-water, social housing, road, light rail and education sectors (Government of Ireland, 2007; Kay, 2005). The Irish Government Budget 2004 aimed to increase PPPs from three per cent of total capital investment in 2004, to 15 per cent in 2008 (Central PPP Unit, 2006b). Considerable institutional infrastructure at central and local state level has also been constructed in Ireland to enhance the public sector's capacity to use PPPs, such as PPP 'Centres of Expertise' in government departments and the National Development Finance Agency (NDFA)[1] (PriceWaterHouseCoopers, 2001a).

The origins and development of PPPs both internationally and in Ireland raised the important analytical question of the transformation of the role and form of the welfare state and, more specifically in recent years, the shifting tendencies and practices of national and urban governance, in facilitating capital accumulation through the marketisation of public services and infrastructure provision in PPPs (Bourdieu, 1998; Brenner and Theodore, 2002; Hearne, 2006; Stiglitz, 2002; Whitfield, 2006). Of particular concern is the impact of PPPs and neoliberalism generally on those sections of society that would traditionally have been served by and, to a certain degree, relied on the welfare state, in particular state-provided public services and infrastructure. Political-economy

[1] In order to provide optimum support for the development of the PPP process, the Government established a Central PPP Unit in the Department of Finance to lead, drive and coordinate the PPP process. It also developed the NDFA which has the power to enter into PPPs and provides technical support to PPP projects.

theorists have in recent years critiqued and analysed these radical developments in welfare state governance (Brenner and Theodore, 2002; Harvey, 2005; MacLaran and McGuirk, 2003; Peck and Tickell, 2002; Punch, Redmond and Kelly, 2004; Smith, 2002). Such political-economy approaches were identified as the most relevant and useful theoretical framework within which to investigate the outcomes of PPPs in Ireland. The thesis, therefore, adopts a political-economy approach which analyses PPPs within the broader contextual framework of the neoliberal transformation of the Irish welfare state.

Theoretical approaches

There is a well-established base of literature in geography that emphasises the important role that the local and central state played in western Europe and North America during the Keynesian period through its provision of public services and infrastructure, such as public housing, education, waste services, transport, planning, etc. (Cox and Johnston, 1982; Hall and Pfeiffer, 2000; Harvey, 2005; Kirby, 1982; Kirby et al., 1984; Kirk; 1980; Pinch, 1985; Pacione, 1990). However, the role of the state in the provision of such services has been fundamentally transformed as a result of two decades of neoliberalism (Allen, 2007; Callinicos, 2003; Castells, 2000; George, 2004; Harvey, 2005; Stiglitz, 2002). A substantial body of literature in the broader sociology, politics and economics fields has emerged in recent years that has been highly critical of neoliberalism and its impact on the role of the welfare state and its orientation towards lower-income populations (Allen, 2007; Bourdieu, 1998; Callinicos, 2003; George, 2004; Gill, 1995; Klein, 2000, 2007; Monbiot, 2000; Soros, 2000; Stiglitz, 2002; Whitfield, 2006). In the specific sphere of geography there is also a growing base of critical urban geography and geopolitical-economy literature engaged in a socio-spatial critique of neoliberalism (Brenner and Theodore, 2002; Harvey, 2005; McGuirk & MacLaran, 2001; Peck and Tickell, 2002; Smith, 2002). Among such critical readings there is considerable agreement regarding the basic elements of neoliberalism as an ideological project that has a mixture of neoclassical economic fundamentalism, market regulation in place of state guidance, economic redistribution in favour of capital, moral authoritarianism with an idealised family at its centre, international free trade principles and a thorough intolerance of trade unionism (Brenner and Theodore, 2002). The geographical literature developed a detailed approach to the state-specific geographical impact of neoliberalism as an evolutionary phase of capitalism. Neoliberalism is identified as less a coherently bounded "ism" or "end-state" and more a process, of *neoliberalisation* (Peck and Tickell, 2002). From this perspective, an adequate understanding of contemporary *neoliberalisation* processes requires a systematic inquiry into their multifarious institutional forms, their developmental tendencies, their diverse socio-political effects, and their multiple contradictions (Brenner and Theodore, 2002). The theoretical framework for the thesis draws on the key strands of this approach. The rationale for its use centres on the relevance of Brenner and Theodore's (2002) analysis into the ways in which these ongoing *neoliberalisation* processes can

be analysed through the concept of *actually-existing neoliberalism.* Each state, Brenner and Theodore (2002) note, has its own nationally and locally specific pathways of political-economic restructuring that underpin the geographies of actually-existing neoliberalism. This thesis develops that approach in analysing the specific case of Ireland at a central-state level and Dublin at a local-state level.

Neoliberalism is identified as the most recent phase of capitalist restructuring of the state through which new avenues for market growth and capital accumulation can be provided to ensure the continued survival of capitalism (Callinicos, 2003; Harvey 2005). Brenner and Theodore (2002) describe two dialectically intertwined but analytically distinct moments of such neoliberal institutional restructuring: the (partial) *destruction* of extant institutional arrangements and political compromises associated with the Fordist-Keynesian order through market-oriented reform initiatives; and the (tendential) *creation* of a new infrastructure for market-oriented economic growth, commodification and the rule of capital. Such moments of actually-existing neoliberalism have been mobilised through distinctively *geographical* strategies within a number of the key major institutional arenas in which capitalist regulation occurs, the most relevant to this thesis being the central and local state and other forms of governance and the wage relation (see Table 2.1).

PPP Outcomes

The impacts of neoliberalism on lower-income populations have been documented recently in ground-breaking work carried out by Harvey (2005) on the income distribution effects of neoliberal policies. The negative outcomes have been such that historically-significant movements of opposition to these policies from lower-income populations and trade unions have emerged particularly in Latin America where the policies have been implemented most crudely and across the globe by the *alter-mondaliste* or anti-corporate globalisation movement (Allen, 2007; Castells 2000; Callinicos, 2003; George, 2004; Hearne, 2006; Klein, 2000, 2007; Monbiot, 2000, 2003). The neoliberal policies of privatisation have been criticised, in particular, for leading to a reduction in the quality and accessibility of public services and public- and private-sector employment conditions, while simultaneously orientating the welfare state institutions to facilitate private capital accumulation. Therefore, those for whom public services are vital to ensure a decent standard of living are most negatively affected (Bourdieu, 1998; Brenner and Theodore, 2002; Gill, 1995). The emergence of PPPs, as exemplified by the recent work of Brenner & Theodore (2002), Harvey (2005) and Whitfield (2006) has been identified as a key aspect of implementing this neoliberalisation process at a central and local state level. It is argued that PPPs were introduced as a mechanism to intensify the neoliberal transformation of the welfare state in the face of the growing opposition to neoliberal policies. Therefore, the recent institutional changes associated within PPPs can be set within the more general processes of the neoliberal restructuring

of the state (Brenner and Theodore, 2002; Harvey, 2005; Hodkinson, 2008; Monbiot, 2003; Whitfield, 2006). The international literature on PPPs, for example, highlights that PPPs were associated with the introduction or increase of user charges (waste charges, water charges, road tolls), a downward pressure on public-sector wages, decreasing levels of unionisation, a reduction in the quality and accessibility of public services and the increased corporate involvement in governance (Grubnic & Hodges, 2003; IPPR, 2001; Leys, 2001; Pollock and Price, 2004; Shaoul, Pollock and Vickers, 2002; Whitfield, 2006).

PPP proponents argue that PPPs, through their access to private finance and the effective utilisation of state assets, permit a greater number of public services and infrastructure to be delivered than would otherwise have been possible through direct exchequer funding alone. PPPs are also claimed to harness private-sector innovation and management skills, resulting in improved speed of delivery, value-for-money and efficiencies through the higher productivity of labour and capital resources (Department of Education and Skills, 2007; Economist Intelligence Unit, 1999; Farrell Grant Sparks, 1998; Hall and Pfeiffer, 2000; Osborne, 2000; PriceWaterHouseCoopers, 2005; Williamson, 2000). The reality has been that under the guise of 'partnerships' and commitments to state-retained *control* of public service and infrastructure provision, marketisation has been introduced (Monbiot, 2000; Murray, 2006; Whitfield, 2001, 2006). A central theme of this research endeavour is, therefore, to investigate the manner in which PPPs, in the case of Ireland, entailed such outcomes with particular reference to their impacts on lower-income populations and workers' conditions. This research seeks to add to the *actually-existing neoliberalism* theoretical approaches with specific reference to the institutional restructuring of the Irish state at various geographical scales. In particular, it investigates the Irish welfare state's distinct development as a historically hybrid mix of welfare and competition state with a strong emphasis on promotion of private enterprise and private 'not for profit' provision of public services by religious institutions. It analyses the extent to which the PPPs underpin and implement the neoliberal transformation of the Irish welfare state. It also investigates the extent to which Irish State decision-making is being influenced by the requirements and dynamics of domestic and international capital accumulation. In that context, this thesis represents an important contribution to the exploration of the changing relationship between the state and private capital.

Research Significance

While there existed an extensive body of literature relating to the outcomes of neoliberalism and PPPs internationally there is a dearth of such research in Ireland. The recent introduction of PPPs took place in the absence of either empirical or theoretical research into their impact on the welfare state. Given the long-term nature of PPP contracts and their financial and socio-economic significance, the assessment of their impacts contained in this project is, therefore, of considerable importance.

This thesis also seeks to make a contribution to Irish critical geography by establishing, for the first time in this field, an overarching empirical and theoretical account from a geo-political economy perspective of Ireland's experience of PPPs and their role within the *neoliberalisation* of the Irish welfare state. The analysis and methods adopted in this research project produce a considerable quantity of new information in relation to PPPs in Ireland which contributes to the evidence and understanding of Irish critical geography.

Aims and Objectives of the Research

The project adopts a critical geographical perspective that analyses the path-dependent character of the neoliberal reform project in Ireland and examines the policy background and decision-making process that led to the introduction of PPPs in Ireland. In this way the research, applies Brenner and Theodore's (2002) geography of *actually existing neoliberalism* approach to the development of PPPs in Ireland in order to develop an understanding of the nature of the neoliberal transformation of the Irish welfare state. The research, therefore, directs particular attention towards the emergence of PPPs as a manifestation of this transformation and, more specifically, the research addresses the manner in which the development and outcomes and rationales of PPPs in Ireland reflect international experiences. It draws on the Irish critical political-economy approaches (Allen, 2007; Kirby, 2002) to explore the role of PPPs in the ongoing processes of the neoliberal transformation of the Irish State, with the focus on the specific context of the Irish welfare state, its own historical development and institutional structure. It undertakes a critique of existing PPP government policy and practice at central level with a focus on government departments that have implemented PPPs and at local level using the locus of Dublin. A central aim of this thesis is to review the degree to which PPPs impact on lower-income populations, communities and workers in terms of the changing role of welfare state governance, the delivery of public services and infrastructure and its consequences for the wage relation. In summary, this thesis is centrally concerned with the outcomes of PPPs in Ireland on a national and local level. It also aims to make a contribution to the broader debate on PPPs, the welfare state and neoliberalism.

Thesis outline

In order to contextualise the research analysis of PPPs, Chapter One presents an introduction to PPPs, their development internationally and in Ireland and a brief explanation of why a political-economy approach to the geographies of *actually existing neoliberalism* was chosen as appropriate to an analysis of the outcomes and impacts of PPPs in Ireland and the form and role of the contemporary Irish State. Chapter two then focuses on the overarching theoretical analysis of neoliberalism and the international PPP experience outlined in the literature. It begins with an explanation of various theoretical approaches to the role of the state and then details, using a political-economy perspective, the historical role of the state internationally in addressing social need through the development of the Keynesian welfare state, particularly through the provision of

public services and infrastructure. It analyses the restructuring of the state (in terms of welfare state governance and the delivery of public services) at both central and local government level, emphasising the rise of neo-liberalism and PPPs. It then outlines the neoliberal theoretical justifications for PPPs and their outcomes internationally, with a focus on schools and social-housing regeneration. Chapter Three presents an analysis of the Irish literature relating to PPPs. It outlines the historical development of the Irish welfare state, the emergence of neoliberalism, privatisation and PPPs. It reviews Irish Government commissioned PPP reports and literature relating to schools and social-housing regeneration PPPs. It also introduces the discussion on the neoliberal transformation of the Irish welfare state and PPPs' role within that process.

Chapter four provides an outline of the methodology adopted in the research. It outlines the wide range of secondary and primary sources used. It also details the empirical research methodology including the qualitative and quantitative methods employed in order to investigate public service and infrastructural PPP policy and projects from the various sectors and geographical levels of the welfare state. Information sources are identified from two public service and infrastructure sector case-studies, namely schools and local-authority housing regeneration. PPPs have been developed at a considerable pace in these two sectors and mark a radical departure in the form of provision from traditional methods. The information sources from the case-studies are identified at the policy-making and implementation level including state-institutions of central and local government and private sector and trade-union representatives. Secondly, sources involved in the implementation and operation of individual PPP-projects taken from the two case-study public service and infrastructure sectors are identified. The actors involved in developing and implementing PPP policy and projects in Ireland that were interviewed in the research are detailed.

The final four Chapters (Five, Six, Seven and Eight) provide an analysis of the empirical research outcomes. Chapter Five presents an analysis of the origins and development of PPPs in Ireland. The following chapters then detail the general extent to which PPPs fulfilled government-outlined objectives, with a particular focus on the assessments of PPPs' ability to achieve access to private-sector finance, greater value-for-money, speed of delivery and higher quality services than traditional publicly-provided infrastructure and services. Chapter Six provides an analysis of whether or not PPPs fulfilled these objectives in relation to the specific case-study of the Grouped Schools Pilot PPP Project while Chapter Seven relates to the specific case study of social-housing estate regeneration in Dublin's inner city. Chapter Eight then provides an overview and summary analysis of the research. It looks at the degree to which PPPs in Ireland are similar to international neoliberal policies in terms of their role in marketising and privatising a key aspect of the welfare state, the provision of public services and the infrastructure. The thesis concludes with an analysis of the development of PPPs in Ireland and their implications and outcomes on a theoretical level,

in terms of the continued evolution of neoliberalism as government policy at both the central and local state level in Ireland.

2. Neoliberalism, Public Services and Public Private Partnerships

Theoretical Approaches to the State

Kirk (1980) provides a review of four of the major interpretations of the state's role under capitalism: pluralist, managerialist, reformist and political economy (Marxist) perspectives.

Pluralism

On the pluralist view, society consists of a collection of interest groups competing for control over government action through the electoral process. There is an assumption in pluralism that the state is a neutral institution, therefore it stresses the state's function to achieve consensus and maintain a rough balance of power between these different interest groups. State decision-making and policy directions are determined by and effected in response to the relative strengths and balance of pressure between competing interests. The state acts as an arbiter between such groups supervising and regulating them so that none gains mastery and dominates state policy. Pluralism views state policy as a 'fair' and 'balanced' outcome of competition between different groups (Kirk, 1980). However, pluralism has been criticised for failing to recognise the enormous inequalities in resources between individuals, communities and classes in terms of economic power and the organisational skills upon which they can draw. While some are well funded, well informed and equipped to act effectively in their own interests, others are impoverished, fragmented and marginalised (MacLaran and McGuirk, 2003). Furthermore, it fails to analyse areas of the state which are not publicly contested and erroneously assumes a uni-directionality of influence from constituents to politicians and officials. This approach can be contrasted with a view of the distribution of power which emphasises the positions of politicians and public administrators, such as the power of public bureaucracy or manageralism approach (Kirk, 1980).

Managerialism

Managerialism stresses the power of public bureaucracy, particularly in the sphere of local authority decision-making (Kirk, 1980). It recognises that bureaucracies may follow their own agendas, become 'social gatekeepers' allocating resources and prove difficult to influence. This perspective has the strength of acknowledging the power and complexity of central and local government bureaucracies, their domination by unelected, unaccountable bureaucrats and the fact that they are not necessarily responsive to pressure from below, such as local residents in the case of local-authorities (Kirk, 1980). Although state bureaucracies can indeed be impenetrable, critics of the managerialist perspective note that it treats conflicts of interest as taking place in an economic vacuum, without any reference to the fact that in a capitalist society, governments operate and make decisions within the constraints of a capitalist economic system. It asserts that economic questions constitute a separate area of study from sociological and political questions and that it is unnecessary to relate these areas of concern (Kirk, 1980).

Both the pluralist and managerialist perspectives fail to question the relationship between central and local government and private business interests. The substantial inequalities in wealth and power, the fundamental role of private ownership of property and market forces, the power of business interests and assumptions about their validity and continuance, are glossed over or ignored in these approaches.

Reformist

The third perspective to be discussed here has been called a reformist approach (Kirk, 1980; MacLaran and McGuirk, 2003). This approach recognises the basic structural inequalities of power, influence, income and wealth in modern capitalist society. It sees the state as a fundamentally benign institution, involved in the conflicting tasks of helping to maintain the viability of the economy and to ameliorate some of its most undesirable outcomes. This it effects through implementing welfare policies aimed at the redistribution of real income between groups, places, or time periods.

Political Economy

Pluralism, managerialism and reformism stand in contrast with the perspective provided by political economy which emphasises the state's structural role of guaranteeing the privatised ownership of the means of production and the continued social and economic domination by capital (MacLaran and McGuirk, 2003). Political economy has a number of variants but all are founded on the notion that the economic and political spheres are inextricably linked. The Marxist or structuralist political economy perspective provides the most profound conceptualisation of the state's origins, its evolution and contemporary functions. Marxism regards the state as a social institution which arose historically in order to assuage the potentially inflammatory conflicts inherent in the emergence of class-based society. Its specific form and social role are therefore rooted in the mode of production. The conflict between the interest of capital and labour over the division of social product threatens the basic social relations of the capitalist mode of production. Because capitalist society is unable spontaneously to ensure the successful reproduction of conditions for its own existence, the state acts to assuage the conflict between capital and labour, to mediate class conflict, to legitimate capitalist society and its property relations and, ultimately to guarantee the relations of production. Thus, there develops an intimacy of relationship between the economic foundations of society and the political and ideological superstructure. The operations of the state ensure a sufficient degree of economic and political harmonisation and ideological control to enable the process of capital accumulation, the driving imperative of capital being the constant search for more profitable forms and patterns of investment (Harvey, 1989). The state mediates actively in this process of capital accumulation as it a process replete with crisis (Harvey, 1982). For example, the state intervenes in an attempt to regulate aspects of the economy (e.g. regulating

financial markets) and plays an important indirect role in capital accumulation by taking responsibility for providing services which no individual capitalist is willing to supply, such as health-care facilities, housing, schools, parks and training and so forth. This is because such collective means of consumption, though necessary to continued capital accumulation, are by their very nature 'opposed to the imperatives of profit':

> *"Due to the slow speed of rotation of capital in these sectors, to the risky and discontinuous nature of the progression of demand for them, public transport, schools, research centres, parks...constitute so many domains foreign to capitalist profitability, while necessary to the overall reproduction of capitalist social formations"* (Lojkine quoted in Kirk, 1980, 81).

This analysis can also be applied to the provision of public transport and other infrastructure, which can have the effect of increasing the level of productivity of capital as a whole. However, in capitalism, there is a limit to the amount of state intervention which can take place before private profitability suffers. First, state revenues – taxes – come from a pool of surplus value, and hence there is less left over for capital accumulation. Second, state spending is not normally concerned with direct investment in the production of commodities. This is an aspect of the inherent contradiction of capitalism: that there is a need for state intervention, but this must not damage the motor principle of the system – private profit (Kirk, 1980). Thus, the state intervenes in a welfare role to provide such collective means of consumption in order to maintain the cohesion of the social form as a whole (Kirk 1980; MacLaran and McGuirk, 2003).

The political economy approach notes that while the welfare state has clearly provided real benefits for working people, especially in housing, education and health care, its role can only be understood in the context of class struggle. It is a concession made by the owners of property and forced out of them by working-class pressure (Kirk, 1980). Therefore, while the welfare state may modify, it cannot solve, major social problems for these are rooted in the class structure of society (Kirk, 1980). How much the state intervenes to limit the spontaneous tendencies of capital accumulation is a reflection of the circumstances such as class struggles and worker pressure. The interrelationship between state and capital is not a simplistic one and the degree of overlap and interpenetration between the state and capital would seem to be a complex phenomenon, though in the overall analysis state intervention tends to be on the terms of capital (Kirk, 1980).

A political economy theorisation of the role of the state under neoliberalism, the current phase of capitalism, was developed by critical geographers Brenner and Theodore (2002) and Harvey (2005) (see Chapter One). This approach was adopted for this research as the most valid, appropriate and applicable theorisation through which to analyse the process of *neoliberalisation* of the Irish State with particular focus on its role in the origins and development of PPPs in

Ireland. The following sections provide an overview and analysis from such geo-political economy perspectives of the welfare state, public services and the emergence and outcomes of neoliberalism and PPPs.

The Keynesian Welfare State

The role of the state in western Europe in the provision and delivery of public services and infrastructure has evolved and transformed considerably over the last 200 years. The failure of the unregulated free market in the nineteenth century to solve the emerging social needs of increasing numbers of urbanising populations led to considerable health and housing problems (Kirby, Knox and Pinch, 1984; Pacione, 1990). Those in power at the time within the existing, Victorian, laissez-faire, state promoted the primacy of the free market and argued that such social problems were the responsibility of the individual and that the state should, therefore, not intervene. As conditions worsened for the mass of the population demands for social reform began to be organised around social movements such as trade unions and socialist political parties (Bourdieu, 1998; Harvey 1989). In a key-note speech on the state and public-sector reform former British Prime-Minister Tony Blair explained that only action by the state, in that period, could have solved such profound public issues:

> "*The (Cholera) epidemics of 1832 and 1848 killed 140,000 people. Cleansing action by no one individual could ever be certain to be enough. The role for government was clear. This required collective action. It meant property rights needed to be disregarded and land compulsorily purchased, both big issues for a laissez-faire time. The Victorians took up the challenge by legislation, then accompanied by the great feats of Victorian engineering. In 1858 Parliament responded to the "Great Stink" emanating from the River Thames by sanctioning Bazalgette to build 83 miles of sewers to prevent the deposit of raw sewage. The Manchester waterworks had begun in 1847 and by 1875 most of Liverpool's housing had water closets connected to sewers*" (Blair, 2006, 1).

As a result of these crises and the pressures for reform, the state gradually began to assume greater responsibility for addressing economic and social problems that had once been considered individual or voluntary affairs (Blair, 2006). States developed national and local public services and infrastructure including the provision of water and waste-water infrastructure for public health, defence services such as law and order, public hospitals, macro-economic management institutions, roads, parks and public spaces (Harvey, 2005; Kirk, 1980).

Further economic and social crises resulting from unregulated capitalism and the free market created the 'Great Depression' in the 1930s, which, in a similar fashion resulted in demands for greater state intervention (Harvey, 1989). In order to avoid working-class revolt over rising inequality and impoverishment, in particular to stave off the influence of Russian communism and

to save capitalism from its inherent market crises, a class compromise between labour and capital in western Europe and the U.S.A. was constructed after World War II. It was designed around a negotiated balance of state, market and democratic institutions to guarantee peace, inclusion, well-being and stability (Castells, 2000; Esping-Andersen, 1999; Harvey, 2005; Kirk, 1980; Pierre and Peters, 2000). Western European governments, in particular, adopted Keynesian policies which promoted a state interventionist approach where the role of the state was to manage effective demand in order to maintain full employment and use mildly redistributive taxation to fund high levels of welfare spending and thus stabilise the normal boom and bust cycle of capitalism (Bourdieu, 1998; Callinicos, 2003; Esping-Andersen, 1999; Harvey, 2005). At a fundamental level this 'welfare state' model centred on redistributive politics, including some degree of political integration of the working-class representatives in the form of socialist Labour parties and trade unions. Keynesian welfare-state governments actively intervened to set standards for the social wage by constructing a variety of welfare systems and expanded public expenditures in education, health care etc. They took responsibility for key sectors out of the market on the grounds that the private market could not be relied on to provide equitable access to essential public services (Harvey, 2005; Whitfield, 2006). This is because classical economics' private market theory holds that society and the economy should be organised according to the decisions of the 'hidden hand' (as identified by classical economist Adam Smith) of the market as that is what ensures demand and supply reach equilibrium. However, Keynesian theorists criticised this model as demand is defined as only an economic demand that must be backed up by a financial demand if it is to assert itself in the market place (Whitfield, 2006). Markets, therefore, neither plan for nor provide for many social needs because they are not backed up by a financial demand. The market, as noted earlier in Kirk's (1980) political economy analysis of the role of the state, only provides for the means of collective consumption to the extent to which it is profitable for capital so to do (Castells, 1993; Esping-Andersen, 1999; Harvey, 2005; Kirk, 1980).

On the other hand, freely accessible public services, unlike privately-provided market-determined services, are non-excludable (users cannot be excluded from consuming the goods) and non-rival (consumption by one user does not reduce the supply available to others) (see Kirby et al., 1984; Whitfield, 2006)). The role of the state under Keynesianism in western Europe, therefore, was expanded on an unprecedented scale, particularly through the direct provision of public services and infrastructure such as housing, roads and hospitals (George, 2004; Hall and Pfeiffer, 2000; Kirby et al., 1984; Pinch, 1985; Whitfield 2006). The state, both central and local, therefore, played a much more important role in addressing social need through its provision of such public services and infrastructure (Cox and Johnston, 1982; Kirby, 1982; Kirby et al., 1984; Kirk, 1980; Pacione, 1990; Pinch, 1985).

Three broad types of welfare state developed in this period. These are classified according to the specific blend of Keynesian and market policies developed and include the liberal (adopted by Anglo-Saxon countries), social democratic (Scandanavian countries) and conservative (Continental Europe) welfare state model. Scandanavian countries developed the most extensive Keynesian-type model followed then by France, Germany and the U.K. This included the nationalisation of private companies, state-led planning and state ownership of key sectors (e.g. coal, steel, and automobiles), the development of universalism in the provision of public services, addressing inequality and social risks. Public-sector providers were increasingly characterised by equitable access, good working conditions, high levels of staff commitment and strong public trust (Esping-Andersen, 1999; National Economic and Social Council, 2005; Pierre and Peters, 2000).

The oil crises of 1973 and 1979, rising unemployment and economic turbulence in the late 1960s and 1970s led to fiscal crises (e.g. the UK had to be bailed out by the International Monetary Fund in 1975) which meant the large growth in public spending by Western governments since World War II could not be sustained. Inflation surged, ushering in a global phase of 'stagflation' lasting throughout much of the late 1970s. Keynesian policies were criticised and blamed for the crisis by free-market followers of 'neoliberalism' such as Margaret Thatcher in the UK and Ronald Reagan in the US (Brenner and Theodore, 2002; Callinicos 2003). These advocates of neoliberalism stated that the unprecedented expansion in the public sector was the cause of fiscal imbalances as it required government borrowing to increase beyond sustainable levels while simultaneously restricting the private sector from certain sectors of the economy thereby reducing the potential for economic growth. The solution, they argued, was radically to transform the role and form of the state by prioritising neoliberal free-market policies (Gill, 1995; Hall and Pfeiffer, 2000; Leys, 2001; Soros, 2000; Stiglitz, 2002). They believed that the increase in state control, marked under Keynesianism and, most worryingly from a neoliberal perspective, in the increase in the number of socialist-oriented governments, threatened capitalism and there was, therefore, an urgent requirement to re-organise societies on the basis of the free market (Harvey, 2005).

The Keynesian welfare state was also criticised from welfare political economy approaches (Esping-Andersen, 1999). This included the fact that social mobility progress for the working-class during that period was mainly confined to moves between different jobs within their class, while in areas such as education class differentials seemed not be affected. The social-democratic welfare state also suffered from mass unemployment in this period and was seen, not just by neoliberals but from broad political-economy approaches, as an impediment to urgently needed economic adjustment and job growth (Esping-Anderson, 1999). In addition, while the welfare state was notably successful in minimising many of the risks of poverty, new inequalities emerged through the 1980s and 1990s, in part because of labour-market and demographic transformation. The post-war welfare state had been premised upon assumptions about the family structure and labour

market that had become largely invalid. There was a growing disjuncture between existing institutional arrangements and emerging risk profiles. The welfare state was not responding to new economic realities as populations found themselves barraged with new and possibly ever more intense social risks. New marginal strata or 'underclasses' emerged, such as lone parents and marginalised youth as the nature of what constituted the family was transformed. The welfare state was, in many ways, unable to respond to new demands for labour-market flexibility, youth programmes, education and employment training skills, child-care support and addressing the resource inequality between household types (Esping-Anderson, 1999; Pierre and Peters, 2000).

Neoliberal Theory

Neoliberal theorists advocated that all political and economic practice should be based on the classical economics' theory that the 'hidden hand' of the market is the best way to organise society. Neoliberal theorists were therefore deeply opposed to state interventionist theories such as Keynesianism, Marxism and other centralised-state planning theories (George, 2004; Callinicos, 2003; Harvey, 2005). According to neoliberalism, human well-being can best be advanced by liberating individual entrepreneurial freedoms and skills within an institutional framework characterised by strong private property rights, free markets and free trade (Callinicos, 2003; Harvey, 2005). The role of the state in this model is principally to create and preserve the private property and free trade framework through guaranteeing the proper functioning of markets. The military and police are set up to guarantee this system, by force if necessary. Furthermore, if markets do not exist in areas such as land, water supply, education, health care, social security or environmental pollution, then they must be created, by state action if necessary (Kirk, 1980; MacLaran and McGuirk, 2003).

Neoliberalism demands that the state should not venture beyond these tasks. Ideally the state should only play a distant, supervisory role, regulate what businesses want regulated and intervene exclusively in rare cases of market failure. Once created, state intervention in markets should be kept to a bare minimum because, according to the theory, state intervention will distort the accurate functioning of the market as the state cannot possibly possess enough information to second-guess market signals (prices) and because powerful interest groups will inevitably distort and bias state interventions for their own benefit, particularly in democracies. Markets are held to be efficient, whereas governments are not. If markets are unregulated they will ensure the optimum economic, and therefore social, outcomes (Callinicos, 2003; Harvey, 2005; Kirk, 1980).

Thus, neoliberalism advocates that social equity is maximised by extending the reach and frequency of market transactions into all sectors of the society and economy and it seeks to bring all human action into the domain of the market. It asserts that continuous increases in productivity, resulting from the application of the free market deliver higher levels of living to everyone. Under

the assumption that 'a rising tide lifts all boats' or results in a 'trickle down' effect, neoliberal theory holds that the elimination of poverty, both domestically and worldwide, can best be secured through free markets and free trade. The fundamental role of the state under neo-liberalism, therefore, is to ensure the correct conditions exist for profitable capital accumulation on the part of both domestic and foreign capital (Allen, 2007; Callinicos, 2003; Harvey, 2005; Whitfield, 2006). While personal and individual freedom is guaranteed, each individual is held responsible and accountable for his or her own actions and well-being, extending to the realms of welfare, education, health care, and pensions. Individual success or failure is conceived as a result of personal failings and not derived from any systemic failure, such as class exclusions usually attributed to capitalism. Government should have little or no part in the production of goods and services. Competition is to be introduced into all areas of the economy, into the heart of the state itself, and subsidies to private and public companies or services should not be allowed (Allen, 2007; Brenner and Theodore, 2002; Gill, 1995; Whitfield, 2006). Therefore, a central objective of the neoliberal political ideology is the dismantling of the extant state institutional arrangements and political compromises, such as the welfare state and increased labour standards and trade union influence, associated with the Keynesian order through the implementation of market-oriented reform initiatives. Such restructuring would reduce the proportion of surplus value, created under capitalism, that was allocated to the social wage (state revenue and labour costs) and, thus, increase that proportion retained by capital and, in doing so, also provide new opportunities for capital accumulation (Brenner and Theodore, 2002; Kirk, 1980).

An OECD[2] report on services in 2005 demonstrated the practical application of this neoliberal theory. The OECD stated that several important services, such as health, education and social services, that are predominantly provided in a non-market environment, should be opened up to private providers. The underlying rationale is that the lack of a price (or market) mechanism in these public sectors meant that it was difficult for the providers of these services to effectively gauge and, therefore, adequately meet demand. This was reinforced by the absence of competition between providers and a reliance on public funding:

> *"As a result of this environment, producers may have difficulties in responding adequately to evolving users' needs, such as the growing demand for long-term health care. Suitable policy measures, which could be explored in several public services, include the opening up of markets, the introduction of user choice, linking public funding more closely to performance as well as user payments....such policy changes may contribute to better and more targeted services in several*

[2] The Organisation for Economic Co-operation and Development (OECD) brings together the governments of countries committed to democracy and the free market economy. Its membership includes 30 countries, 27 of whom are described as high-income countries by the World Bank and include, amongst others, Ireland, Austria, Belgium, United Kingdom and the United States of America (OECD, 2008).

areas, and may help enhance efficiency while also achieving key public policy objectives" (OECD, 2005, 13).

A key aspect of neoliberalism, therefore, is convincing the public to accept that they have to pay for public services through user fees, even if they were previously free at the point of delivery (Allen, 2007). Neoliberal theory argues that privatisation and deregulation, combined with competition in the public sector, release the entrepreneurialism of the private sector. As a result of the elimination of state regulation, the private sector can then increase the efficiency, productivity and quality of public services while reducing costs.

Overall, then, neoliberal theory postulates that,

- Competition in the delivery of services reduces the overall cost of providing public services
- The private sector is more efficient than the public sector in providing and managing public services and infrastructure
- The labour market requires de-regulation and trade union power to be limited in order to ensure labour market flexibility
- Individual choice in public services improves the quality of services
- Choice reduces inequality because market forces are a more equalising mechanism than the state and government which are too influenced by political voices
- Local authorities and public bodies should be restricted to planning and regulating services in order to create the space for the private sector to develop more innovative ways of delivering services (Brenner and Theodore, 2002; Harvey, 2005; Whitfield, 2006).

A Geography of Actually Existing Neoliberalism

In contrast to neoliberal theory and political ideology, in which market forces are assumed to operate according to immutable laws no matter where they are implemented, Brenner and Theodore (2002) emphasise the contextual embeddedness of neoliberal restructuring projects insofar as they have been produced within national, regional, and local contexts. An understanding of such geographies of "*actually existing neoliberalism*" must therefore explore the contextually specific interactions between inherited regulatory landscapes and emergent neoliberal, market-oriented restructuring projects at a broad range of geographical scales. Studies of neoliberal regimes within states across western Europe have found that the neoliberal restructuring of central and local states has been highly uneven, both socially and geographically, and its institutional forms and socio-political consequences have varied significantly across spatial scales (Brenner, Theodore and Peck, 2005; Harvey, 2005). Thus, the degree of implementation of neoliberalism can be seen to depend on the particular state's legacies of inherited institutional frameworks, the

extent to which the local state's policy regimes embraced this new order, how neoliberalism fitted with an individual country's and region's frameworks of political-economic regulation and the extent of political struggles that resisted these policies (Brenner and Theodore, 2002; Harvey, 2005). Table 2.1 outlines a number of the destructive and creative moments of actually existing neoliberalism that have been mobilised through distinctively *geographical* strategies within a number of the key major institutional arenas in which capitalist regulation occurs including, the wage relation, the central and local state and other forms of governance. Aspects relevant to this research, that have been dismantled[3], at least partially, include labour regulations, the dismantling of traditional welfare service provision, the imposition of fiscal austerity measures and, at a local state level, the reduction in provision of public housing (Brenner and Theodore, 2002).

Table 2.1 Destructive and Creative Moments of Actually Existing Neoliberalism

Site of Regulation	Moment of Destruction	Moment of Creation
Wage relation	Assaults on organized labour and downgrading of national employment regulations	Competitive deregulation: Promotion of new forms of labour "flexibility
The state and other forms of governance	• Dismantling of traditional national relays of welfare service provision • Erosion of traditional managerial-redistributive functions of national and subnational administrative agencies • Imposition of fiscal austerity measures aimed at reducing public expenditures • Shrinking of public sector employment	• "Rolling forward" of supply-side and monetarist programs of state intervention • Establishment of public–private partnerships and "networked" forms of governance • Rescaling of state economic intervention to privilege strategic supranational and subnational spaces of accumulation • Underwriting the costs of private investment through state subsidies • Transfer of erstwhile forms of public employment to the private sector through privatisation
Reconfiguring the institutional infrastructure of the local state	• Assault on traditional relays of local democratic accountability • Razing public housing and other forms of low rent accommodation	• "Rolling forward" of new networked forms of local governance based upon public–private partnerships, "quangos," and the "new public management" • Establishment of new institutional relays through which elite business interests can directly influence major local development decisions • Creation of new opportunities for speculative investment in central-city real estate markets

Source: *Brenner and Theodore (2002, 365)*

[3] While Brenner and Theodore use the term partial destruction it was deemed more accurate to describe this process as one of partial dismantling.

Actually Existing Neoliberalism

A brief synopsis of the history and geography of the development of *actually existing neoliberalism* in Europe is now presented.

Margaret Thatcher's Conservative Government, elected in 1979, implemented neoliberalism to a greater degree than any other western European government during that period. State involvement in the UK economy was reduced, state assets, particularly social housing and public utilities, were sold off, the free market ideology was promoted, labour markets were deregulated and trade union power reduced (Esping-Andersen, 1999; Monbiot, 2000; Whitfield, 2006).

Heightened international and domestic competition combined with economic crises, a reduction in central-government funding, deindustrialization and suburbanization meant that local government, which had previously prioritised the provision of collective social services, came under pressure to adopt neoliberal policies. Table 2.1 outlines the reconfiguring of the Keynesian institutional infrastructure of the local state that resulted from this pressure. Local government across western Europe and North America began prioritising the needs of capital and business in an attempt to re-start economic growth as a solution to the social and economic crises which had become particularly acutely manifested in inner cities. The creation moment of neoliberalism includes policies introduced by local government aimed at establishing new institutional relays through which elite business interests can directly influence major local development decisions and the creation of new opportunities for speculative investment in city centres (Table 2.1, column three, row four). These include forms of city boosterism, city marketing, cost-cutting measures, local tax abatements, land grants, direct and indirect state subsidies to large corporations and the privatisation of infrastructural facilities (Brenner and Theodore, 2002; Castells, 2000; Gill, 1995; McGuirk and MacLaran, 2001; Smith, 1996).

By the mid-1980s then a dramatic transformation of welfare state policy agendas had occurred throughout the world as neoliberalism became the dominant political and ideological form of capitalist globalisation. This was recognised in 1990 when the term 'Washington Consensus' was coined to describe ten policy areas where neoliberalism had been universally accepted by global decision-makers (Srinivasen, 2000; Williamson, 2000; World Bank, 2000). In the area of public services these included:

- The withdrawal of the direct-state involvement from many areas of social provision through a reduction in public spending, privatisation and de-regulation of state companies and public services
- Marketisation of state functions and public services (competition values and processes introduced within the public sector)

- Labour-market de-regulation and flexibility (Table 2.1) (Callinicos, 2003; Srinivasen, 2000; Williamson 2000; Whitfield 2001, 2006).

A central aim of neoliberalism, therefore, was to promote the maximum involvement of the private sector in the provision of public services and infrastructure. The role of a neoliberal state would be to regulate and monitor the private sector which delivered and operated public infrastructure and services in contrast to the traditional Keynesian model of direct public-delivery and operation (Allen, 2007; George, 2004; Harvey, 2005; Whitfield, 2006). The private sector was to be involved through the privatisation and marketisation of the public sector through deregulation (introduction of competition from the private sector), the imposition of the private sector or 'market' ethos into the public service, the contracting out of services to the private sector and the transfer of assets and services to private ownership and/or control and the introduction of user charges[4] (George, 2004; Whitfield, 2006).

Negative Outcomes of Neoliberalism and Privatisation

The implications of the partial *dismantling* of Keynesian institutional structures that the development of neoliberalism has entailed, were profound on those who most relied on and needed state services, mainly the poor, working classes and users of public services such as council tenants and most public-sector employees (Bourdieu, 1998; Brenner and Theodore, 2002; George, 2004; Gill, 1995; Whitfield, 2006). All forms of social solidarity that put restraints on capital accumulation, notably the welfare state and its associated public services and independent trade unions or other social movements which acquired influence under social-democratic states, were undermined and reduced (Callinicos, 2003; George, 2004). There was also an increasing imposition of user fees e.g. waste charges, water charges, road tolls and a reduction in the quality and accessibility of public services which all added considerably to the financial burdens of the poor (IPPR, 2001; Leys, 2001; Grubnic and Hodges, 2003; Harvey 2005; Shaoul et al., 2002; Whitfield 2006).

Furthermore, state regulation that had improved workers' conditions was reduced in order to facilitate labour flexibility. As a result, across Europe, workers' rights and conditions were reduced and there was a weakening of trade union organisation and a loss of trade-union membership, with only selective industrial action being taken in countries that implemented neoliberalism. The most extreme examples of this were provided in the U.S.A. and Britain, where Ronald Reagan and Margaret Thatcher respectively reduced the power and influence of trade unions from certain key public sectors and, as a result, negatively impacted workers' rights and conditions. This was most apparent in the attacks on previously powerful groups of workers such

[4] User charges may be generally defined as direct charges paid to the private sector partner by third parties who are not the Government, e.g., hard tolls paid by motorists (Central PPP Unit, 2006a).

as the American Air Traffic controllers in 1981 and the British Miners in 1984 (Callinicos, 2003; Castells, 2000; Esping-Andersen, 1999; Harvey, 2005).

It is in the context of diminished personal resources derived from the labour market that the neoliberal determination to transfer all responsibility for well-being back to the individual has had doubly negative effects. As the state withdrew from welfare provision and diminished its role in arenas such as public health care, education, and housing, which were once fundamental to social-democratic states, it left large segments of the population exposed to impoverishment. The social safety net has been reduced in favour of a system that emphasises personal responsibility (Harvey, 2005). The overall result is that under privatisation and neoliberalism social inequality has increased to unprecedented levels, with the share of national economies going to the wealthy rising substantially while that going to labour and the poor has declined (Harvey, 2005; Soros, 2000; Stiglitz, 2002). Since the 1980s, aside from France and several East and South East Asian countries, most countries have registered increases in inequality (Harvey, 2005). Harvey (2005) compared, for example, the results of sustained neoliberalism in the UK versus a country such as Sweden where neoliberalism has eroded but not dismantled the welfare state. Sweden ranked third in the world in life expectancy versus the UK which was twenty-ninth, the poverty rate was 6.3 per cent versus 15.7 per cent in the UK, while the richest ten per cent of the population gained 6.2 times the income of the bottom ten per cent whereas in the UK the figure was 13.6 per cent (Harvey, 2005). This research investigates the emergence of such trends in Ireland.

Actually Existing Neoliberalism and PPPs

This section outlines in more detail the dialectically-intertwined but analytically-distinct moment of neoliberalism the (tendential) *creation* of new infrastructure for market-oriented economic growth, commodification, and the rule of capital (Table 2.1) (Brenner and Theodore, 2002).

While neoliberalism replaced Keynesianism in the 1990s as the dominant orthodoxy amongst policy makers in western Europe, significant opposition amongst workers and the general public to the negative outcomes outlined above made complete destruction of the Keynesian institutional forms through privatisation and the dismantling of the welfare state very difficult to achieve, notably in education, health care, social services, universities and the state bureaucracy (Whitfield, 2006). Neoliberal governments and advocates therefore faced the dilemma of how to continue and deepen the neoliberal privatisation project within core public services and governance in the face of broad public support for public services and the 'public realm'. Furthermore, core welfare systems of education and health, with their associated infrastructure, employees and government departments, could not be privatised in the same way that transportation or the nationalised industries had been in the 1980s due to the fact that the sheer size of any flotation or sale on the open market could destabilise financial markets (Whitfield, 2006). Thus, neoliberals adopted a

strategy within governance, public service and infrastructure, parallel to the *destruction moment* of the explicit sale or transfer of assets to the private sector through complete privatisation, of *transformation and creation* of state institutional forms through the marketisation of public services, infrastructure and governance.

This process of 'marketisation' centred on the greater involvement of private capital and market mechanisms within public services and infrastructure which had traditionally been planned, delivered and financed by the state. It entailed an increase in private-sector involvement in public governance such as government decision-making, legislation and policy formation, to a much greater extent than previously. Intensified competition between the public and private sectors, commercialisation of public services and the creation of markets within public services were part of this process. Market mechanisms, involving sanctions such as restructuring or the closure of 'inefficient' public providers, were imposed in the public sector in order to make it more 'efficient'. Public-sector managers were encouraged to copy private-sector organisational structures such as performance management and focus on efficiency, productivity and savings targets. The values and ideals of social rights that informed public-sector values and priorities were undermined by a market ethos. Under this process, public service users were no longer citizens with human rights but 'clients' and 'consumers' (Allen, 2007; Leys, 2001; Whitfield, 2006).

It is asserted that Public Private Partnerships (PPPs) emerged during this period as a key mechanism to implement neoliberalism through the partial *dismantling* and *transformation* of aspects of the Keynesian welfare state and the creation of new *neoliberalised* state-institutional forms. PPPs, in the first instance, increased the involvement of the private sector considerably beyond what had traditionally taken place in public service delivery and governance during the period of the Keynesian welfare state (Brenner and Theodore; Gill, 1995; Leys, 2001; McGuirk and MacLaran, 2001). Furthermore, privatisation was redefined by neoliberal advocates who claimed it was restricted to the sale of assets and that marketisation in the public sector was little more than the application of the principles of a mixed economy (Whitfield, 2001). New policy mechanisms such as PPPs, therefore, were not to be classed as privatisation but instead were branded as 'partnerships' (Farrell Grant Sparks, 1998) and could thus continue the implementation of neoliberalism in public services through the 1990s. Using a geo-political economy approach, PPPs can be contextualised as a key moment within the transformation of the state under neoliberalism. The important role that PPPs play within this process was a key impetus for undertaking this research.

Having outlined the theoretical approaches to the social and economic factors underlining the advance of neoliberal privatisation policy and introduced PPPs as an important method for implementing this policy, it is now pertinent to examine the parameters of PPPs in terms of their

classification, implementation and critical outcomes internationally. An outline of the key aspects of PPPs, their development in a number of countries and a critique of their practical outcomes internationally is thus provided.

Emergence of PPPs in Europe

PPPs (classified as Private Finance Initiatives (PFIs) in the UK) had first been introduced by the U.K. Conservative Government in 1992. However, the New Labour Government, elected in 1997, also firmly embedded PPP as a major source of funding for the provision of public infrastructure and services by expanding the PPP concept to a broader range of infrastructure and services including many of the core welfare state systems e.g. services administration, education, housing, defence and criminal justice systems (Monbiot, 2000). Labour's first Act of Parliament in 1997 was to clarify the legal basis of PPP and to initiate a review on how to accelerate its rate of implementation (Farrell Grant Sparks, 1998). While the private sector had been involved throughout the twentieth century to varying degrees in state provision of public services, (for example, having being contracted to build schools or roads in Ireland and the UK and the delivery of energy and waste services and infrastructure in France and Germany), PPPs marked a radical departure from such traditional delivery in the extent to which the private sector was involved and the sectors of the state in which it became involved (Gill, 1995; Monbiot, 2000; Sweeney, 2004; Whitfield, 2001; World Bank, 2000).

Through the 1990s and early 2000s, there was a significant increase in the use of PPPs in hospitals, schools, urban development and regeneration companies, outsourcing and other varieties of PPP models imposed within the public sector (Economist Intelligence Unit, 1999; Monbiot, 2000; Osborne, 2000; Payne, 1999; PriceWaterHouseCoopers, 2005; Whitfield, 2006). By 2003, there was a growing acceptance amongst policy makers that PPP arrangements could be used as an additional and complementary instrument to meet infrastructure and service needs in a wider range of sectors ranging from environmental services to health care provision and education (Audit Commission UK, 2003; European Commission, 2003; Kay and Reeves, 2004). In 2004 and 2005, around 206 PPP deals worth approximately €42 billion were completed worldwide, of which 152 projects valued at €21 billion were based in Europe. By 2006, PPPs had been expanded to a value of approximately €100 billion across Europe. Geographically, the PPP market has remained concentrated with the UK, accounting for two thirds of these PPP deals, with Spain and Portugal accounting for 9-10 per cent each. When PPP activity is considered as a percentage of GDP[5], Portugal, the UK and Ireland have, respectively, the greatest involvement with PPP (PriceWaterHouseCoopers, 2005).

[5] Gross Domestic Product, the value of all final goods and services produced in a country in one year.

PPPs have principally been developed in the transport (roads and light rail), water and waste, education (particularly school projects in the UK, Germany and Ireland) and health sectors. An international survey of senior civil servants revealed the growing importance of PPPs over exchequer funding in delivering public projects in the U.S., the UK, Canada, Germany and Australia (KPMG, 2007). Over a third (36 percent) of public-sector respondents asserted that PPPs should be the primary emphasis when considering how effectively to deliver public sector projects. Direct exchequer funding was just behind at 33 percent while the use of user fees, such as toll roads, polled 18 percent.

As noted above, the United Kingdom has Europe's largest and most sophisticated PPP program. Over 700 PPP projects with a total capital value in excess of £49 billion have reached completion. These contracts have been signed in over 20 sectors and have translated into over 500 operational projects, including 230 new or refurbished schools, 185 new or refurbished health facilities and 43 transport projects (PriceWaterHouseCoopers, 2005). As of April 2007, over 340 projects, each with a capital value of over £15 million and a combined capital value of over £45 billion, were completed and operating. PPP is now the main source of funding from the UK Department of Education for new schools and tertiary education institutions (Department of Education and Skills, 2007).

One of the main organisations involved in the advancement of PPPs in the UK, Partnerships UK (PUK), is a PPP formed by the British government in 2000 with a majority stake (51 per cent) held by the private sector and the remainder retained by the UK Government. The aim of PUK is to support and accelerate the delivery of infrastructure renewal, high-quality public services and the efficient use of public assets through better and stronger partnerships between the public and private sectors (PUK, 2004). PUK published a report into operational PPP projects in March 2004 and found that public-sector managers and users were satisfied with the outcomes of PPP projects. Specifically, 96 per cent of PPP projects were performing at least satisfactorily, with 66 per cent of projects performing either to a 'very good' or 'good' standard; 89 per cent of projects were achieving the contract service levels either 'always' or 'almost always'; and 80 per cent of all users of PPP projects were 'always' or 'almost always' satisfied with the service being provided. Furthermore, public-sector managers believed that they had developed an effective partnership with the private sector to deliver services (PUK, 2004).

PPP Definition

In 'traditional' or 'direct' public provision and delivery of services and infrastructure, the relevant government authority financed a capital service or infrastructure project using either existing tax income or by borrowing, either designed it 'in-house' or contracted a private company to design it and then, in most instances, contracted a private construction firm to build it. It then hired public

employees to maintain and operate the physical structure once it was completed (Murray, 2006). However, in PPPs, a private company (usually a consortium formed specifically for the purpose of bidding on a PPP project) provides, or takes over the design, building, and/or financing and maintenance of, a completely new public service or infrastructure project, such as a hospital, road or school, that would otherwise have been provided through the traditional public sector model (Government of Ireland, 2002).

The Irish Government's *Policy Framework for Public Private Partnerships: Working together for quality public services* (PPP Informal Advisory Group, 2001) classified an arrangement or project as constituting a PPP where the following key characteristics were present:

- shared responsibility for the provision of the infrastructure or services with a significant level of risk being taken by the private sector, for example, in infrastructure projects, linking design and construction with one or all of the finance, operate and maintain elements;
- long-term commitment by the public sector to the provision of quality public services to consumers through contractual arrangements with private sector operators.

The Irish State Authorities (Public Private Partnerships) Act 2002 clarified this and enshrined PPPs into Irish Law as a ''public private partnership arrangement'' between a state authority and a private ''partner'' for the performance of functions of a state authority in relation to—

(i) the design and construction[6] of an asset, together with the operation of services relating to it and the provision of finance, if required, for such design, construction and operation, or
(ii) the construction of an asset, together with the operation of services relating to it and the provision of finance, if required, for such construction and operation, or
(iii) the design and construction of an asset, together with the provision of finance for such design and construction, or
(iv) the provision of services relating to an asset for not less than 5 years and the provision of finance, if required, for such services.

The Act also specified that a PPP can involve the arrangement of funding and the transfer of a state asset to a private partner. The PPP "*shall operate to confer on the private partner the functions of the State Authority*", the Act noted. Under PPP procurement therefore, the public sector would no longer be responsible for direct infrastructure provision, service delivery and management of a public infrastructure and/or service. The public sector's role under PPPs, therefore, would be restricted to specification of the *outputs* required in the service and/or

[6] Building, refurbishment, maintenance, repair, improvement, demolition, extension and replacement

infrastructure and monitoring of its performance over the life of the PPP contract (Farrell Grant Sparks, 1998).

> *"The key contrast between PPPs and traditional procurement is that...The private sector service provider is responsible not just for asset delivery, but for overall project management and implementation and successful operation for several years thereafter"* (PriceWaterHouseCoopers, 2005, 12).

PPP Classification

PPPs are classified according to their various contractual forms but generally involve one of the following types; Design, Build and Operate (DBO), Design Build Finance (DBF), Design, Build, Finance and Maintain (DBFM) and Concession-type PPPs (PPP Informal Advisory Group, 2001).

Design, Build, Operate (DBO)

In a DBO PPP the private-sector contractor designs and builds the public facility to meet public-sector performance requirements and is remunerated directly from the exchequer for this aspect of the project, as would be the case with conventional procurement. The private sector is responsible for both operating and maintaining the facility for a predefined period, at the end of which, responsibility for the asset is transferred back to the public sector. DBO contracts do not include a requirement that the private sector funds the project. Generally contracts that have been classified as DBOs have also included a requirement that the asset be maintained. This is most often used in the provision of water and waste water treatment facilities (PPP Informal Advisory Group, 2001).

Design, Build and Finance (DBF)

This is generally used in asset transfer situations, such as social housing provision or regeneration, whereby the state hands over development rights for state-owned land to a private developer in return for a limited number of social-housing units and community facilities.

Design, Build, Finance, and Maintain (DBFM)

This model is typically used for accommodation projects such as schools and hospitals. The private-sector partner is responsible for maintaining the asset through the provision of ancillary support services, such as cleaners, while the state still provides the core services, such as teachers. In the majority of these projects, the state purchases or owns the site and issues the private partner with a long-term license for the duration of the contract, solely to enable them to deliver the required services as outlined in the output specification. The private-sector contractor is responsible for designing, building, maintaining and financing the facility. It recovers its costs principally out of payments from the public sector, remunerated by deferred annual payments from the exchequer, known as unitary payments, together with some potential for generating third-party income from user charges, see below. PPP theory states that at the end of the contract ownership

of the facility transfers back to the state (Farrell Grant Sparks, 1998). While some projects may be classified as Design Build Finance Operate PPPs, for the purpose of this research they are classified as DBFM PPPs.

Concession

A Concession PPP project is one where a state authority enters into a Design, Build, Finance, Operate and Maintain arrangement with a private-sector provider for the delivery of services whilst giving them the licence to levy a charge for the use of that service. The private-sector partner recovers its investment through user charges, sometimes referred to as 'third-party income' and sometimes through state subvention as part of the PPP deal. The level of subvention requested generally represents the difference between estimates of the income that will be obtainable from the third-party user charges over the life of the contract while deducting the cost of delivering the asset/service in order to identify any funding gap. Concession projects allocate demand risk to the private partner. The state authority must consider how to address a scenario where the numbers of users may exceed expectations and the private partner may have the potential to earn 'super-normal' profits, for example in toll road arrangements. The state authority can address this by including a profit-sharing arrangement within the contract whereby a proportion of the user charges collected above certain specified limits will be remitted to the appropriate state authority and/or the exchequer and where only a marginal benefit accrues to the private-sector partner for excess users above a certain ceiling (Central PPP Unit, 2006a).

Long-Term Operate Contract/Outsourcing

This is used to contract out to the private sector the provision of a new service in a sector traditionally dominated by the public sector for example, in the provision of refuse collection and disposal and light rail services (Central PPP Unit, 2006a).

PPP Proponents' Rationale

The principal stated reason for the use of PPPs by PPP proponents, such as the European Commission and the UK Government, was that PPPs, because they involved the private sector to a much greater degree than in the traditional model, would provide public infrastructure and services at greater speed and value-for-money (VFM) than direct traditional methods (European Commission, 2003; IPPR, 2001; Osborne, 2000; World Bank, 2000). In this way, PPPs would aid state bodies in meeting the considerable infrastructure and service deficits that existed across Europe (European Commission, 2003; PriceWaterHouseCoopers, 2001a). PPP projects were expected to increase the speed in which capital projects were brought to development by transferring the design and construction responsibility to the private sector, which in combination with payments linked to the availability of a service, would provide significant incentives for the private sector to deliver capital projects within shorter construction timeframes than the traditional

model. Furthermore, through their access to private finance and the effective utilisation of state assets, PPPs would permit a greater quantity of public services and infrastructure to be delivered than would otherwise have been possible through direct exchequer funding alone. PPPs would also harness private-sector innovation and management skills, resulting in improved speed of delivery, VFM and efficiencies through the higher productivity of labour and capital resources (Osborne, 2000; Economist Intelligence Unit, 1999; Department of Education and Skills, 2007).

Value-for-Money and Risk Transfer

According to their proponents, PPPs would provide greater VFM and better quality of service over that achieved under traditional procurement through competition, service innovation, and performance incentivisation (PriceWaterHouseCoopers, 2005). VFM is achieved for the taxpayer over traditional procurement due to the benefits of exposing the public service and infrastructure provision process to an even greater level of competition between private bidders than in traditional procurement. This would be done in PPPs by the increased opportunities within the procurement and tender processes for bidder competition. This competitive process provides, in theory, the greater VFM as competition amongst bidders lowers the cost as each bidder aims to provide the most economically favourable bid. VFM would also be achieved due to the fact that the provision of the asset and its management and operation were provided directly by the private sector, resulting in more innovative design, more efficient management and more intensive exploitation of assets through the ability to generate additional revenue as a result of shared use of facilities and sale of redundant assets (Audit Commission UK, 2003; Payne, 1999; PriceWaterHouseCoopers, 2001a). It was argued that the experience of privatisation showed that many activities, even those traditionally undertaken by the public sector, could be undertaken more cost effectively with the application of private-sector management disciplines and competencies through higher productivity of labour and capital resources in the delivery of projects (European Commission, 2003). By exposing the provision of public services to competitive tendering, PPPs would enable the quality and cost of such services to be benchmarked against market standards, thereby ensuring the most cost effective methods were employed (PriceWaterHouseCoopers, 2005).

In addition, VFM would be achieved through optimal *risk transfer* from the public to private sector (Farrell Grant Sparks, 1998; Osborne, 2000, PPP Advisory Group, 2001). This, according to PPP proponents, is the principal mechanism by which PPPs achieve VFM (PriceWaterHouseCoopers, 2001a). The PPP theory of risk allocation is underlain by a belief that the private sector is better able, than the public sector, to manage certain risks. These risks are aspects of the delivery and provision of public services and infrastructure that are the responsibility of the public-sector and include the design, planning process, construction cost overruns, maintenance of the infrastructure or service, service demand (volume and usage) and

project financing. Other risks include technology and obsolescence risk, regulation and legislative risk, and residual asset-value risk. The problem with traditional delivery, according to PPP theory, is that the public sector delivers too much of the process directly and, therefore, optimum efficiency will only be achieved when the public sector handed over the maximum aspects of public service and infrastructure provision and delivery to the private sector. This would then achieve optimal risk transfer and, therefore, optimal efficiency in terms of value-for-money and quality of service delivered. Optimum risk allocation takes place, therefore, where the government only assumes those risks which it is best able to manage and allocates the remaining risk to the private sector (Farrell Grant Sparks, 1998; PriceWaterHouseCoopers, 2005). Optimum risk allocation, therefore, would entail a government adopting a much reduced role in the provision of services and infrastructure. For example, the PPP contract type that involves maximum risk transfer, a concession-type contract, is also the contract with the minimum level of state involvement (Farrell Grant Sparks, 1998). The private sector charges for each risk that it takes on, so there is a point at which risk transfer becomes too costly and ceases to represent VFM (Farrell Grant Sparks, 1998). The more risk the private sector is allocated, the more the government must pay (referred to as 'risk premium') for the private sector to take such risk out of the government's hands. The greater the uncertainty around the risk, the greater risk premium the private sector will charge to compensate for the uncertainty. The government, according to PPP proponents, gets VFM by paying this extra amount to the private sector because in the instance where such risks materialise the private sector will be contractually bound to take responsibility for paying for the associated extra costs (Murray, 2006).

VFM is also achieved in PPPs through the inclusion of an incentivisation or performance management target system to guarantee the delivery of the aspects of services and infrastructure that are transferred to the private partner. This was impossible in direct delivery because, traditionally, the public sector resisted such performance models as excessively market-oriented. PPP theory states that these incentivised payments in a PPP are dependent on the private sector's meeting specified performance criteria (Farrell Grant Sparks, 1998). Under most PPP projects, full payment to the private-sector contractor will only occur if the required service standards are being met on a continuing basis. If the service or asset does not meet the required standard set by the state the incentive and/or penalty performance mechanism will result in reduced payments to the private operator. Thus, the theory of PPP is that the public sector only pays when high-quality services are delivered and that VFM and efficiency is ensured by giving the risk to the private sector (PriceWaterHouseCoopers, 2005; Audit Commission UK, 2003). In theory then, in return for providing 'on time', efficient and faultless services, the private sector supplier receives regular payments throughout the operational phase to repay the debt incurred in designing and building the facility, cover its working capital and maintenance costs, repay its equity investors, and provide a reasonable profit for its investors (Farrell Grant Sparks, 1998).

Furthermore, the typically long-term nature of a PPP, often of 25 to 30 years duration, means that the private-sector partner is required to develop an integrated, long-term, solution to address the state authority's requirements. This leads to a reduction in costs over the whole life of the asset in PPP projects which require operational and maintenance service provision because these provide the private sector with strong incentives to minimise costs over the whole life of a project. This cost minimisation is inherently difficult to achieve within the constraints of traditional public sector budgeting (Audit Commission UK, 2003; European Commission, 2003). The financial test to assess whether the PPP model offers VFM compared to traditional procurement is a specialised analysis that compares the predicted costs of a PPP project with traditional public procurement is called the *Public Sector Comparator* or *Public Sector Benchmark* (PSB). The PSB should be a comprehensive estimate of the cost (including risk valuations) of procuring those elements of the project for which the private sector is to be invited to tender in the PPP contract. In this way, the PSB serves as a direct, like-with-like comparator for the private-sector bids and, at evaluation stage, forms the basis for the value-for-money assessment of the highest-ranking bid (Audit Commission UK, 2003). In Ireland this VFM test is required before any PPP project is given permission to go ahead, to show that the PPP mechanism provides greater VFM than traditional procurement (Central PPP Unit, 2006a).

PPPs and Access to Finance

PPPs are also beneficial, according to Farrell Grant Sparks (PPP consultants), by the various ways in which they can provide additional finance to the public sector. This then facilitates state authorities to continue to provide services and infrastructure that otherwise may not have been provided in a period of reduction in exchequer capital spending (Farrell Grant Sparks, 1998). The additional finance can be raised from the private sector using private equity investors, through the ability to raise third-party income, through the unitary payment mechanism which defers payments and through the ability to record the cost of the PPP project as 'off balance sheet.' This is important for European governments which have limited financial resources to devote to increased capital expenditure for improving public services due to the restrictions on their ability to increase debt levels, in particular, due to the principles of economic convergence and fiscal restraint enshrined in the Maastricht Treaty (PriceWaterHouseCoopers, 2005). By allowing the private sector to generate additional third-party revenues from the commercial utilisation of public sector assets, PPP's can reduce the cost of public-sector expenditure required for subventions in public-service provision. Additional revenue may also be generated through improved and effective asset utilisation, such as the disposal of surplus assets (European Commission, 2003).

Through the mechanism of unitary payments, PPPs allow the public sector to translate upfront capital expenditure into a flow of ongoing service payments over the life time of a project

(PriceWaterHouseCoopers, 2005). Ownership and management of the facility is in the hands of the private sector, together with all borrowings required to fund the project. The basic idea behind the PPP is that the public sector's borrowing requirement is transformed from a lump sum into regular service payments (Farrell Grant Sparks, 1998). This enables projects to proceed when the availability of public capital may be constrained (either by public spending caps or annual budgeting cycles), thus bringing forward much needed investment. Further supporting this mechanism is the decision by the EU to allow PPP expenditure to be recorded as 'off balance sheet.' When a government purchases services from a private sector operator who built and financed the investment, only the annual unitary payments of the government to the operator has an impact on the General Government Balance (GGB), thus allowing an 'off-balance sheet' recording of the overall cost of the project (Farrell Grant Sparks, 1998).

In February 2004, Eurostat published new guidelines regarding the accounting treatment of PPP projects for the purposes of calculating the GGB. The Irish Government interpreted the Eurostat Guidelines as re-affirming the position stated in the Farrell Grant Sparks Report (1998) that the assets of privately financed PPP projects will be 'off balance sheet' in the National Accounts (Central PPP Unit, 2006b). Eurostat stated, though, that this will only be the case provided the private-sector partner carries the construction risk and carries either the demand or the availability risk. The same treatment applies to projects where the contract is similar to an operating lease. Similarly, projects that are fully funded by user charges do not worsen the GGB, the guidelines noting that there may in fact be a positive GGB impact where a profit-sharing arrangement forms part of the contract between the public and private sector partner. In other cases, the capital cost will impact on the GGB upfront over the construction period (Central PPP Unit, 2006b). Therefore, a PPP that passes greater risks (i.e. greater privatisation of public-sector responsibilities and roles) over to the private sector has a reduced impact on the GGB and clearly, will be favoured by governments. Overall then, this 'off-balance sheet' effect allows PPPs to be treated as current expenditure taken over a significant time period rather than up-front capital expenditure.

PPPs and Public Management

According to proponents of PPPs, the private sector is characterised by greater innovation and commercial and management expertise than the public sector (Economist Intelligence Unit, 1999; Farrell Grant Sparks, 1998; Payne, 1999; PPP Informal Advisory Group, 2001; PriceWaterHouseCoopers, 2001a; World Bank, 2000). By bringing the private sector into a 'partnership' with the public sector, these private-sector skills, knowledge and expertise are cross-transferred between the public and private sector. Furthermore, PPPs are said to enhance public management by transferring responsibility for providing the public services to the private sector, which enables officials within central and local government to act as regulators and focus upon public service planning and performance monitoring instead of carrying the 'burden' of the day-to-

day management of delivery of public services. It is argued further by PPP proponents that although the public sector may need to be responsible for the delivery of a particular service, it does not, a priori, have to be responsible for directly providing the service or for undertaking the investment themselves (European Commission, 2003; Farrell Grant Sparks, 1998; Hall and Pfeiffer, 2000; Payne, 1999; Osborne, 2000; PriceWaterHouseCoopers, 2001a).

International Outcomes: A Critical Analysis

Previous sections have detailed the specifics of PPPs and their purported benefits. It is now necessary to critique the contribution made by PPPs by detailing the international critical literature. Given the relatively recent introduction of PPPs, much of the literature is at a theoretical level with analysis confined to the investigation of small numbers of case-study PPPs that were at an early stage in their project life. However, a number of critical trends have been discovered which highlight the fact that many of the aforementioned benefits of PPP have not been achieved in practice and, in fact, the outcomes of PPPs, to date, are very worrying from a public-service perspective (Grubnic and Hodges, 2003; IPPR, 2001; Leys, 2001; Murray, 2006; Shaoul et al., 2002). Problems identified in some PPP projects in the UK included reductions in public-sector capacity and democratic accountability, the creation of a two-tier workforce, increased costs and increases in user charges (Grubnic and Hodges, 2003; Murray, 2006; Shaoul et al., 2002).

Furthermore, there are disconcerting examples from European countries (particularly Britain) where the introduction of PPPs and outsourcing have not improved service standards but lowered public-sector morale, reduced 'diversity' in service provision as the private sector profiteered by 'cherry-picking' the delivery of the most financially advantageous services and effectively neglected the most socially disadvantaged (Monbiot, 2000; NESC, 2005; Whitfield, 2001). In fact, there was no conclusive evidence to show that private-sector management techniques were necessarily superior to those employed in the public sector or that services provided by the private sector were more efficient (International Monetary Fund, 2004). Furthermore, on a more general scale there have been systemic failures of privatisation, such as in the rail network in the UK, electricity systems failures in the U.S. and Europe since privatisation and privatised water companies neglecting to take adequate precaution against drought. Many studies suggested there was no conclusive evidence to show that PPPs led to better services (Florio, 2004; Parker, 1997).

A number of government-commissioned reports have been carried out into the outcomes of PPPs in England, Scotland and Northern Ireland (Audit Commission UK, 2003; Audit Commission Scotland, 2002; PUK, 2004; Comptroller and Auditor General Northern Ireland, 2004). The Audit Commission Report (2003) studied 17 PPP schools and compared them to 12 traditionally funded schools and found that while PPP offers potential benefits,

> *"this study...shows that the (PPP) process did not as a matter of course guarantee better quality buildings and services or lower unit costs"* (Audit Commission UK, 2003, 42).

Whitfield's extensive and pioneering research into PPPs in the UK found that the rationale for PPPs in terms of a lack of alternative finance being available, VFM, efficiency, risk transfer and private sector vision and innovation has not been proven (Whitfield, 2001, 2006). Poor outcomes of PPPs have led to considerable opposition across the world, particularly amongst trade unionists and local communities, to the introduction and expansion of PPPs (Callinicos, 2003; George, 2004; Harvey, 2005; Monbiot, 2000). Unison, the UK's largest trade union, is running a 'Positively Public' campaign against the impacts of PPPs and for quality in public services and recognition of the essential role of public service workers in achieving that (Unison, 2003). As a result of negative experiences of PPPs the Canadian Union for Public Employees (CUPE), Canada's largest public sector union, set up a 'P3 Alert': a monthly newsletter published since 2002, which contained articles on negative experiences of PPPs and campaigns against them and for public sector alternatives (www.cupe.ca).

Murray's (2006) study, which focused on Design, Build, Finance, and Maintain PPPs in the U.K. and Canada, found that PPPs were, in fact, less cost-effective, timely and transparent than traditional government procurement processes. It also found that PPPs were being implemented and promoted by governments despite the absence of objective evidence that they were a superior option to direct provision (Murray, 2006). Indeed, KPMG, a global private consultancy firm and intense promoter of PPPs, found that in the U.K. and Australia, two countries which have had considerable exposure to the use of PPP, respondents to a KPMG survey of public sector management, expressed a slight preference for direct taxation ahead of PPP,

> *"Suggesting that their hands-on experience has left them slightly more wary of PPP than their counterparts in countries which are only now taking their first steps down that route"* (KPMG, 2007, 12).

In the UK, the National Union of Teachers (NUT) has opposed the use of PPPs to build and maintain schools.

> *"Failures of privatised companies, such as Railtrack, have proved that the private sector does not deliver effective services or value for money. Once services are run for private profit, the quality of care is reduced and the public service ethos is replaced by the profit motive. The first 14 PPP hospitals, for example, saw bed reductions averaging 30 per cent and cuts in clinical staff budgets of 20 per cent"* (NUT, 2003, 1).

Value-for-Money in School PPPs

Murray's (2006) study found the value-for-money (VFM) assessments, the Public Sector Benchmarks (PSBs), used in PPP projects had limited use as they were too subjective, susceptible to manipulation by vested interests, too complicated, and so consistently withheld from appropriate public scrutiny that they could only be of any legitimate use if they were to be done by the relevant country's public auditor general (Murray, 2006). The Audit Commission Scotland (2002) found that the PSB comparison, on its own, could not provide decisive evidence of best VFM. Significant controversy surrounded the objectiveness and inaccuracies associated with compiling a PSB, particularly in relation to the methodology used in PSB analysis, such as the use of discount rates and the value of risk transfer which have both been found to have been manipulated to favour PPPs (Farrell Grant Sparks, 1998; Murray, 2006; Pollock and Price 2004).

PSB analysis uses a 'discount rate' to calculate the current value of future payments to be made by a state body to a PPP consortium. This is reasonable because factors such as interest rates and inflation change the value of money over time. Just as €100 has less value as each year passes, likewise, a monthly payment of €10,000 by a government to a private partner becomes less costly, in real terms, as time passes. However, the way discount rates have been used in PSB analysis has been found to be incorrect and inappropriately biased in favour of the PPP option (Murray, 2006). The PSB compares a series of PPP contract payments to the upfront capital costs a government would face with traditional procurement. The discount rates applied to PPPs have greatly understated the current cost of future PPP contract payments, making them appear less costly. Farrell Grant Sparks (1998) similarly noted that while the unitary payments mechanism in PPP may appear cheaper in the short term, signing up on PPP deals on a significant scale will build up future commitments for a government to make annual payments to PPP operators which may impact on budgetary flexibility in the future (Farrell Grant Sparks, 1998). In addition, the assumption that a government would pay for a project upfront in the case of traditional procurement, instead of financing it over time at the government's borrowing rate, greatly overstates the relative cost of traditional procurement. Small variations in discount rates resulted in large differences in the total estimated costs of projects (Farrell Grant Sparks, 1998; Murray, 2006; Reeves, 2006).

In relation to risk evaluation, the Audit Commission Scotland (2002) found that the cost advantage between the studied PPP projects and the PSB was narrow and in most cases the risk adjustment figure resulted in the PPP option being cheaper. The Audit Commission looked at six of the current twelve PPP schools projects in operation in Scotland. The six projects were for 65 schools. In five of the six projects studied, the PPP construction costs were higher than the public-sector comparator and in all six cases the operating costs of the PPP option were higher than the public-sector comparator. However, in every case which the Audit Commission Scotland investigated,

PPP had been judged to offer a saving over the public-sector alternative. This revealed that the public authorities constructing the PSBs weighted the risk transfer so that the analysis found in favour of the PPP option. The Commission noted that this was probably the case because if the PPP scheme's costs had not been not lower than the public-sector comparator estimate, the project was unlikely to receive permission to proceed and the opportunity to obtain new buildings or refurbishment would have been lost. In all but two of the schemes in the sample, the cost advantage of the PPP option relied on the estimate of the cost of risks transferred (Audit Commission Scotland, 2002).

In England, the business case for the Haringey School PPP revealed the cost of the PPP option to be £12.9 million higher than the public-sector comparator. The estimated cost of the public-sector option was then 'refined' upwards until it was higher than the local council's preferred PPP bidder. Part of this refinement involved adding to the public-sector comparator the cost of the various risks involved in refurbishing, maintaining and operating school buildings with the costs of such risks transferred to the private sector being inflated to cast the PPP option in a favourable light (Unison, 2003).

The report by the Comptroller and Auditor General Northern Ireland (C and AG NI) (2004) *Building for the Future* studied the delivery of the first PPP school building projects in Northern Ireland. The six "Pathfinder" projects, were design, build, finance and maintain PPPs with a 25-year contract. The C and AG NI (2004) found that three of the initial bids for the PPP projects were cheaper than the public sector comparator. At contract close there were only two cheaper, one was the same and three were more expensive. The overall saving was only 2.6 per cent below the public-sector comparator.

One study of 55 planned PPP schools in the Canadian province of Nova Scotia found that the completed PPP schools were more expensive than traditional schools and, contrary to PPP theory, the state retained the majority of the risk (CUPE, 2007). The government in Nova Scotia stated that the $32 million cost overrun that occurred with the PPP Schools could have built an additional three schools if it had been done through traditional methods. Although the government had initially planned to build 55 PPP schools, only 39 were completed with the remainder taken back into the public system due to cost over-runs, poor building standards and inadequate accountability (CUPE, 2007). In 1998, the Provincial Auditor of the Canadian Province of New Brunswick also found that PPP Schools in that Province cost significantly more than a comparable public project. The variations between the government's estimate that savings would be made using a PPP, and the reality that PPP added costs, led the Auditor to suggest the government had overestimated some costs in the traditional model to make the PPP seem more attractive than it actually was, as

was found with Scottish authorities. CUPE noted that if those provincial governments had made available to the schools the same monetary amount they will pay to the private PPP consortiums, up to ten extra schools could have been built within a province (CUPE, 2007).

The 2002 study of PPPs in Britain by Pollock, Shaoul, and Vickers (2002) found that the value of risk transfer in PPP deals varied in absolute terms but was fairly consistent in the degree to which it marginally favoured PPPs in the VFM analysis. It found that, in all cases studied, the risk transfer almost equalled the amount required to bridge the gap between the public sector and the PPP. This suggested that the function of risk transfer was to disguise the true costs of PPP and to close the difference between private finance and the much lower costs of conventional public procurement and private finance. This research was supported by Murray (2006) who highlighted that PSBs typically relied on the arbitrary "quantification" of risk transfer to position the PPP option as favourably as possible, as PPPs are often more expensive than the traditional route.

Murray (2006) also questioned whether there is, in fact, a meaningful transfer of risk in PPP projects. A PPP consortium typically exists for only one project; therefore, if the project experiences major difficulties the consortium can go into bankruptcy. In order to complete the PPP project, or continue its operation, the government has to intervene to cover remaining costs, this obligation being established by the legal concept *force majeure*. The Audit Commission UK (2003) noted the insufficient risk transfer in the case of school PPPs as, if there is a major problem with a school building, the LEA (Local Education Authority) must intervene if the PPP provider fails to respond appropriately because it is the LEA's responsibility to provide the education service. Furthermore, the private sector is skilled at evaluating risks and will charge the government expensive rates for any of the risks it takes on. The healthy profit margins in PPPs demonstrated that firms were not taking on risks at a loss and, if anything, the private sector was charging a significant premium for risk transfer (Murray, 2006).

PSBs were also criticised for not including the difference between the cost of public and private capital borrowing; it always being cheaper for the public sector to borrow money (Audit Commission Scotland, 2002; Farrell Grant Sparks, 1998). Nor has it included either the higher costs in PPP of private profit margins, which investment advisors estimate at 10 to 15 per cent of the cost of the project (Murray, 2006), or the costs of conducting the PPP procurement process itself (market soundings, preparation of contract documents, advertising legal and financial costs, and adviser's fees). The costs of monitoring and enforcing contracts, which are more expensive for both government and private partners than through traditional public procurement, were also generally not considered when testing PPPs for VFM (Reeves, 2006).

The design, build, finance, and maintenance functions of infrastructure projects bundled together into multi-decade contracts resulted in PPPs involving highly complex and time-consuming bidding and negotiation processes over difficult and complex contractual issues, including appropriate risk allocation. Costs of bids have been as high as €5 million (Comptroller and Auditor General, 2004). Furthermore, public bodies spend a considerable amount on consultants to advise them in this process. The Audit Commission Scotland (2002) found that the combined set-up and advisers' cost in PPP projects ranged from £1 million to £12 million, comprising five per cent and 15 per cent of core construction costs. Several disputes arose over the complex PPP school contracts in Nova Scotia, Canada, and had to go to arbitration, adding substantial costs to the projects (CUPE, 2007). These set-up and advisors' costs were then added to the cost of operating the PPP and were reflected in the overall cost of the PPP project. PPPs, therefore, have been a significant drain on public finances and the extra costs ultimately, representing a diversion of resources from frontline service provision (Whitfield, 2006). Finally, the PSB, to date, has only compared a PPP scheme's cost with a hypothetical alternative, rather than a set of costs from an existing comparable scheme (Audit Commission Scotland, 2002). Whitfield (2006) pointed to a need to shift the narrow evaluation PSB model away from a focus on financial efficiency, risk transfer and value-for-money criteria to an integrated impact assessment covering social justice, economic, equalities, sustainable development and community well-being assessment. These, he affirms, should be used for appraisal, selection and bid-evaluation stages of PPPs (Whitfield, 2006). Furthermore, PSB analyses could not be investigated because commercial confidentiality clauses in PPPs meant public bodies strictly apply procurement regulations. While an accurate estimation of the cost to the public sector could be carried out, the actual costs to the private and voluntary providers could not because 'commercial confidentiality' clauses were used to avoid disclosure. Corporate financial reporting requirements were virtually irrelevant to gaining information concerning investment strategies, supply chains, subcontractor relationships, employment practices and contract performance. This resulted in a reduction in the transparency and accountability of the delivery and provision of public services and infrastructure (Whitfield, 2006).

The UK Audit Commission Report (2003) found that while the UK Government cited better VFM coupled with design innovation, better risk management and long-term commitment of funding for maintenance as major advantages of PPP schemes, not all of these benefits were yet evident and some would not be achieved in the PPP projects without significant changes in the projects. Unit costs between the studied projects varied widely, with no clear-cut difference between PPP and traditional schools in either construction or running costs. For example, on the limited evidence available, cleaning costs appeared to be higher in PPP schools. One of the main anticipated benefits of PPP over traditional procurement is, as noted earlier in this Chapter, the life cycle approach to building maintenance which includes high capital spending upfront combined with a

long-term commitment of funding for maintenance. Yet the Audit Commission UK (2003) and Partnerships UK (2004) studies of PPPs in UK schools found little evidence that more investment had been made upfront to reduce longer-term maintenance costs in the majority of PPP schools. In fact they noted, as public-sector architects and surveyors were acutely aware that schools may not be properly maintained in the future because of lack of funding they had looked to pre-empt problems through appropriate design and use of materials where funding permitted.

The Northern Ireland Association of Teachers and Lecturers (ATL) noted that PPP contracts which lock schools into long-term private procurement and facilities contracts did not make logical sense and did not provide VFM. For example, the C and AG NI (2004) report found a significant disparity between planned and actual enrolments in two PPP schools. In one school, Balmoral, the enrolment was approximately 58 per cent of that originally envisaged when the PPP contract was signed and, as a result, the taxpayer was paying for some 500 school dinners in a school of fewer than 200 pupils. This issue of planned and actual enrolment can, therefore, become a major issue because if enrolment drops, the state is tied into paying for an unused asset. This demonstrated the inflexibility and potential lack of VFM in PPPs.

> "*At a time when redundancies of teachers, classroom assistants and front line education staff are rife, it is astonishing that money is being wasted, hand over fist, for services that aren't needed. When PPP contracts run for 25 or 30 years, there is no way of knowing today what the needs will be in 5 years, let alone 30...The folly of private sector are being funded extravagantly from the public purse. The New Labour ideological dogma of "contestability" has seen an expediential growth of private sector involvement in education. And, whilst front line teachers are losing their jobs, and having their conditions squeezed, there is no risk to the private sector in PPP. As happy as pigs at a trough wouldn't even begin to describe it*" (ATL, 2006, 1).

Another trend that reduced the ability of PPPs to provide VFM was revealed in a report carried out into UK PPP schools by Partnerships UK (PUK) in 2004. The *PUK Report* (2004), a post contract evaluation of PPP schools, found schools were overcharged by the private sector for small-works changes that were outside what was stipulated in the PPP contract. Furthermore, the report noted that greater resources needed to be expended on monitoring the private-sector's abiding by the contract stipulations than was originally budgeted for.

> *"There is widespread concern that the level of resources required in respect of the contract at both Local Education Authority and school level has been greatly in excess of what was anticipated"* (PUK, 2004, 12).

In a further reduction of VFM, the payment mechanism that was supposed to incentivise the contractor to resolve issues quickly was not being used sufficiently. This was in part due public-

sector project managers' reluctance to penalise the private contractor to an extent that the Special Purpose Vehicle[7], the company providing the service, would go out of business (PUK, 2004).

Infrastructure and Service Delivery in PPP Schools

Having broadly critiqued the evidence for VFM in PPPs, the analysis now focuses on the evidence in relation to the quality of infrastructure and service provided in PPPs.

In relation to the speedier delivery of projects through PPPs, the literature revealed that the complex procurement process involved in PPP led to significant delays before a contract was even signed and in the implementation of projects, particularly at the outset of PPP development in a sector (Farrell Grant Sparks, 1998; Monbiot, 2000; Murray, 2006). For example, the Comptroller and Auditor General Northern Ireland (2004) found that the initial procurement phase for PPP projects took longer than traditional provision although the construction time was shorter. The Audit Commission UK (2003) also found that the initial PPP school projects had not been delivered more quickly than non-PPP schools.

Although not core services like teaching, buildings and facilities are important within the education system. Studies have shown that children's learning is strongly affected by their physical environment. For example, a study carried out into schools in Canada in 1993 concluded that the condition of physical facilities has a direct impact on learning (CUPE, 2006). Students are likely to judge the importance or relevance of their educational experience by how well facilities are maintained (CUPE, 2006). In schools, the quality of teaching environments and the amount of daylight in classrooms improves pupils' achievement (CABE, 2005). According to the UK Department of Education and Skills (2007), PPPs in schools can directly raise educational standards by improving school buildings and classroom facilities, which improve the environment in which learning takes place and ensures schools, are properly equipped to deliver a modern curriculum. Therefore, according to PPP proponents, by handing over responsibility to the private operator for maintenance, a PPP can ensure that teaching staff concentrate on their core educational duties. It is very significant, therefore, that there is mounting evidence for poor-quality buildings and associated services in PPP schools (Monbiot, 2000).

The UK Commission for Architecture and the Built Environment (CABE[8], 2005) found that although PPP procurement can, in theory, deliver good design, it has often not achieved this in practice. A recent CABE Report found that,

[7] A number of different private sector parties can be involved in the delivery of a PPP project over its lifetime. The normal practice is for these parties to form a consortium. On award of a PPP tender, best practice would require that this consortium would form a financially robust Special Purpose Company (SPC) or Special Purpose Vehicle (SPV) (Central PPP Unit, 2006b).

> "*The vast majority of PPP buildings commissioned to date have not been designed and built to a high enough standard and public service delivery suffers as a result*" (CABE, 2005, 1).

CABE found that half of all new schools being built in the UK were badly designed. Of those, nine of the ten worst-designed schools were delivered through the PPP mechanism. Award-winning Scottish architect Malcolm Fraser resigned as deputy chair of Architecture and Design Scotland over concerns about PPP schools and hospitals. Fraser's resignation letter stated,

> "*The best of them (PPP schools) are not good-enough, and the worst fill me with despair for the generations of young lives that will be blighted by their dark classrooms, poor facilities and crabby playgrounds*" (Quoted in CUPE, 2007, 1).

Furthermore, the UK Audit Commission (2003) found that the quality of school buildings, such as classroom layout and size, built via traditional means was, on average, better than in PPP schools. The PPP schools comprised eight of the worst eleven schools in a technical assessment of a sample of schools (Figure 2.1).

> "*The quality of the PPP sample of schools was, statistically speaking significantly worse than that of the traditionally funded sample on four of the five quality matrices (architectural design, building services design, User productivity, ownership costs, detail design*" (Audit Commission, 2003, 13).

Indeed, the chairman of the Architecture and the Built Environment Ministerial Advisory Group in Northern Ireland, a government advisory group similar to CABE, dismissed PPP as a system that prioritises money before design quality (CUPE, 2007).

Six Sheffield schools involved in a grouped PPP project also experienced problems including leaking roofs, inadequate water drainage and the use of poor materials impacting on the quality of the fabric of the buildings (Unison, 2003). The Audit Commission Scotland (2002) study found that PPP providers delivered new schools and associated services reliably and without significant cost changes for councils but noted the benefits available from PPP were not necessarily unique to PPP. Another report (Unison, 2003) highlighted the case of 29 PPP schools in Glasgow, constructed and managed by Amey and IT firm Mitel where many services were lost, including six swimming pools, and resulted in smaller and fewer classrooms.

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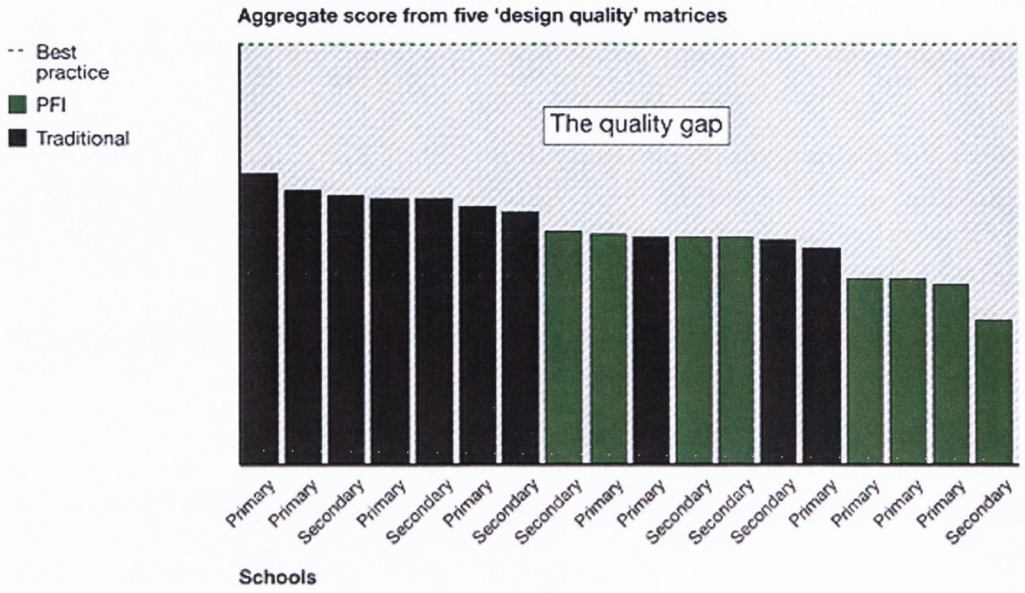
[8] CABE advises central, regional and local government in the UK on architecture and urban design and helps to formulate planning policy, and best practice design

Figure 2.1 Building Design Quality of a Sample of Traditionally-Funded and PPP (PFI) Schools



Source: *Audit Commission UK (2003, 14)*

Partnerships UK (2004) also found, in contrast to the UK Government's claim that PPP would release school educational and management staff to concentrate upon teaching and learning, that only 25 per cent of the school staff interviewed reported a reduction in resource requirements, with many reporting a significant increase in activity, with an additional bursar or senior administrator being required in some cases. The report also noted widespread criticism of insufficiently detailed or objectively measurable performance indicators in output specifications leading to difficulties with imposing payment deductions. For example, there were no penalties imposed for unavailability of outdoor areas or to ensure that performance-monitoring reports were produced to a good standard and on time. The Audit Commission UK (2003) also noted that it was a considerable challenge to translate many aspects of the PPP contract into a usable contract specification, and to then make the contract work as a performance-monitoring tool.

> "*Problems not covered by specification (e.g. a leaking roof)...they were often difficult to define aspects of design that make the difference between something that is adequate and something that is best practice – for example poor acoustics if this hasn't been exactly specified*" (Audit Commission UK, 2003, 22).

There was widespread dissatisfaction with output specifications, especially in respect of acoustic standards and where the quality or performance level or standard is not objectively measurable. A number of authorities said that it was necessary that furniture, fixtures and equipment were

specified as inputs in order to ensure that requirements were met precisely (PUK, 2004). Unison (2003) noted further that private contractors exploited vagueness in the contract specification in order to cut corners and to increase their profit margins. For example, an investigation into PPP in schools reported,

> *"In one case, internal viewing windows to a sports hall were omitted by the contractor during the construction phase, although they had been seen on design drawings. It transpired there was no mention of them neither in the output specification nor in room data sheets, and that the architect's intentions had no contractual force"* (Unison, 2003, 12).

In the case of Haringey Council PPP schools, the classroom size set out in the contract was too small for the curriculum needs in at least three of the schools. The necessary variation to the contract would cost the schools more than £1million between them. They cannot change contractors and the annual payments to the contractor took priority, even over the teaching budget, regardless of whether or not government funding for either councils or schools was adequate (Unison, 2003).

The inadequate monitoring of private-sector delivery of the buildings and services directly affected the lives of principals, teachers, pupils and the whole school community (PUK, 2004). A 'helpdesk' system was put in place, therefore, so that those directly affected by the service delivery could report the problems that arose in the PPP. The 'helpdesk' was the principal method by which schools reported facility management issues to the contractor and, therefore, a well-run 'helpdesk' was essential to the smooth running of the contract and the PPP schools. Of the 20 projects which responded to a PUK survey, only 12 (60 per cent) were satisfied with the running of the helpdesk. Such problems led to additional resources being required at school level and to key contractual provisions being circumvented by schools that needed to have incidents resolved as soon as possible (PUK, 2004).

A report undertaken by CUPE (2007) on PPP schools in Nova Scotia, Canada, cited several problems with facilities run by the private sector, such as the problem of uncertainty about responsibilities between the school, local government board and the private operator which left problems unresolved for long periods of time. These included questions concerning who would provide rubbish bins, look after lights and heat, the fixing of soccer fields, water quality (including arsenic in the drinking water), fixing problems with flooding and the payment of insurance premiums (CUPE, 2007). In 2002, the Auditor General of Nova Scotia declared that there was a serious deferred maintenance problem with the PPP schools estimated at Can$500 million (CUPE, 2007).

PPPs in schools in the UK also facilitated the creation of new markets for finance capital through the creation of secondary financial markets that assisted in the refinancing of PPP projects and PPP consortia selling equity stakes in PPPs. Once an infrastructure project is built and operational the project risks (such as delays in construction) are no longer relevant. Completion of the riskiest phase of the project successfully means that the investment market considers that the project will have increased in value and refinancing in effect enables the private sector to expropriate this value. The multi-decade operating agreements in a PPP provide the private contractor with a guaranteed client who will not go bankrupt. This also makes the post-construction PPP an extremely low-risk investment. Financial institutions are prepared to refinance projects at a much lower interest rate on the project's debt from investors and this therefore increases substantially the profit to be earned. Changes to the terms of the loan can increase the contractor's profit by as much as 80 per cent. The secondary market in PPP refinancing, therefore, is an example of exploitation of public resources which mean that gains in value of public assets are expropriated by the private sector. In the UK, there has been a growing trend for investors to sell their share of the consortium after construction ends (Deloitte, 2006; Murray, 2006; Whitfield, 2006).

PPPs in UK Social-Housing Regeneration

PPP projects in the regeneration and refurbishment of local-authority housing in the UK, despite being relatively few in number in comparison to other sectors such as schools, have experienced significant delays and problems. There have been nearly 20 social-housing regeneration schemes selected for PPP in the UK, with 11 having signed contracts at a total of £875.6m in capital investment and a further eight schemes in procurement (Hodkinson, 2008). Between 1998 and 2003, only housing refurbishment schemes were permitted to be undertaken through PPP, but after April 2003, local authorities were allowed to include new-build housing in PPP schemes (Hodkinson, 2008). The PPP schemes involved private consortiums' refurbishing and/or demolishing and providing new local-authority housing for which they were awarded long-term (20 to 30 year) management and maintenance contracts. The regeneration deals were part-financed out of the sale/transfer of land to the private consortia. Hodges and Grubnic (2005) study of PPP projects in the sector revealed that most PPP schemes were three years behind schedule and on average 88 per cent above their initial estimated cost. In addition, the 712-unit Chalcots Estate in Camden, north London, selected in 1999 as one of eight "pathfinder" projects to test whether PPP could be used to refurbish local-authority housing was cancelled in 2005 by the U.K. Treasury because of spiralling costs (The Guardian, 2005).

The PPPs gave rise to significant movements of opposition amongst local-authority tenants. Tenants in 100 local authorities voted against stock transfer to private companies and PPPs and to remain with their local councils. The single biggest council-housing transfer in Britain, the transfer of over 90,000 council homes to the Glasgow Housing Association, failed to deliver in its

pre-transfer promises. In late 2005 Edinburgh tenants voted against stock transfer (Defend Council Housing Campaign, 2007). The Defend Council Housing Campaign successfully lobbied Labour Party members to vote in 2004 against PPPs and in favour of direct investment in council housing.

In addition, Hodkinson's (2008) study of the PPP refurbishment and regeneration of local-authority housing estates in Leeds found that PPPs were implemented as a result of the central-government's imposed "*neoliberal straitjacket*" on local authorities. The PPPs resulted in a reduction in public housing and an increase in private/market housing provided from the sale/transfer of public land. The PPP financing system meant that the contractually guaranteed payments to the PPP consortium had to be prioritised by the local authority regardless of the state of public finances or the escalating costs of the scheme. Furthermore, the requirement of the regeneration plans to be suitable for developers led to the plans' being changed on a number of occasions according to fluctuating market interests and not tenants' needs. Hodkinson also found that while the local residents welcomed the proposed investment in their homes and community facilities as part of the regeneration plans, the plans to demolish or sell off homes, as well as the private management aspect of the PPP, were deeply unpopular. As a result, the PPP regeneration plan was voted down by residents 54 to 46 per cent. The tenants' association believed that physical improvements combined with better management, security and more community control over lettings would solve the problems and that there was no need to privatise or demolish public housing. Government doubts about the affordability and manageability of the PPP scheme, along with an acrimonious consultation process, meant the plan was delayed by six years. In March 2008, due to the international financial crisis and housing market slowdown, the local council decided to retain and refurbish some of the local authority flats. The PPP in social-housing regeneration was, according to Hodkinson, a purposely designed framework of disciplinary neoliberalism, in that its rules of access and use came with in-built mechanisms that unlocked public revenues and assets for private capital accumulation.

Hodkinson's analysis supported Whitfield (2001) and Monbiot's (2000) assertion that PPP is leading to *privatisation by stealth* of all remaining public services, and, as a result, the growing power and influence of global capital over local and national government. This is due to the multinational character of PPP consortia and the subsequent applicability of global trade rules governed by the World Trade Organisation that oblige national governments to irreversibly liberalise markets for services on a global scale. PPPs, thus, played a strategic role in capturing public services and assets for capital accumulation. How this process operates in Ireland is investigated through the thesis.

3. The Origins and Development of Public Private Partnerships in Ireland

The Irish Welfare State

In order to develop an understanding of the geography of "*actually existing neoliberalism*" in relation to public governance, service and infrastructure delivery in Ireland this Chapter outlines the development of the Irish regulatory welfare state landscape.

In contrast to the majority of countries in Europe, Ireland has not experienced a government in power during the twentieth century that was led by a social-democratic or socialist party and developed a Keynesian welfare state. Each Irish Government since the foundation of the Irish State in 1921 has been led by either Fianna Fail or Fine Gael, both politically conservative parties. As a result, the role of the Irish State has concentrated on promoting enterprise and creating a competitive economy and, to a much lesser degree than other western European countries, provided welfare state public services and infrastructure (Allen, 2007; Kirby 2002). The State did, however, play an important role in the early decades after independence in developing the public sector, including public-sector enterprise (Allen, 2007).

In 1933, the Fianna Fail Government established the Irish Sugar Company by nationalising a private company, set up a state bank and, in 1937, established a national air-line, Aer Lingus. Irish shipping, Irish steel, Coras Iompar na hEireann (CIE)[9] and other state-run companies were set up in the 1940s. The Taoiseach at the time, Sean Lemass, however, explained that these companies were set up only where considerations of national policy were involved or where the projects were beyond the scope of, or unlikely to be undertaken by, private enterprise (Sweeney, 1999).

The State also took a central role in housing provision with local authorities becoming increasingly important providers of housing in Dublin and in other urban centres during the first half of the century, when public housing represented between 50 and 70 per cent of the total new housing built (Drudy and Punch, 2005).

However, in other sectors, such as health, attempts to develop state-run public services were hindered by the influence of the Catholic Church (Allen, 2007). For example, Noel Browne, former Minister for Health, attempted to develop public health reforms such as the Mother and Child Scheme which proposed the introduction of free medical care for mothers and children up to the age of 16. However, an alliance of the Catholic Church and the medical elite used the fear of 'socialism' and 'totalitarianism' to defeat the plans in 1951. This clearly demonstrated that the

[9] Ireland's state-operated bus and rail company

Catholic concept of the family was to be promoted as the single most important pillar of Ireland's national system of social protection (Allen, 2007; National Economic and Social Council, NESC, 2005). The Catholic Church, therefore, was given the role of providing and managing many public services, including public voluntary hospitals, many public secondary schools and most public primary schools, with the state paying the wages of lay employees (Kirby, 2002). As a result, along with Flanders (northern Belgium), Ireland was an outlier among EU countries in the extent to which private religious and voluntary bodies were involved in the delivery and management of public services and infrastructure (NESC, 2005). For example, in 2001, Ireland had 63 per cent of its upper-secondary students enrolled in predominantly publicly-funded but privately-managed institutions, only 10 per cent of which were institutions receiving more than 50 per cent of their funding from private sources (NESC, 2005).

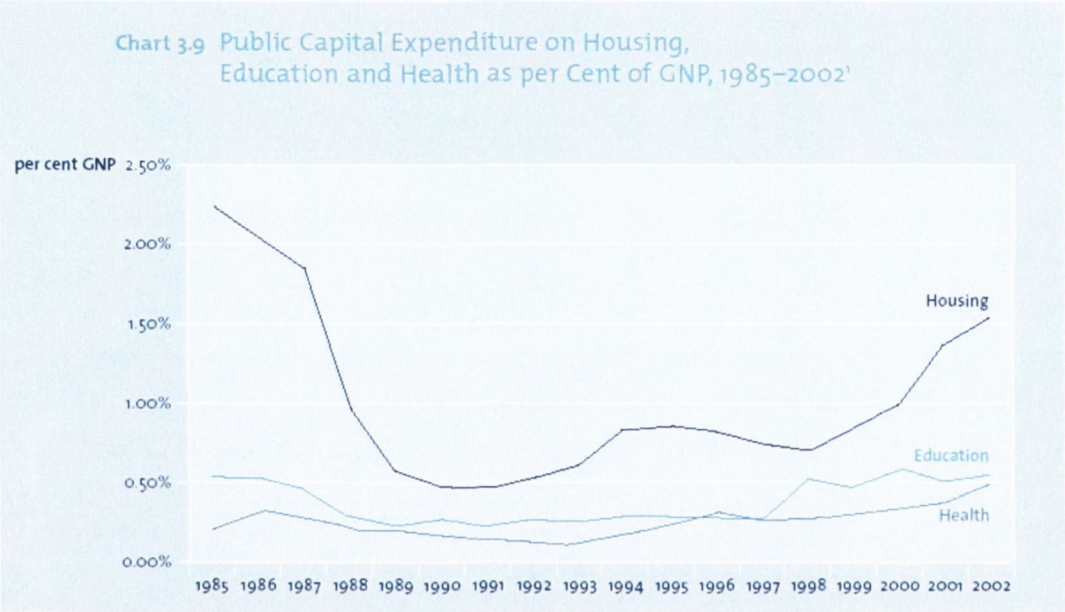
During the 1970s, the Irish population grew in size and Ireland experienced economic growth. As a result, the Irish welfare state expanded briefly in the mid 1970s and into the early 1980s as public expenditure increased to unprecedented levels. This was financed by borrowing undertaken by the Fianna Fail Government of 1977 and continued by the subsequent Fine Gael-Labour Coalition Government. Public spending increased from 10.7 per cent of GDP in 1980 to 13 per cent in 1985. However, unemployment remained a critical problem, increasing from 7.3 per cent in 1980 to 17.3 per cent in 1985 and 16.6 per cent in 1993 (Kirby, 2002). The proportion of people in poverty also consistently increased in that period. In 1973, between 15 and 18 per cent of the population lived on half the average income while by 1980, this had increased to 23 per cent (Kirby, 2002). In 1985, Ireland had the third worst level of poverty in the EU with 22.9 per cent of the population in poverty (NESC, 2005).

Cutbacks and Neoliberalism

By the mid 1980s, the international economic crisis had influenced the domestic economy and national debt and emigration problems reached unprecedented levels (O Riain and O Connell, 2000; O Toole, 2003; Sweeney, 1999). In 1987, after five years of a Fine Gael-Labour Party government, the newly-elected Fianna Fail government responded to this situation by turning public policy in the direction towards neoliberalism (Allen, 2007; O Toole, 2003). In the 'Tallaght Strategy' the government was given permission by the political parties in opposition to do whatever it deemed necessary to solve the economic crisis. Social partnership agreements between employers, the state and trades unions were set up to facilitate the transition to and implementation of this new radical neoliberal policy direction. They achieved this by co-opting union leaders to agree to wage restraint, lower taxes on businesses and minimal state spending in return for the hope for an up-turn in the economy when unions could make greater demands (Allen, 2007; Kirby, 2002; O Riain and O Connell, 2000; Whelan and Masterson, 1998). Mirroring the Thatcher Government's neoliberal policies being implemented in the UK, the new Minister for Finance, Ray

MacSharry, implemented severe cut-backs in public expenditure (Sweeney, 1999). Figure 3.1, included in the National Economic and Social Council's[10] (NESC) seminal work on the classification and development of the Irish welfare state, reveals the extent to which the public social-protection infrastructure programme bore the brunt of fiscal retrenchment at that time. Levels of public capital investment in housing, education and health fell (in constant 2002 prices) precipitously from 1985 until the early 1990s (NESC, 2005).

Figure 3.1 Public Capital Expenditure on Housing, Education and Health as Per Cent of GNP 1985-2002



Source: *NESC (2005, 76)*

Although student numbers were still increasing at secondary and third levels up to the early 1990s, spending on education had remained static between 1975 and 1997 with investment levels almost halved in real terms between 1986 and 1991 (NESC, 2005). In health, investment levels were more than halved with the effect that, at hospital level, 4,000 in-patient beds were removed from the system between 1984 and 1988 and a further 2,000 between 1991 and 1993; overall the in-patient bed capacity in place in 1980 was reduced by one-third by the 1990's (Tussing and Wren, 2006). By 1988, health spending had declined to 58 per cent of the EU average and throughout most of the 1990s remained below three quarters of that average. For example, over the 27 years from 1970 to

[10] The National Economic and Social Council comprises analyses and reports to the Taoiseach on strategic issues relating to the efficient development of the economy and the achievement of social justice and the development of a strategic framework for the conduct of relations and negotiation of agreements between the government and the social partners. The Council is chaired by the Secretary General of the Department of the Taoiseach and contains representatives of trade unions, employers, farmers' organisations, NGOs, key government departments and independent experts (NESC, 2005)

1996, Ireland invested on average each year 63 per cent of the EU norm on health services (NESC, 2005).

Both Allen's (2007) and Kirby's (2002) analyses, which applied a political economy approach to examine the development of a neoliberal state in Ireland, note that the relatively low levels of social spending in Ireland resulted from the low levels of taxation on wealth and corporate profits that were maintained by the Irish State in order to attract foreign investment. In order to increase spending on infrastructure, human resources and other investments, Ireland depended on high levels of EU funding (Kirby, 2002; O Toole, 2003; Sweeney, 1999). The expansion of EU Structural Funds in 1989, therefore, helped to address the deficit in investment in public infrastructure projects. Without the support of the structural funds, congestion in public infrastructure and constraints in third-level education would have limited the recovery of the 1990s (Farrell Grant Sparks (FGS), 1998). The extent of fiscal austerity of the 1980s and 1990s was hidden by the considerable EU subsidies as Ireland was a net beneficiary of EU funding and received, on average, €2 billion per annum during this period, thus camouflaging the negative impact that neoliberal policies were having on public services (Kirby, 2002).

Neoliberalism in the Housing Sector

The institutional transformation of the Irish State at both central and local government scale can be unpacked with particular clarity through the lens of the local authority housing sector. There is an extensive body of Irish literature that is critical of public policy development in this sector (Drudy and Punch, 2005; Kelly and MacLaran, 2004; Punch, Redmond and Kelly, 2004; Redmond and Russell, 2008). This body of literature details how the traditional philosophy of public-housing provision that emphasised the local government's redistributive role as a public-housing authority and regulatory role as a planning authority has been transformed in a neoliberal trajectory in recent decades.

Local authorities were given the responsibility to carry out most of the development, regeneration and maintenance of social housing in Ireland. The neoliberal approach introduced during this period, however, sought to minimise the direct provision of housing by the state and rather asserted that the state's role was to facilitate such provision by private developers, to fast track planning permissions and re-zonings and encourage private provision (Drudy and Punch, 2005). The number of dwellings rented from local authorities in Ireland which had steadily increased up to 1961, dropped consistently thereafter from 125,000 in that year to 88,000 units by 2002. This was as a result of the provision of strong incentives to leave local-authority housing for owner-occupancy (e.g. the surrender grant[11], mortgage interest relief etc. (see Drudy and Punch, 2005)). The public-

[11] The "surrender grant" introduced in the mid-1980s offered £5,000 to tenants who relocated to private housing and thus gave up their existing local authority tenancy.

housing stock was also significantly reduced by a policy of sales to tenants at discount. In total, over 230,000 public housing units (out of a total stock of 330,000) were transferred into the private market in this way (Drudy and Punch, 2005). This was, in effect, the biggest privatisation since the foundation of the state with the 'sell off' of more than half of all the public housing stock and represented a major transfer of wealth from public bodies to private individuals (Sweeny, 2004). Table 3.1 shows that while local-authority housing comprised 15.5 per cent of all residences in 1971, this figure had plummeted to a mere 6.9 per cent by 2002, representing an absolute reduction from 112,000 units in 1971 to a mere 88,000 units in 2002.

Public capital investment focused on the refurbishment of the existing local-authority housing stock, given the lack of central government funding for new building (Blackwell, 1988; Norris and Redmond (Eds.), 2005). Thus, local authorities in cities such as Dublin followed a similar path to that of U.S. and British cities in that the shift towards entrepreneurial, market-led approaches to city planning and development, was strongly influenced and to a certain degree imposed by the severe under-funding and neoliberal direction from central government (McGuirk and MacLaran, 2001; Kelly and MacLaran, 2004; Punch, Redmond and Kelly, 2004). Local-authority housing provision in Ireland, therefore, provides an ideal site to investigate the neoliberal transformation of the Irish State and the particular interdependent relationship between central and local government.

Table 3.1 Local Authority Occupancy 1961-2002

	1961	1971	1981	1991	2001
Local Authority	**124,600**	**112,600**	**111,800**	**98,900**	**88,200**
Local Authority	**18.4%**	**15.5%**	**12.5%**	**9.7%**	**6.9%**

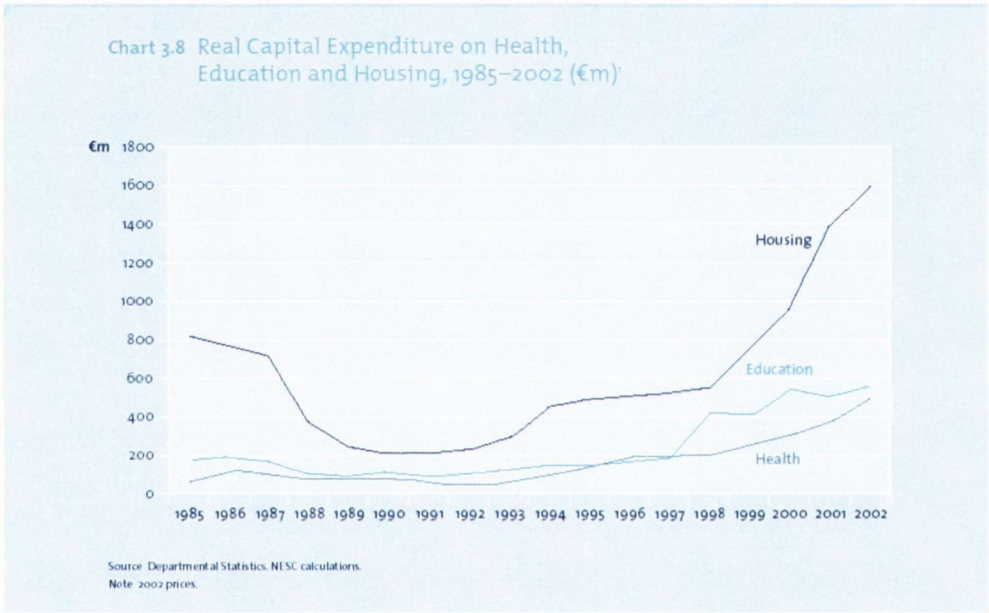
Source: *Drudy and Punch (2005, 17)*

Recovery and Neoliberalism

The resurgence in the economy after 1993 and the longer time-frame and greater protection afforded capital spending through the National Development Plans (1994-1999, 2000-2006) contributed to a recovery in investment spending in the late 1990s (NESC, 2005). Despite the increases in social spending since 1990, they nevertheless accounted for declining shares of GNP and GDP until about the year 2000. The total social expenditure as a percentage of GDP declined from 19 per cent in 1990 to 17.5 per cent in 1997, the lowest in the EU. In 1992, Ireland was spending 23 per cent of its GNP per capita on social protection but this fell to 19 per cent by 2001. Nevertheless, this allowed an increase of 46 per cent in real terms in per capita social spending over the same period. Social spending as a ratio of GNP is frequently used as an indicator of a country's 'welfare effort'. The evidence is that Ireland made a greater 'welfare effort' in the period of severe fiscal austerity in the late 1980s than in the opening years of the new Century (NESC, 2005). Social

spending per capita in Ireland in 2001 was the lowest in the EU along with Greece, Spain and Portugal, at 60.5 per cent of the EU 15[12] average. When the levels of capital spending are expressed as a percentage of GNP, the swing from decline to recovery is apparent (Figure 3.2). By 2002, public capital investment in housing was beginning to approach the proportionate effort that had last been made in 1986 before the precipitous decline of 1987. In education, although the level of real capital spending did not attain its 1985 level until 1997, the 2002 investment level had returned to its level relative to GNP of 1985-86. In health, twice the proportion of GNP was being voted for capital spending than had occurred prior to the fiscal retrenchment of 1987 onwards (NESC, 2005).

Figure 3.2 Recovery in real capital expenditure on health, education and housing, 1985-2000 (€M)



Source: *NESC (2005, 76)*

However, a decade of economic growth combined with significant population increases meant that a return to pre-1985 levels of expenditure could not address the significant public infrastructure and services deficit. The increases in spending had not matched the growth in demand for services as a result of unprecedented economic growth, a rapidly expanding population, decades of under-investment and rising levels of inequality (NESC, 2005). For example, with regard to the stock of Ireland's public capital, that is economic and social infrastructure, Ireland ranked quite low in the early years of the twentieth century compared to the OECD average and compared poorly to its European counterparts (NESC, 2005). In terms of trends in the stock of public capital, International Monetary Fund data show that Ireland's stock in public capital has actually fallen by 10 per cent since 1987 (Department of Finance, 2006b). In relation to the housing sector, the market focus of

[12] Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom

housing policy created a situation whereby private-housing supply in the late 1990s and early 2000s reached historically high levels nationally, with over 60,000 units completed in 2003 and over 13,000 in Dublin, while government policy retrenchment resulted in the national social housing waiting list reaching 48,000 households by 2005 (Drudy and Punch, 2005).

The infrastructure deficit was also identified in the transport sector (particularly roads) at 30 per cent of the total deficit, environmental services infrastructure (facilities for water supply and the treatment of solid waste and waste water) at 25 per cent, energy 17 per cent, telecommunications 6 per cent, and education, science and technology infrastructure 16 per cent of the total (Farrell Grants Sparks, 1998). For example, infrastructural investment in the order of €1.1bn in primary and secondary level education should have been provided over the proceeding decade (FGS, 1998). The *National Development Plan 2000-2006* (Government of Ireland, 2000a) also highlighted that much of the infrastructure within Ireland was inadequate to meet existing needs as a result of the rapid growth in the Irish economy. It noted also that public transport was in need of significant modernisation and, unless this issue was properly addressed, poor public transport systems would become a constraint on economic growth, particularly in and around Dublin. Furthermore, Ireland's traditional source of capital expenditure, the EU structural transfers were tapering off after 1998 as Irish GDP transformed from 74 per cent of the EU average at the beginning of 1993 to exceeding the EU average in 1998, thus making it ineligible for Objective One[13] status and substantial funding support.

The unprecedented economic growth during the 'Celtic Tiger[14]' period combined with a growing population and rising inequality had therefore created a significant need and demand for various types of public service to come on stream immediately providing social protection. Yet the capacity to deliver those services was constrained by the infrastructure deficit. Expanding or creating infrastructure is a slower process than increasing services and requires sustaining a high level of capital spending on carefully selected projects (NESC, 2005). Capital spending which is creating or modernising social infrastructure, such as social housing, day-care centres for people with intellectual or physical disabilities, that will bring on stream a higher level and/or improved standard of services in the future has been identified as an important form of social protection (NESC, 2005). Table 3.2 identifies the principal items of public capital expenditure that were delivering social protection in 2002 (NESC, 2005).

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[13] To qualify for Objective One status the GDP per capita for a region or country within the EU must be below 75 per cent of the EU average. The recognition of Objective One status is usually accompanied by structural funds support from the European Community as part of its regional policy.

[14] The Celtic Tiger refers to the period of rapid economic growth in Ireland that began in the 1990s and slowed in 2001, only to pick up pace again in 2003 and then slowed down once again by 2007. During this time, Ireland experienced an economic boom (Allen, 2007).

Table 3.2 Public Capital Expenditure on Social Protection in Ireland, 2002

Type of Social Protection	Department	Public Expenditure €M
Local Authority Housing, Voluntary Housing and Shared Ownership	Environment etc.	1,364
Pre-funding of Future Pension Liabilities	Finance	1,035
Schools and other Educational Institutions	Education & Science	564
Prison Building and Equipment, Courthouses, Probation Centres	Justice, Equality & Law Reform	61.5
Childcare	Justice etc.	23

Source: *(NESC, 2005)*

PPP and the Development of a Neoliberal State

Having been in Government with the Labour Party from 1992 to 1994 and then in opposition from 1994 to 1997, the new Fianna Fail-led Government in 1997 began to pursue, in a more vigorous fashion than previous governments, the policies of neoliberalism and privatisation (O Toole, 2003; Sweeney, 1999). Providing a strong ideological support for this approach was its minority coalition partners from 1997 to the present period, the neoliberal political party of the Progressive Democrats (Allen, 2007; O Toole, 2003; Tussing and Wren, 2006).

As noted earlier in Chapter Two the Irish welfare state resisted easy classification but most closely resembled the 'Anglo Saxon' 'liberal' or 'residual' welfare state model due to its concentration on providing only basic levels of services and weak commitment to reducing inequalities. It was also characterised by the low proportion of resources devoted to social spending and a lightly-regulated labour market. Ireland's welfare state embodies low expectations and achieves low outcomes for a minority (NESC, 2005). Kirby (2002) and Allen (2007), applying a political economy approach, note that what has evolved in Ireland is a neoliberal state with a pay-related welfare state in which minimal levels of universal entitlement to income and services are supplemented by market-based resources. Using this critical perspective, the Irish State can be classified as a 'competitive' state where a national industrial welfare state under the pressure of economic globalisation has expanded state intervention and regulation in the name of competitiveness and marketisation (Kirby, 2002; O'Hearn, 2001; O Riain and O Connell, 2000; O Toole, 2003; Punch, Redmond and Kelly, 2004). International market competitiveness of the economy, the state and society has therefore been the Irish State's and successive governments' overriding objective and priority (O Toole, 2003; Kirby, 2002). The Irish welfare state has proved ineffective in modifying in any significant way the inequalities generated by market forces and, indeed, has exacerbated them (Kirby, 2002). For example, one may contrast the trends in absolute poverty (steadily declining) and relative poverty (steadily rising) in Ireland that have taken place since the mid-1980s (Allen, 2007). As the NESC

Report (2005) noted, significant minorities in Ireland's population are currently experiencing one or multiple forms of social disadvantage while present strategies and policies are not proving adequate in helping them. As taxes on wealth have been reduced in Ireland, the cost of running the welfare state and public services has increasingly shifted onto indirect taxes and stealth taxes[15] (Allen, 2007). Indirect taxes make up 43 per cent of the overall tax burden in Ireland compared to 34 per cent in the EU. For example, in the six year period between 1997 and 2003 waste refuse collection charges grew by an average of 37 per cent a year (Allen, 2007). Irish consumers pay 42 per cent more than the EU average for housing, water, electricity, gas and other fuels, 25 per cent more for education and 24 per cent more for health (Irish Times, August 8th, 2008). Lower-income earners are more greatly affected than higher-income earners in terms of the percentage of their income spent on such stealth taxes or user fees on public services (Allen, 2007).

Meanwhile, at the geographical scale of the wage relation Ireland's labour market still counts as one of the least regulated in the OECD, its employment protection legislation being the fifth least strict of 28 countries examined by the OECD in 2003 (OECD, 2005). SIPTU[16], Ireland's largest trade union, were concerned that workers' living standards had been considerably undermined in recent years by the erosion of pension benefits for private-sector employees and the constant undermining of pay and conditions by the widespread use of agency workers and migrant labour (SIPTU, 2008).

Policies of privatisation and fiscal conservativism were intensified post-1997 with the government reducing the rates support grant that supported local government finances and gave greater powers to the local authorities to charge for services (O Toole, 2003). In practice, this was an invitation to local authorities that required funding, to impose local service charges such as waste collection charges and to move away from providing free public services such as waste collection and water provision (Allen, 2007). At the central state level, between 1997 and 2007, most state-owned companies in Ireland were commercialised and largely deregulated and opened to competition from the private sector e.g. CIE, the Electricity Supply Board (ESB), Dublin Bus, and the national postal service, An Post. Notably, the national airline, Aerlingus, was privatised in 2006. Significant commercial providers of health services, medical insurance, childcare, eldercare, schooling and other forms of social protection now exist in Ireland (NESC, 2005, O Toole, 2003; Tussing and Wren, 2006).

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[15] Stealth Tax is a term used for a tax levied in such a way that is largely unnoticed, or not recognized as a tax. Stealth taxes can be viewed as regressive, as more affluent people are less affected by stealth taxes such as waste-collection charges or road tolls, for example.

[16] Services, Industrial, Professional Trades Union

It was within the context of this general neoliberal institutional transformation undertaken by the Fianna Fail-Progressive Democrat coalition government that the emergence of PPPs in the delivery of public services and infrastructure in Ireland is witnessed (Allen, 2007; O Toole, 2003). In its second year of Office the Government investigated the potential of addressing the aforementioned public-service and infrastructure deficit through private-orientated mechanisms such as PPPs rather than through the traditional direct state-provision model (Central PPP Unit, 2006b; FGS, 1998; Informal Advisory Group, 2001). In 1998, it commissioned private PPP consultant advisors FGS to undertake a report into the benefits of PPP, their potential application to Ireland and the necessary steps required by the Irish Government to start implementing them (PPP Informal Advisory Group, 2001).

PPPs in Ireland: Analysis from the literature

In contrast to the international literature, there is little objective or critical analysis of the origins and development of PPPs and privatisation in Ireland. Thus, there is a gap in the Irish academic literature and in wider populist debate in relation to assessing the theoretical and empirical outcomes of PPPs. No literature has been produced that presents an overview or analysis of the development of PPPs and their outcomes in Ireland. Such an analysis is therefore central to this thesis. The little literature that does exist explains that the experience of PPPs undertaken to date in Ireland has either been unfavourable or remains untested (Bradley and Allen, 2001; Comptroller and Auditor General, 2004; Dillon, 2004; Hearne, 2006, 2007; Kay, 2002; Reeves, 2001, 2003, 2005, 2006). The most extensive research undertaken to date has been in relation to schools and social housing regeneration PPP projects. A review of that analysis is provided later in this chapter. The only published empirical evaluations of PPPs in Ireland are the Comptroller and Auditor General's (C & AG) value-for-money (VFM) reports on the Grouped Schools Pilot PPP project, the *Report on the Grouped-Schools Pilot PPP* (C & AG, 2004) and the *Report on the Beaumont Cark Park PPP* (C & AG, 2003). The report on the Beaumont car park PPP found that the PPP funding method was considerably more costly than direct public provision with the analysis indicating that public finances were worse off by between €9 million and €13 million (C & AG, 2003). The C & AG Report (2004) examined the stages of the Grouped Schools PPP project up to the point where the contract was signed and, therefore, focused on the *projected* VFM of the PPP project. It found, that while the Department of Education and Science's (DOES) Public Sector Benchmark (PSB) calculated an expected saving of six per cent for the PPP schools, the actual projected cost of the PPP deal, according to the C & AG's calculation, was eight to thirteen per cent higher than through a conventional approach[17] (C & AG, 2004).

[17] The PPP schools had a projected higher cost per sq. m. than traditional schools. They were not more expensive just because they were of greater size; the 5 schools had a 15 per cent increase in floor space of over traditional schools (increase of 7 per cent in spaces for direct delivery of education - classrooms and administrative offices- and an increase of 49 per cent in the area for social and circulating space).

Evidence gathered by Kay (2002, 2004, 2005) in relation to PPPs introduced in the Irish roads sector also questioned the ability of PPPs to achieve greater VFM than direct public provision. Kay also highlighted the lack of accountability in PPPs and noted that in Irish PPPs the private sector was more likely to adopt projects involving public services and infrastructure that boost their shareholders' returns rather than engaging in projects that met the long-term needs of society. In PPPs, the private sector also sees considerable scope for further levies (for example, road tolling). Sweeney (2004) questioned the assumption made by PPP proponents that the private sector can undertake public projects more efficiently and more cost-effectively than the public sector in light of the problems that have been experienced to date in recent PPP infrastructural projects.

There is also little empirical research in the literature on the socio-economic impacts on the poorer sections of Ireland's society of PPPs in areas of public capital expenditure that were delivering social protection, particularly in the areas of social-housing regeneration or the impacts on workers' conditions. There is also a considerable gap in the literature documenting the responses of these populations to the foregoing changes (Bradley & Allen, 2001; Kay, 2002; Kirby, 2002; Reeves & O'Sullivan, 2001). Furthermore, imbalances of power in the PPP decision-making process and a negative experience of user charges has led to rising opposition to PPPs, particularly in the areas of social-housing and road provision (Bissett, 2005; Dillon, 2004; Kay, 2002; Teachers Union of Ireland, 2004). Concerns have been raised about the quality of service provided and privatisation impacts of PPPs in important areas of social infrastructure provision such as schools (Reeves, 2005). Given the long-term nature of PPP contracts (some up to 30 years in length) and their financial and socio-economic impact on the Irish State in the area of public service provision and policy making, the assessment in this study of PPPs in Ireland from a public service and equity perspective of PPPs is of significant importance.

PPPs and employment conditions

In relation to employment impacts, trade unions were concerned that in order to increase investor returns private-sector operators would achieve VFM in PPPs, through savings and cost cuttings, in the form of placing a downward pressure on the wages and conditions of staff e.g. reduced pension provisions, the creation of temporary and casualised staff etc:

> "*Conference believes that PPPs pose a serious threat to the delivery of future public services by public service staff...As a condition of involvement in PPP projects, private sector companies must apply industry or national norms for pay, pension and conditions of employment, including equality and health and safety obligations and should be required to grant recognition and bargaining rights to the appropriate trade unions for the relevant sectors*" (Irish Congress of Trade Unions, 2005, 3).

As outlined in Chapter Two, marketisation has been introduced in the public sector across the world, in part, because of the desire of neoliberal governments to reduce the power and influence of

workers and their trade union representatives within public services and infrastructure (Harvey, 2005). This has been accomplished through the introduction of private operators into the public service which has significantly lower levels of public-sector employee trade unionism and conditions (Allen, 2007; Whitfield, 2006). There has, however, been no research undertaken to date into the extent to which such a reduction of public-sector employee conditions and trade union influence in the public sector was a motivating factor in the Irish Government's decision to introduce PPPs. Nor has there been any research to determine if existing levels of pay and the working and employment conditions of public and private-sector employees were safeguarded and that all protections contained in existing collective agreements were being maintained following the introduction of PPP arrangements. The only analysis undertaken by the Irish trade unions, the Irish Congress of Trade Unions produced *Guidelines for Unions on Consultations with State Agencies and Public Authorities in the Republic of Ireland Concerning Public Private Partnerships* (2005) is concerned with employee consultation within PPP projects and while it outlines some concerns with PPPs, that are detailed above, it contains no wider critique of PPPs. This reflects the consensus reached with this sector towards the PPP model as part of the Social Partnership agreements.

Other literature relating to PPPs in Ireland includes government-commissioned PPP reports and legislation which, as is explained below, promoted the positive aspects of PPPs in order to justify and expand the development of PPPs in Ireland. There are also several reports and reviews of PPPs undertaken by private consultants that were involved in the promotion of PPPs, the content of which is detailed below and demonstrated to be biased in favour of PPPs.

The following sections detail the development and origins of PPPs in Ireland according to the available secondary literature sourced from Irish Government and private-sector commissioned reports, reviews and Government legislation.

PPP Reports

The report entitled, *A Report Submitted to the Inter Departmental Group*[18] *in Relation to Public Private Partnerships* (FGS, 1998), was the first major work on PPPs in Ireland. It concentrated on the positive benefits and experiences of PPPs and the private sector internationally and provided an analysis of PPPs' theoretical benefits. The FGS report recommended that the stated benefits of the private sector, as identified by international private and public-sector PPP proponents in Chapter

[18] The Inter Departmental Group comprises representatives of all public service bodies engaged in PPPs. Its primary role is to bring together key decision-makers to ensure that there is coherence and consistency across the public service in advancing Ireland's PPP programme (Central PPP Unit, 2006a)

Two, could be established in practice in Ireland through testing a number of PPP pilot projects in areas such as

- Toll roads (Drogheda, Western Dundalk bypass, Southern Cross, Southeastern motorway, Northern Port)
- Light rail infrastructure; Section of the LUAS project
- A sewerage or water treatment scheme
- A solid waste facility
- Schools, tertiary colleges; A new build in one (or a number) of appropriate schools and third level colleges (the Report noted that it may be necessary to have a cluster of such buildings to reach the appropriate threshold level)

The FGS report concluded that PPPs were required because, even if a considerable proportion of the service and infrastructure deficit were to be met from the projected exchequer surpluses in Ireland, "*it is hardly conceivable that the total requirement will be dealt with in this manner*" (FGS, 1998, 21). The FGS report also recommended that a discrete government unit should be set up to oversee and advise on the PPP process which would then 'roll out' expertise to and comparable units in other departments.

In April 1999, the Irish Business Employers Confederation (IBEC) and the Construction Industry Federation (CIF) submitted a joint document recommending PPPs to the Irish Government. The document was drawn up by a committee composed of representatives of National Toll Roads, Allied Irish Bank, Ove Arup engineers and several legal and finance organisations. These groups, along with FGS, clearly stood to gain commercially if PPPs were adopted by the Irish Government (Allen, 2007).

A number of other high-profile reports also put forward cases for the implementation of PPPs in Ireland. Among these, the *Bacon Report* (Bacon & Associates, 1998) on house price developments advocated PPP in areas of physical infrastructure like roads, sewerage, water facilities and social infrastructure. The various stakeholders involved in Social Partnership[19] also recommended the use of PPPs in new infrastructure or service projects within the National Economic and Social Council during 1999.

[19] Social partnership is the term used for the national agreements reached in Ireland. The process started in 1987 and comprises voluntary agreements between the social partners, the Government, main employer groups and the trade unions, since 1997 voluntary organisations have taken part. In addition to pay and wage issues, other issues such as tax and welfare are important constituents of the agreements (Kirby, 2002).

Implementation and Promotion of PPPs

An overview of the development of PPPs in Ireland produced by the PPP Informal Advisory Group[20] explains that the Irish Government, in June 1999, in line with recommendations from the FGS report, approved the development of a number of pilot PPP projects in the transport, environmental services, and education sectors (PPP Informal Advisory Group, 2001). The Pilot Programme[21] included projects identical to those proposed in the FGS report (Table 3.3). PPPs, the Government stated, would provide public services and infrastructure at a more rapid pace and with greater efficiency and VFM than traditional, direct, state-provision methods. Thus it was hoped that PPPs would rapidly address the severe public service and infrastructural deficits that had accumulated as a result of decades of underinvestment and economic growth (PPP Informal Advisory Group, 2001).

Table 3.3 Irish Pilot PPP Programme June 1999

PPP Project	Projected Procurement Start Date
Post Primary Schools Bundle	2000
Cork School of Music	2000
M50 Second Westlink Bridge	2000
N4 Kilcock to Kinnegad	2000
Dublin Light Rail	2000
N25 Waterford Bypass	2001
N7 Limerick S.Ring 11	2000
Dublin Thermal Treatment Plant	2001
Ballymore Eustace Water Works	2001

Source: *Central PPP Unit (2001)*

Following their introduction, the Irish Government intensely promoted PPPs through the setting up of institutional infrastructure, commissioning various reports and reviews, enacting legislation and developing guidelines to facilitate the development of PPPs in areas of the public sector previously restricted from commercial involvement. The overall aim of these actions, as detailed in the government literature, was to promote intensely the benefits and opportunities of PPPs nationally and, therefore, increase the quantity of PPPs going to the market (PPP deal-flow[22]). The

[20] The PPP Informal Advisory Group (IAG) includes the Irish Business and Employers' Confederation, the Irish Congress of Trade Unions, the Construction Industry Federation and Forfás as well as the main Government departments and agencies engaged in the PPP programme. The IAG helps to develop PPPs with the private sector by reflecting the interests of the social partners in the area, facilitating the parties involved to exchange views and information on issues arising in relation to PPP (Central PPP Unit, 2006a).

[21] It should be noted that Ireland's first PPP project, the East-Link Toll Bridge between NTR, Dublin Port and Dublin City Council was established in 1984 and in 1990 the West-Link was established.

[22] The rate at which new PPP projects are being put out to tender by public authorities.

institutional infrastructure included a Central PPP Unit[23] set up in the Department of Finance (DOF) and individual PPP units developed in a number of other government departments in 1999 in line with recommendations made by FGS (1998). A PPP website (www.ppp.gov.ie) and a new Centre of PPP Expertise in the National Development Finance Agency (NDFA) were also established. The Central PPP Unit, with six staff, was set up to facilitate the PPP process by developing the general policy framework including the legal framework, within which PPPs operate. It provides central policy guidance to departments and other state authorities to ensure the PPP process works effectively given that not every department would, necessarily, have acquired the level of expertise to develop and implement PPPs. It also chairs both the Interdepartmental Group on PPPs and the Informal Advisory Group (IAG) on PPPs, at which the relevant social partners are represented (Central PPP Unit, 2006a). The Government also established a *Cabinet Committee on Infrastructural Development Including PPPs* which, following the General Election in May 2002, was reconstructed as the *Cabinet Committee on Housing, Infrastructure and PPPs*. It is chaired by the Taoiseach and meets quarterly.

The Social Partnership Agreement 2000, *Programme for Prosperity and Fairness* (Government of Ireland, 2000b), also endorsed PPPs. It tasked the PPP Informal Advisory Group (IAG) with developing a framework to guide the PPP procurement process (ICTU, 2005). IAG's *Policy Framework on PPPs: Working Together for Quality Public Services* (PPP Informal Advisory Group, 2001) outlines how the Government aimed to embed PPPs as an important pillar of public capital procurement and the provision of public services (PPP Informal Advisory Group, 2001). The Framework also emphasises that the PPP programme must remain consistent with the objectives of Social Partnership (PPP Informal Advisory Group, 2001).

PPPs were also encouraged by the Government in the *National Development Plan 2000 – 2006* (Government of Ireland, 2000a) which provided the basis for a significant PPP element in the infrastructure (roads, transport, and environment) and human resources (education) sectors.

In order to build on the 'significant progress' made in adopting a PPP approach, the DOF appointed PriceWaterHouseCoopers (PWHC) in January 2001 to undertake a review of the effectiveness of the PPP method. Their *Review of PPP Structures Report* (PWHC, 2001a) analyses Irish Government PPP activity up to that date, provides theoretical justifications for further expanding the PPP Programme and outlines the policy framework required to increase the rate of implementation of PPP in Ireland. The report classifies the phase of Ireland's development of PPPs

[23] In order to provide optimum support for the development of the PPP process, the Government established a Central PPP Unit in the Department of Finance to lead, drive and coordinate the PPP process. The key function of the Central PPP Unit is to develop the legislative framework, technical and policy guidance to support the PPP process and to disseminate best practice in PPPs. Dedicated units with responsibility for individual sectors are established in key Departments of State.

up to 2001 as 'programme mobilisation' with progress made in 'market development initiatives' to create interest amongst national and international private sector providers and the creation of a 'deal flow.' By 2001, at a policy level, the report notes, the focus had already started to shift towards the use of PPP's to provide a range of other elements of social and community infrastructure such as social housing, schools, colleges and healthcare facilities. The report also noted that there had been a highly visible political commitment to the PPP approach with the clear backing of the Taoiseach, the Minister for Finance and senior Ministers and the creation of the *Cabinet Committee on Infrastructure and Public Private Partnerships.*

> "*Therefore, Ireland had moved effectively through the mobilisation phase harmonising the key requirements of visible political leadership and commitment to deliver progress on market development, deal flow and stakeholder engagement*"
> (PWHC, 2001a, 17).

This, the report noted,

> "*has embedded PPP as a procurement method across Government allowing the mechanism to play a full role in a changing environment for the delivery of public services*" (PWHC, 2001a, 17).

PWHC were also commissioned by the Department of the Environment, Heritage and Local Government (DOEHLG) in 2001 to produce a report on how the DOEHLG could develop a framework within which PPPs could be advanced in Ireland in the roads, water and waste sectors. The report entitled "*A Policy Framework for Public Private Partnerships*" (PWHC, 2001b) provided general contextual information on PPPs and specific procedural guidance in relation to the delivery of infrastructure using a PPP approach. The report concluded that there was considerable potential for the use of PPP models in Ireland and that there was an even greater need for PPPs given the macro economic developments that had occurred in 2000 and 2001 since the launch of the Irish pilot PPP programme. These included inflation in the construction sector, a slowing down in economic growth and consequent tightening of public finance and increased demand for infrastructure investment outside what had been planned in the *National Development Plan 2000-2006* (for example, the Dublin Metro). PWHC (2001b) therefore recommended that

> "*It is possible that the increased use of private finance, enhanced competition and better value for money associated with PPPs will provide an effective means of dealing with these new challenges*"
> (PWHC, 2001b, 11).

In 2002, a *PPP Communications Strategy* was prepared by the Central PPP Policy Unit in consultation with other PPP units and the Social Partners. The strategy further demonstrated the commitment of the Government vigorously to promote PPPs. The key stated objective of the strategy was to develop a profile for PPPs, both nationally and internationally, to inform firms and

stakeholders of the existence and possible applications of PPPs in Ireland. The Communications Strategy aimed to,

> "*correct misunderstandings and misinformation on PPPs and maintain an information resource centre. It will also help to create and maintain a competitive market for PPPs by attracting top class national and international firms*" (Central PPP Unit, 2002, 9).

The 'overall key messages' the strategy sought to publicise included the fact that PPPs are not a means of "*privatisation by the back door*" (Central PPP Unit, 2002, 6), that Ireland is developing an extensive pilot PPP programme, that VFM must be achieved in PPPs and that, because the PPP programme is being undertaken on a pilot basis, it involves an ongoing learning, evaluation and revision process (Central PPP Unit, 2002).

PPP Legislation

The Irish Government introduced three important pieces of enabling legislation to ensure that state departments and agencies would have the power to enter into PPPs, be supported through the PPP process and opportunities for developing PPPs would be enhanced (Central PPP Unit, 2006a). The first piece of legislation introduced was the Transport (Railway Infrastructure) Act 2001, which facilitates private sector participation in the development of the public rail sector in Ireland. The Act established the Rail Procurement Agency (RPA), which is an independent statutory public body with responsibility for procuring new metro and light rail infrastructure and services through concessions to the private sector, joint ventures and/or PPPs rather than through the traditional approach (Central PPP Unit, 2006a). Secondly, the Government enacted the National Development Finance Agency Act, 2002, to establish the National Development Finance Agency (NDFA) which, amongst other things, would assess optimal financing for public investment projects (including PPPs) such as those set out in the *National Development Plan* and other infrastructure priorities. Thirdly, the State Authorities (Public Private Partnership Arrangements) Act 2002 facilitates the *'fullest possible participation'* by Irish state authorities[24] in the PPP process (Government of Ireland, 2002) by providing certainty to the powers of Irish state authorities to enter into PPPs and also gives local authorities power to enter into joint ventures, such as PPPs, with the private sector. According to the Government the Act contributes to the creation of an environment in which PPPs can flourish as a method of public procurement (Government of Ireland, 2002).

Establishment of PPP Deal-Flow

[24] A state authority in the legislation refers to a Minister of the Government, a local authority, the Commissioners of Public Works in Ireland, the National Roads Authority, the Health Service Executive, universities, DITs, VECs, the Courts Service, harbour authorities, Bus Atha Cliath – Dublin Bus, Bus Eireann – Irish Bus, Coras Iompair Eireann (CIE), the Rail Procurement Agency, the Digital Hub Development Agency.

By 2005, deal flow was well established in the roads area and in the local government sector (Table 3.4). This resulted from the intense government promotion of PPP outlined above. PPP procurement expertise was well developed in the specialist procurement agencies such as the National Roads Authority and the Rail Procurement Agency, as well as in a number of local authorities. PPPs were further supported by the inclusion of PPP targets in the rolling multi-annual government budget capital investment envelopes from 2004. Table 3.4 summarises the various sectors in which PPPs, of a value exceeding €20 million[25], were developed by 2005. These included PPPs in the transport sector (including four road projects and the Dublin Light Rail System - LUAS) and waste management (including water/waste-water treatment plants). A significant amount of outsourcing of local government services had also taken place particularly the outsourcing of local authority refuse collection services, such as the PPP contract awarded to the private operator, Oxigen, to provide a waste recycling service to the four Dublin local authorities. In local-authority housing regeneration Dublin City Council (DCC) pioneered the PPP model in the Fatima Mansions estate following recommendations of Circular HS 13/01 from the Department of the Environment in 2001[26]. There were six PPPs, in total, completed in the education sector by the DOES, the five new post-primary schools, referred to as the 'Grouped Schools Pilot PPP Project' (completed in 2003) and the National Maritime College of Ireland (completed October 2004). The five schools[27] represented the largest group PPP project completed to date in the education sector. This is a PPP between the DOES and the private operator, Jarvis Plc. (now Hochtief Ltd.) to design, build, finance and maintain the five schools. In September 2006, due to Jarvis's financial difficulties, Hochtief PPP Solutions (Ireland) Ltd. bought out Jarvis's interest in the schools project. A significant quantity of PPPs was also planned in the provision of light-rail, road, social-housing regeneration, water/waste-water treatment plant, school and educational facility projects (Table 3.4).

[25] The Government classified PPPs only involved projects over the value of €20 million (PPP IAG, 2001), therefore the research followed that classification and PPPs referred to in the research are all over this valuation.

[26] This circular was sent to all local authorities by the DOEHLG. It stated that local authorities should consider the extent to which additional housing supply could be brought on stream through PPPs between local authorities and private developers using local authority lands.

[27] The schools and their relevant school enrolments are as follows: Ballincollig (County Cork) 1000 pupils, Clones (County Monaghan) 500, Dunmanway (County Cork) 700, Shannon (County Clare) 600, Tubercurry (County Sligo) 675.

Table 3.4 PPPs in Operation/Construction/Planned in Ireland as of November 2005

Department/ Responsible body	Project name	Indicative Value (€million)	Project Phase
	Road Concession (contract for 30 years)		
DCC & Dublin Port	East-Link		In operation since 1984
National Roads Authority	M 50 upgrade West-link		In operation
	N1/M1 Dundalk Bypass	340	In operation
	N4 Kilcock-Kinnegad:	550	In construction
	N8 Rathcormac-Fermoy Bypass	320	In construction
	Light Rail Operate and Manage		
Rail Procurement Authority	LUAS		In operation since 2003
	Education DFBM (25-Year Contract)		
DOES	Five new post-primary schools	274	In operation since 2002
	National Maritime College of Ireland	51.3	In operation since October 2004
	Cork School of Music	205	In construction
	Social Housing DBF		
DOEHLG & DCC	Fatima Mansions redevelopment	100-250	In construction.
	Water/waste-water treatment plants DBO (20-Year Contract)		
DOEHLG & Relevant Local Authority	Dublin Bay Drainage scheme	300	In operation since July 2003
	Wexford Main Drainage	20-50	In operation
	Cork Main Drainage Treatment	50-100	In operation
	Dungarvan water treatment		In construction
	Tipperary bundled water drainage		In construction
	Balbriggan/Skerries Treatment plant	20-50	In construction
	Outsourcing		
DOEH&LG & four Dublin local authorities	Waste management and environmental services		Operational since 1997
Proposed/planned PPPs			
➢ Five road projects ➢ 23 new post-primary schools and 4 new primary schools ➢ Local authority housing redevelopment ➢ Prison and court services ➢ Metro North, Metro West, Luas Lucan ➢ National Conference Centre ➢ Drainage/Sewerage Treatment Schemes ➢ Incinerators ➢ Bray and Greystones Harbour Redevelopment ➢ National Network for Radiation Oncology ➢ Decentralisation			

Source: *Central PPP Unit (2005)*

The Grouped Schools PPP Project

Having outlined the Irish Government's and private-sector's literature on PPPs the most detailed analysis of PPPs in Ireland undertaken to date, the Comptroller and Auditor General's (C & AG, 2004) report on the Grouped Schools PPP Project is now detailed and analysed. Before presenting this the emergence of PPPs in the school sector is contextualised within the historical deficit in Irish education infrastructure.

Irish School Infrastructure Deficit

Irish school infrastructure requires considerable investment after decades of under-investment (DOES, 2006a; Government of Ireland, 2007). As of 2008, Ireland had one of the lowest levels of investment in education in the developed world, spending only 4.4 per cent of GDP on education in comparison to the internationally accepted benchmark of six per cent. It came 29th out of 34 countries in the latest OECD education spending survey (The Sunday Tribune, 2008a). Inadequate investment in schools has resulted in severe classroom overcrowding (average class sizes in Ireland are the second highest in the EU), teaching in temporary accommodation, leaking roofs and inadequate facilities (Carr, 2007). Many schools do not have sufficient funds to cover basic maintenance and running costs. For example, a recent survey of over 200 primary schools indicated that over 80 per cent of primary schools depended on cake sales and other fundraising by parents for basics like heating oil to meet the shortfall in government funding (Irish Times, 2007). The survey also found that the schools received an average grant of just €25,000, even though their running costs averaged €48,000.

The extent of the investment deficit is demonstrated by the unprecedented growth in commercial schemes[28] that provide much-needed school equipment such as Physical Education (P.E.) equipment, science equipment and computers. The Irish National Teachers Organisation passed a motion at its 2006 Congress which condemned the underfunding of the Irish education system which has deprived schools of resources and public funding and expressed its concern at the growing commercialisation of education, such as schemes that required teachers to promote products in classrooms (Carr, 2007).

There is also considerable demand for new school building investment due to the growth in the school-going population in rapidly-developing areas, the requirement for specialist accommodation provision to cater for pupils with special needs and to cater for diversity from both the Educate Together and Gaelscoileanna sectors. It is projected that the primary school-going population will increase by approximately 100,000 by 2013 (Government of Ireland, 2007). In particular, investment is required to facilitate amalgamations and rationalisations, particularly at post-primary level due to the changing role of the church in relation to trusteeship. Amalgamations typically arise where a number of schools with falling enrolments come together to form a single school.

In an attempt to respond to this infrastructure deficit, the Irish Government invested €2bn in school buildings between 2000 and 2005. The Government built 76 new schools (57 at primary and 19 at post-primary levels) and undertook 380 large-scale refurbishment/extension projects in this period. The Government introduced Design, Build, Finance and Maintain PPPs as part of that investment programme. Just over a quarter (five) of the new post-primary schools were completed as DBFM

[28] These schemes run by supermarkets and other private companies, involve the collection of tokens issued on the purchase of a certain value of product. The school receives the equipment once it provides a sufficient quantity of tokens to the supermarket/private company (Allen, 2007).

PPPs. The PPPs were introduced in order to provide extra finance, a more rapid provision of school infrastructure required to address the deficit, a higher quality of delivery than traditional school delivery and a reduction in the principal's responsibility for facilities management (C & AG, 2004, Table 3.5). These would be achieved through the greater involvement of the private sector in the provision, management and maintenance of school buildings (Central PPP Unit, 2006b).

Table 3.5 DOES reasons for introducing PPPs in schools

- Provide access to extra funding through private finance
- Testing VFM of delivering schools through DFBO approach with private financing
- Improving speed of delivery
- Obtain new ideas and private sector innovation on school design through output based competitive approach
- Relieving school principals and staff of responsibility for managing school buildings to allow them concentrate on their core education functions
- To achieve better use of state-funded school buildings outside of regular school hours

Source: *C & AG (2004)*

Under the terms of the PPP contract, the private company was required to construct the schools and provide all fixed and loose furniture and fittings, including, inter alia, computers, P.E. equipment, musical instruments and woodwork and metalwork equipment. The schools were to be operated for a period of twenty-five years by the private operator. The management of the school and its academic running remains with the school authorities and the state retains legal ownership of the property (DOES, 2006a). The DOES makes annual payments of €11 million per year to the private operator of the schools over the contract life, totalling an estimated €283 million (€150 million in net present-value terms). These payments are conditional on the private operator's meeting the agreed availability and service levels.

C & AG Report

As noted earlier, the C & AG (2004) found that the PPP route was more expensive than direct provision. This corresponded to the finding of the external consultants that advised the DOES at the commencement of the PPP process on whether or not private sector financing should have been used for both the Grouped Schools and the Cork School of Music Projects. The consultants reported in August 2000, that privately-sourced finance might represent an additional cost relative to the public-sector cost of finance. The consultants still recommended though that private financing should be included as part of the PPP project (C & AG, 2004). This inclusion of private financing, even at additional cost, reflects the Irish Government's emphasis on shedding responsibility for providing public infrastructure, such as school buildings. Since 2003, it has pursued a strategy of devolving the delivery of school building projects to a local school management level (DOES, 2006a).

Secondary schools in Ireland are classified into three types according to their different management and ownership arrangements. Voluntary secondary schools are privately owned and managed and include fee paying and non-fee paying schools. They are under the trusteeship of religious communities, boards of governors or individuals. Vocational schools and community colleges are owned by the local vocational education committees (VECs). Its board of management includes VEC representatives and parent, teacher and community representatives. They are largely funded by the DOES. The third arrangement is community and comprehensive schools which were established in the 1960s. Many of these schools were established as the result of the amalgamation of voluntary secondary and vocational schools (C & AG, 2004). They are managed by boards of management which are representative of local interests and funding is provided entirely by the DOES to cover teachers' salaries, educational costs and general building and support services (heating, lighting, cleaning, secretarial and administration costs, caretaking, security, etc). The funding provides for these schools to have the services of a full-time secretary and caretaker. The majority of schools in excess of 500 pupils are funded for a second caretaker and part-time secretarial assistance. School budgets also provide an allocation in respect of cleaning services (C & AG, 2004). Three of the schools in the Grouped Schools Pilot PPP Project are community schools and two are community colleges.

The C & AG report compared the unit cost of one of the PPP procured schools (Ballincollig community school) with the unit cost of a conventionally procured school (Kilcoole). As noted earlier, the C & AG findings contradict the DOES' calculations that the PPP model would be cheaper and better VFM than the traditional route. The main difference between the figures found by the DOES and by the C &AG related to the fact that they both used different residual value estimations for the schools in their Public Sector Benchmark (PSB). The DOES assumed that the schools provided by conventional means would have useful lives of 35 years, but that the life span of the school buildings proposed under the PPP deal would be around 50 years. This biased the PSB in favour of the PPP option and, therefore, cast doubt on the accuracy of the assumption of different useful lives (C & AG, 2004).

The C & AG report also found the projected unit costs of construction in Ballincollig were about 26 per cent more than the projected equivalent unit costs in Kilcoole. Most of the unit costs differences were attributable to costs associated with the PPP form of procurement, including charges associated with risk transfer, increased scope of work to accommodate facilities management and to provide for third-party income generation, and increased professional/legal/financial fees.

However, the PPP Unit in the DOES outlined that this increased cost upfront is based upon the whole-life cycle investment model. This centred on high upfront costs which were aimed to provide superior buildings that would require less maintenance over the life time of the building. On this basis, the private operator was contracted to transfer the schools back to the state, in perfect condition, in 25 years.

Table 3.6 DOES Cost Comparison of Grouped PPP Schools and Conventional Procurement 2001

	PPP Bid Proposal	**Conventional Procurement**
Area of school buildings	34,565 sq. m.	30,351 sq. m.
Estimated total construction cost	€71.6 M	€64.29 M
Unit construction cost per sq. m.	€2,073	€2,115

Source: *C & AG (2004)*

The C & AG also found that the DOES assumed a unit cost of construction of €2,115 per square metre (about 17 per cent higher than the actual rate) due to anticipated inflation in building costs during the construction of the schools. But its own cost norms for construction of schools by traditional procurement at the time was around €1,800 per sq. m., including VAT. The projected total cost of construction under conventional means should have been around €54.6 million rather than the estimated €64 million (see Table 3.6 above).

The DOES also failed to include VAT in the estimated cost of construction of the PPP proposal (a total of €71.6 million), while the estimated cost of construction by traditional means was VAT-inclusive. As a result, the DOES failed to compare projects on a similar basis. The comparison should have been based on a total construction cost estimate for the PPP proposal of around €80 million. The C & AG also criticised the DOES's PSB cost comparison as the project cost estimations should have included whole life-cycle costs —both capital costs *and* running costs over the project life. The results of the C & AG analysis suggested that schools with comparable useful lives to those offered in the PPP deal could be provided through conventional procurement at costs equivalent to the DOES's cost norms (C & AG, 2004).

The DOES' PSB also failed to take account of the fact that the cost of borrowing involved in the deal with the private operator was higher than the cost achievable through direct exchequer borrowing. Also excluded were the costs of conducting the PPP procurement and bidding process itself (e.g. the private operator's bid cost for the Cork School of Music alone was £1 million). There were also significant costs associated solely with establishing the contract as the next 25 years of the service depended on how water-tight the contract was. Public bodies, therefore, spend

considerable sums of money on consultants to advise them in this process. For example, the DOES spent €236,000 on legal and financial advisory services related to negotiation of the re-financing agreement and external advisers for the grouped schools and College of Music projects cost €395,000 (C & AG, 2004). There were also significant costs associated with monitoring and enforcing contracts (Reeves, 2006). Furthermore, the Public Accounts Committee (PAC, 2006) stated that the DOES negated the possibility of undertaking a true financial comparison as the space provided in the PPP schools was 15 per cent greater than conventional schools (PAC, 2006). The DOES carried out the PSB on the basis of a 35,000 sq m school but it should have undertaken the comparison on the basis of a 30,000 sq m school (the traditional size of a school). The Public Accounts Committee and the C & AG noted that in order to test whether the PPP gave better VFM it would have been necessary to keep all other conditions as they were. However, the DOES had introduced too many variables, such as size.

Further Research Required

In contrast to the Audit Commission Report (2003) on PPP schools in the UK, the C & AG Report (2004) did not cover an assessment of the operation or quality of equipment and buildings provided and did not, therefore, assess whether or not the PPP schools achieved the DOES' stated objectives such as:

- Higher standard buildings and maintenance/operation of the schools than traditional provision
- Reducing the buildings maintenance role of the school principals
- Increased 'third-party' use of school buildings (C & AG, 2004).

Thus, the current research objectives were developed in order to assess the outcomes of the school PPP project in these areas, such as the extent to which the PPP schools achieved the DOES' stated aims and objectives. These include VFM, the quality of the school buildings and equipment provided, the assessment of the operation of the schools to the agreed service standards (quality of maintenance and management by the private operator of the school), the impact of the deal on the role of the school principals and the impact and extent of 'third-party' use of the school buildings. The research objectives also included the analysis of whether or not negative outcomes have emerged in the schools PPP project, similar to those found in PPP Schools in the UK and elsewhere outlined in Chapter Two. These include the impact on infrastructure provided, the commercialisation of schools and any significant changes or reductions in workers' conditions. It also addresses the fundamental question of PPPs' suitability for schools and the implications of the research findings for the Irish Government's planned PPP programme in the schools sector.

Dublin City Council Social-Housing Regeneration

The other major public sector that was delivering social protection, for which some literature exists, is the regeneration of DCC's local-authority housing estates in Dublin's inner city. This literature provides an insight into the reasons underlying the introduction and development of PPPs in this sector and a preliminary indication of their potential impacts on the poorest sections of Irish society, residents of local-authority housing estates.

Estate Profiles

Most of Dublin's large inner-city local-authority flats complexes were built in the 1950s and 1960s. After enjoying a decade or two of stability, the communities living in the flats complexes were gradually, destabilized as they experienced high rates of poverty during the 1970s and 1980s because of de-industrialisation that led to high unemployment and then was further worsened by the heroin crisis in the 1980s (Drudy and Punch, 2005). The flats complexes also deteriorated due to inadequate estate management by DCC that resulted in incomplete refurbishment schemes and poor maintenance. The situation was compounded by poor housing policies such as, DCC's allocation practices that resulted in moving very impoverished families into, already disadvantaged, estates such as Fatima Mansions and the ill-conceived "surrender grant" (Drudy and Punch, 2005; Redmond and Russell, 2008). These policies led to many original tenants, often community leaders, moving out of the estates and, as a result, a much higher turnover of tenancies. This had detrimental impacts on the communities in the estates by further destabilising and demoralising remaining residents (Drudy and Punch, 2005; Redmond and Russell, 2008; St Michael's Estate Task Force, 2002). Attempts were made in the late 1980s and early 1990s to refurbish some of the estates through the Exchequer-funded Remedial Works Scheme. By 1995, over 12,000 units had been refurbished nationally, notably Ballymun and Fatima Mansions. However, the scheme failed to have a significant effect on the overall regeneration of the estates as the policies were restricted to physical renewal, thus neglecting the essential social and economic renewal of the estates (O Gorman, 2000; Norris, 2001; Redmond and Russell, 2008).

The complete demolition of the estates and rebuilding of new housing with community facilities as part of large-scale regeneration plans was only explored in a serious way by DCC from 1998 onwards (Drudy and Punch, 2005; Tenants First 2005). Communities, such as Fatima Mansions and St Michael's Estate, developed regeneration plans which were negotiated with DCC. This led to the eventual agreement of Master Plans for the complete demolition and regeneration of the estates. The Plans were to be majority-financed by public investment with funding for community facilities and other services to be supplemented by the sale of private housing developed on the estates (Drudy and Punch, 2005). However, the DOEHLG Housing Circular HS 13/01 issued on the 2nd August 2001 to all local authorities stated:

> "*Local authorities should consider the extent to which additional housing supply can be brought on stream through PPPs between local authorities and private developers utilising suitable local authority lands. These lands would primarily be lands in areas where there is already a significant concentration of social housing and where the total development of available sites for social housing would not be appropriate having regard to the need to secure a suitable social mix in the area or due to the size of the site In deciding on whether to use some of their land bank on this type of initiative, the local authority should ensure that sufficient lands are reserved for their multi-annual LA housing programme*" (Department of the Environment, Circular HS 13/01, 2001).

DCC was then informed by the DOEHLG that it would have to consider delivering the Master Plans for projects of a value greater than €20 million through the PPP mechanism (DCC, 2006). DCC looked to regenerate, initially at least, Fatima Mansions and St Michael's Estate through a PPP model. The PPP would involve DCC's entering into a contract with a private developer where the developer was awarded the development rights to the public land to build private residential and commercial units and, in return, was responsible for the provision, on-site, of a negotiated amount of public-rented and/or community facilities funded by the future sale of the private units at either market rates or 'affordable' prices. DCC has, more than any other local authority in Ireland, enthusiastically embraced PPPs and taken the lead in initiating PPP projects. This reflected a deepening realignment by DCC towards more neoliberal planning and housing policies (Drudy and Punch, 2005; Kelly & MacLaran, 2004; McGuirk & MacLaran, 2001).

As of July 2007, DCC was engaged in, or planning, the regeneration of at least 12 large local authority estates in inner city Dublin through the PPP DBF mechanism (Table 3.7). As of July 2007, construction had commenced in the Fatima Mansions PPP project, the contract had been signed with the preferred bidder in the PPP proposed for the O Devaney Gardens estate, the contract had been awarded to the preferred bidder in St Michael's Estate, Infirmary Road and Jamestown, while Bridgefoot St., Croke Villas and Dominick St. were at tender assessment and award stage. The RFQ[29] had been recently advertised for St. Theresa's Gardens and Charlemont St. PPP Projects. Dolphin House and Chamber St./Weaver Court were preparing for commencement of the PPP process (Table 3.7).

[29] The Request for Qualifications (RFQ) stage involves DCC advertising the PPP Project and then issuing a document, on request, to interested parties. The document outlines the project in general terms e.g. the development will comprise social, affordable and market-rate residential units, community and leisure facilities. Bidders then need to respond and show they have financial and architectural capacity to carry out the process. Furthermore, just before the RFQ is released the PPP Project Board decides on whether or not to give approval for the Project to go ahead to the next stage on the basis of the Framework plan and PPP Feasibility study. There is no community representation on this Board.

Table 3.7 DOEHLG and DCC PPPs in Local Authority Housing Regeneration and Provision as of July 2007					
Project Name	**Start Construction**	**End Construction**	**Operational**	**Project Summary**	**Indicative Value €M**
Fatima Mansions	Late 2004	Early 2007	Early 2007	Phase 1 completed. Construction has commenced on phase 2	100-250
O Deveney Gardens	Early 2007	Late 2008	Late 2008	Preferred bidder selected. Contract signed June 2007	100-250
Infirmary Road, Affordable Housing Initiative	Mid 2007	Late 2008	Late 2008	Contract awarded. Planning permission received June 2007	20-50
St. Michael's Estate	Late 2007	Early 2009	Early 2009	Contract awarded and planning application has been made	20-50
Jamestown Road	Mid 2007	Late 2008	Late 2008	Tenders received and being assessed. Contract awarded and planning application submitted	20-50
Dominick St.	Late 2007	Early 2009	Early 2009	Tenders being assessed	100-250
Bridgefoot St.	Late 2007	Early 2009	Early 2009	Assessing tenders June 2007	100-250
Croke Villas	Late 2007	Early 2009	Early 2009	Tender documents to issue to shortlisted applicants	20-50
St. Teresa's Gardens	Early 2008	2010	2010	RFQ issued with a closing date of 2/02/07. Shortlisting completed June 2007.	20-50
Charlemont St.	NA	NA	NA	RFQ issued June 2007	NA
Chamber St./Weaver Court	NA	NA	NA	Community charter signed 2006	NA
Dolphin House	NA	NA	NA	DCC proposed PPP 2005	NA

The total investment in the projects was expected to be in the region of €4 billion and would provide 8,500 new residential units, along with community, leisure and retail (commercial and public) space. The residential units would comprise 2,500 social and 6,000 private units (of which 2,000 would be affordable private units). These 8,500 housing units would be provided on the area that housed only 2,300 local-authority units previously (Minister for Environment, Heritage and Local Government, Dail Eireann, July 8th 2008).

The *National Development Plan 2007-2013* reveals the positive perspective of the Irish State towards the PPPs being developed by DCC. The Plan includes €255 million of capital funding to be spent over the period on PPPs in housing. It intends that the "*successful*" model of PPP regeneration developed by DCC would expand nationally over the six year period (Government of Ireland, 2007, 12). The use of PPPs in social housing regeneration had already expanded by 2007 with Sligo Borough Council and Kildare County Council commencing projects based on DCC's PPP model. The *National Development Plan* (NDP) aims to expand other PPP arrangements such as the *Sustaining Progress Affordable Housing Initiative.* This initiative involves the making available of surplus state lands and property to private developers, thereby enabling the latter to provide private housing at more affordable prices. The Infirmary Road PPP project is an example of such a development. The NDP also intends to extend PPP to the Rental Accommodation Scheme and to the management of social housing by private companies,

> "*which will be responsible for the design, construction and maintenance of units, often in co-operation with the voluntary and co-operative sector*" (Government of Ireland, 2007, 212).

Literature on Social-Housing PPPs

As with the general literature on PPPs in Ireland, given PPPs' recent emergence, there has been little debate or published research on the use of PPPs in the regeneration of local-authority housing estates. This pointed to the requirement for further research into this area given that such policies were already well advanced in Dublin in what represented a radical departure in urban policy (Bissett, 2005; Dillon, 2004; Kelly & MacLaran, 2004, Tenants First, 2005). Given that the early PPP projects are pioneer test sites for what is a new phase in public housing policy, their experiences deserve much closer attention and detailed analysis. Government and DCC literature is very positive towards PPPs and mainly extolls their benefits. DCC, for example, views its PPP projects as flagships for future developments in the City. It believes they will be a catalyst for the physical, social and economic regeneration of these areas (Rose, 2006). However, no formal reviews or assessments have been undertaken of the PPP process and outcomes to date by DCC apart from the PSB comparisons undertaken by the NDFA.

A growing body of literature has emerged in recent years that is critical of the increased use of PPPs for the regeneration of DCC's housing stock (Bisset, 2005; Dillon, 2004; Drudy and Punch, 2005; Kelly & MacLaran, 2004; Punch and Kelly, 2005; Redmond and Russell, 2008). It generates important questions which are discussed below, such as what is the VFM economic rationale and long-term viability of PPP approaches. The literature raises a number of other key themes that require further investigation. These include an investigation of the rationale for introducing these PPPs. For example, is there evidence for Hodkinson's *neoliberal straitjacket* being imposed on DCC? In what ways do PPPs implement and further develop neoliberal policy in the social housing sector? An important theme that would indicate its impacts on lower-income populations would be the level of community partnership and participation taking place in the PPP process, the design and space impacts on the existing community and the level of investment in social regeneration and community facilities (Dillon, 2004; Drudy and Punch, 2005). Another outcome of neoliberalism, the literature identified, is the impact PPPs have on the crisis of access to social-housing in terms of any reduction in and, therefore, privatisation of, the provision and management of social housing and public land (Dillon, 2004; Drudy and Punch, 2005; Punch and Kelly 2005). This theme, in particular, requires investigation into evidence for the dispersal of the existing community during the PPP process and resultant gentrification in the final regenerated estate.

Vale-For-Money

Worryingly, a clear evaluation of the financial rationale of the PPP model and comparisons with other options has not been carried out to date by the state. DCC has not detailed publicly how VFM was achieved in PPP regeneration projects. For example, DCC placed a valuation of €70 million on the main 11 acre site in St Michael's Estate, that was, €6.3 million per acre. However, given its proximity to the LUAS station and prices being fetched by inner-city sites at that time, that figure was very conservative (Kelly & MacLaran, 2004). Allowing for the fact that the full 14-acre site would be likely to get permission for at least 1,000 units (an overall density of c.70 per acre, lower than densities being achieved in the Docklands and elsewhere) the site could have fetched up to €130 million on the market. Thus, the original deal would have been very good, therefore, for the private developer given that the cost of providing 80 social units would have been at most €16 to €20 million (allowing a unit cost construction of €200,000) together with demolition and other costs (Kelly & MacLaran, 2004).

The involvement of the private-sector partner as a development consortium rather than just as a building contractor, as happens in the traditional method of regeneration and refurbishment of local-authority estates, created an additional expense of the private consortium's profitability requirements as the developer. This was likely to be met by the direct transfer of public sector equity/value to the PPP consortium. This value transfer was most easily disguised and affected through the transfer of land at a cost significantly below its market value to the private-sector

partner. Far from increasing the social efficiency of regeneration schemes and bringing additional investment into the public sector, these PPP cases therefore were likely to embody an actual loss of value through the transfer to the private sector of publicly-owned land of enormous value in exchange for returns of very limited worth (Kelly & MacLaran, 2004; Punch, Kelly & Redmond, 2004).

Privatisation and Loss of Public Housing

It in order to develop an analysis of the impact of PPPs on social-housing provision, it is pertinent to contextualise the discussion within current social-housing policy and provision in Ireland. As noted earlier in this Chapter, there is an extensive body of literature that analyses the emergence and outcomes of neoliberal policy within the social housing sector with particular emphasis on the way in which the social-housing sector has become increasingly residualised (Drudy and Punch, 2005; Fahey et al., 1999; Redmond, 2001, 2002). This results from an Irish State policy that continued to provide a very limited capital budget to local authorities to build new social housing, deciding instead to focus on obtaining social-housing units from private developers through Part V of the Planning and Development Act 2001[30] while providing income supports to assist tenants in the private-rented sector through the Supplementary Welfare Allowance (NESC, 2005).

Dublin City Council Housing Policy

The impact of central-government housing policy can be viewed through the lens of DCC's various renewal and development plans that encouraged local gentrification and exacerbated the problems of local working-class populations in gaining access to affordable housing (Kelly & MacLaran, 2004). Thus, as the social housing waiting list grew and the affordability crisis in the opening years of the twenty first century worsened, in the context of very little funding available from central government for new social housing, DCC continued to reduce its provision of social housing and opted to sell public land, transferring/privatising existing social-housing areas through PPPs, the sale of flats and the transfer of stock to voluntary or private management. These changes represented a radical shift in attitude and policy away from the direct state provision of housing and towards a new level of entrepreneurial governance by DCC. The result of this policy has been a reduction in the social-housing stock in Dublin's inner city (Kelly and MacLaran, 2004). Additionally, the promotion of the Tenant Purchase and Shared-Ownership schemes has led to the privatisation of a significant proportion of DCC's housing stock. The transfer of social housing to the private sector together with the sale of public land and the consequent dwindling supply of new

[30] Part V required, as a condition for planning permission, developers to transfer up to 20 per cent of their sites to local authorities for the provision of both social and affordable housing. Part V was amended in December 2002 to allow local authorities opt out of enforcing the on-site 20 per cent rule and instead allow approval of Part V status if the developer gave the local authority land elsewhere or the financial equivalent of the value of the land transfer. Many local authorities have used the Amendment to opt out of enforcing the 20 per cent social housing rule and therefore, Part V, has had a minimal impact in providing social housing in some areas (Kelly & MacLaran, 2004).

local authority housing units has reduced the total number of households accommodated in local authority rented dwellings in the inner city from 10,233 in 1991 to 8,111 in 2002, a 20 per cent reduction in just 11 years (Kelly & MacLaran, 2004).

DCC's interpretation of the avoidance of 'undue social segregation' meant that it would not implement the social housing provision rule under Part V for any development in areas that already possessed high proportions of existing social housing (greater than 50 per cent of dwellings). As a result, not one local-authority unit had been provided under Part V up to November 2004 in Dublin's inner city (Kelly & MacLaran, 2004). In Ireland, where the social-housing sector has increasingly become synonymous with stigmatised housing for a residualised minority (Blackwell, 1988) social housing is an important indicator of deprivation and disadvantage. Restricting the provision of important public-sector social support, in this case the provision of much needed additional social housing, in areas that already constituted concentrations of social deprivation and high numbers of social-rented dwellings, suggests that DCC as a legal housing authority was failing in its duty to meet its obligations to those who were unable to provide housing of a specified standard at a cost which they could afford (Kelly & MacLaran, 2004).

The scale of the housing affordability and social-housing access crisis throughout Ireland was underlain by the fact that in 2005 there were 18,582 applications for social housing accommodation in the DCC administrative area. By 2008, that had increased by 13 per cent to over 21,000 (Joe Costello, Dail Eireann, July 8th 2008). The assessment of high or urgent housing need increased in the same period from 5,500 to approximately 6,700, representing an even sharper increase of 22 per cent. In April 2008, DCC had more than 8,000 affordable housing applications. In February 2008, the Health Service Executive identified to local authorities across Ireland a national total of more than 30,000 long-term recipients of rent supplement entitled to be transferred into the new Rental Accommodation Scheme (RAS). To qualify for RAS, a tenant had to be at least 18 months in receipt of rent supplement. However, in 2007, the rental accommodation scheme in DCC stopped accepting new applicants (Joe Costello, Dail Eireann, July 8th 2008). The situation whereby an insufficient quantity of social housing was being made available by the state to meet the needs of those who required it meant that social housing was not playing the role it potentially could in combating social exclusion (Fahey et al., 1999).

PPPs and the Reduction in Social Housing Provision

Phase one of the regeneration of Fatima Mansions was completed in September 2005 with the construction of 110 local-authority units. Phase two will involve the construction of a further 40 social units, along with 466 private units (including 70 affordable private units), retail and community facilities. The Fatima PPP has been criticised in the literature (Drudy and Punch, 2005) for reducing the level of social housing that existed in the local area and for the dependent

relationship in the PPP between the outcomes of the regeneration plan and market forces. The quantity of social-housing units has been reduced by 62 percent by the end of the PPP process, decreasing from 394 units originally to a mere 150 public-housing units. Drudy and Punch (2005) argue that if this trend is mirrored in the other planned PPPs, the outcomes of regeneration will be more about social clearance and gentrification than with improving the living conditions of the poor populations currently living on the estates.

Given the crisis in social housing provision and general housing affordability outlined above, a vital question that must be addressed is the implications of PPPs, such as Fatima, on the state's fundamental role in providing quality public housing in sufficient quantity to low-income households (Combat Poverty Agency, 2007). Dillon (2004) noted the significant long-term negative consequences of local authorities permanently divesting themselves of irreplaceable assets during a well-acknowledged housing crisis. It is, therefore, important to discover to what extent addressing the social-housing waiting lists was an objective of the state at both central level and how that played out in practice at local government level in PPPs.

Community Impact of PPPs

The community-based literature identified a number of positive changes for communities brought about by PPP regeneration (Fatima Groups United, 2006). However, *The Real Guide to Regeneration for Communities*; *Making the Right Decision about Urban Regeneration* (Tenants First[31], 2005), a community-produced document based on experiences in local areas already in PPP regeneration, identified significant conflict, stress, disruption and fear with many aspects of 'community' being lost in the process of depopulation, demolition, and redevelopment. DCC's decision to de-tenant housing complexes during the PPP process was identified as an important influential factor on this process of 'community break-up' and dispersal. Tenants First (2005) noted that it might be more accurate to consider PPP regeneration in terms of *degeneration* followed by *regeneration* – taking local places apart over many years and putting them back together again in a radically different way.

The experience in Fatima Mansions and St. Michael's Estate was that substantial sections of the population left the estate as multiple problems intensified around the commencement of and during the PPP process. DCC's de-tenanting of communities was a process that undermined social cohesion, reduced local leadership and grassroots power, and hastened physical decay as the flats remained empty and fell into disrepair. Crucially, this social decline provided an apparent

[31] Tenants First is an independent forum of tenants and community workers who have come together to share information and experiences and to support each other on issues of common concern. The central aim of Tenants First is to provide a strong collective voice for local tenants on issues related to their living and dwelling conditions. Membership is open to tenants, community voluntary organisations and activists (Tenants First 2005).

legitimacy for clean-sweep regeneration policies based on a complete remaking of the sites for, in the main, a new population (Dillon, 2004; Tenants First, 2005). Communities wondered if the reduction in the number of social housing units required to make a PPP financially viable was influencing DCC's inadequate provision of estate management (Tenants First, 2005). Punch, Redmond and Kelly (2004) contextualise this process within the wider state-strategy of gentrification and neoliberal transformation of the local state. The PPP process was beginning to reveal a further sector of the welfare state in which the state acted against the interests of low-income populations on behalf of capital. In this instance the state, on behalf of developer capital, was placing inner-city and indigenous working-class communities under severe pressure through state-enforced land and class clearance. This thesis develops this approach and seeks to discover the extent to which PPP policy reflect this wider neoliberal agenda.

Community Participation and Partnership

Tenants First (2005) identified the importance of ensuring that local authority tenants were empowered to make a clear and rational decision about the future of their own areas beginning with making a decision about whether to give consent to or oppose the PPP regeneration-degeneration model. One of the most challenging issues, identified by the communities, within the PPP process was the capacity of those communities to be engaged fully with the process as equal partners in order to be in a position to make that decision. This has not been helped by the fact that the introduction and use of PPPs by DCC has frequently been associated with community exclusion from the process, inadequate consultation through tenant participation, inadequate provision of information and undermining of the sense of local ownership of the process (Bissett, 2005; Dillon, 2004; Fatima Groups United, 2006; Kenny, 2003; McGuirk & MacLaran 2001; Tenants First, 2005).

The absence of genuine partnership between DCC and the community has given rise to considerable resistance and opposition from tenants, such as those living in St Michael's Estate and led to the setting up of Tenants First. This was significant given the development in the formulation of public policies towards a more consultative approach to policy-making (Dillon, 2004). This raises complex questions about the uneven power relations, the location of decision-making authority and the openness of such authority to community input or influence within PPP arrangements where there is a realignment of control away from the state and towards market forces (Drudy and Punch, 2005).

Overall, the literature highlights the need for research into the extent to which PPPs have reduced the potential access to public housing for low-income populations, furthered the privatisation of public housing and, therefore, contributed to an increase in inequality in Irish society. In particular, it points to the requirement to ascertain whether or not the state actively promoted this policy and

accepted its implications. This raises the question of the extent to which the introduction of PPPs facilitated and/or resulted from the *neoliberal straitjacket* (Hodkinson, 2008) imposed on local government by central government. To what the extent did PPPs at this local level help to transform the role of the welfare state in a neoliberal direction and what impacts did this have on the poor inner-city populations in local-authority housing estates? What did PPPs show about the changing role and responsibility of the state in relation to its responsibility to provide housing and estate management for poor communities? These broad themes are investigated in this thesis through the analysis and exploration of PPPs used in the regeneration of DCC's inner-city housing estates. The aim of the research is to provide an assessment of the relevance of the PPP concept to social, as well as physical, regeneration of local-authority housing estates and (Drudy and Punch, 2005).

4. Aims and Methodology

Research Aims and Objectives

It is clear from the Irish PPP literature that there is insufficient secondary information to permit a comprehensive account of the underlying reasons for the development of PPPs in Ireland and what their outcomes have been to date, particularly relating to their impact on poor populations and workers' conditions. In addition, while their introduction and outcomes have been analysed to a certain level of detail from a geo-political economy approach in the social-housing regeneration sector there exists no such analysis of the outcome of PPPs generally in Ireland. There has been no detailed research into the role of PPPs in the neoliberal transformation of the Irish welfare state at the central and local level. The research undertaken to inform this thesis aimed to evaluate and analyse from a geo-political economy theoretical perspective, PPP's as a manifestation of the neoliberal realignment of the Irish welfare state. The aim of the research is to provide a critical examination of the evolution of PPP policy, processes and empirical outcomes in Ireland.

The research objectives required to provide such an analysis included an investigation into the underlying reasons and factors that influenced the Irish Government's decision to introduce PPPs, in essence why and how the Irish State chose PPPs as a model of procurement. Central to this is understanding the extent to which the introduction of PPPs been influenced by and facilitated the Irish neoliberal policy trajectory and the neoliberal restructuring of state institutions in Ireland, as was the case with PPPs internationally. Furthermore a detailed investigation of the outcomes of individual PPP projects is required to inform this analysis. The research therefore undertakes an investigation into whether or not the Irish Government-stated benefits of PPPs, that include an accelerated delivery of service and infrastructure provision, increased value-for-money (VFM) in the development of infrastructure and services and improved quality of service and enhanced public management, materialised in practice. This is also important for public policy in relation to the delivery of public services and infrastructure generally, given the dearth of existing empirical evidence to ascribe such benefits to PPPs in this area.

As detailed in the literature review, central to the neoliberal transformation of the welfare states in other jurisdictions has been the exacerbation of inequality and poverty. Therefore a central objective is to assess the social-need and equity impacts of the increased involvement of the private sector in the provision of public services and infrastructure through PPPs. This is assessed by investigating whether trends associated with such policy trajectories in other countries are present in Ireland, such as negative impacts on access to high quality public services, workers' conditions, democratic accountability, community participation and consultation. This will also provide the necessary evidence to address a fundamental question that remained unanswered in the literature,

namely whether PPPs are the best option for the delivery of quality, affordable, public services and infrastructure that meet social needs.

The overall objective of the thesis is therefore to assess, whether or not PPPs represent a form of "*actually-existing neoliberalism*" in Ireland. This is provided by developing the geo-political economy state theory approach as outlined by Brenner & Theodore (2002) and Harvey (2005) and applying it to the information gleaned from the research. This should then elucidate the manner in which PPPs are an *actually existing Irish neoliberalism* and what their introduction tells us about the current geographical moment of the neoliberal transformation of the Irish welfare state. Through the lens of PPPs, the thesis analyses the extent to which they have, through their development and practical outcomes, introduced and/or deepened the neoliberal trajectory of the Irish state in terms of embedding competition, marketisation and private corporatisation within the Irish welfare state at central and local government level in relation to governance and the delivery of public services and infrastructure. Hopefully, this may provide a contribution to the geography and political economy of the provision of public services and infrastructure and inform more generally the theoretical debate concerning the neoliberal transformation of the Irish welfare state.

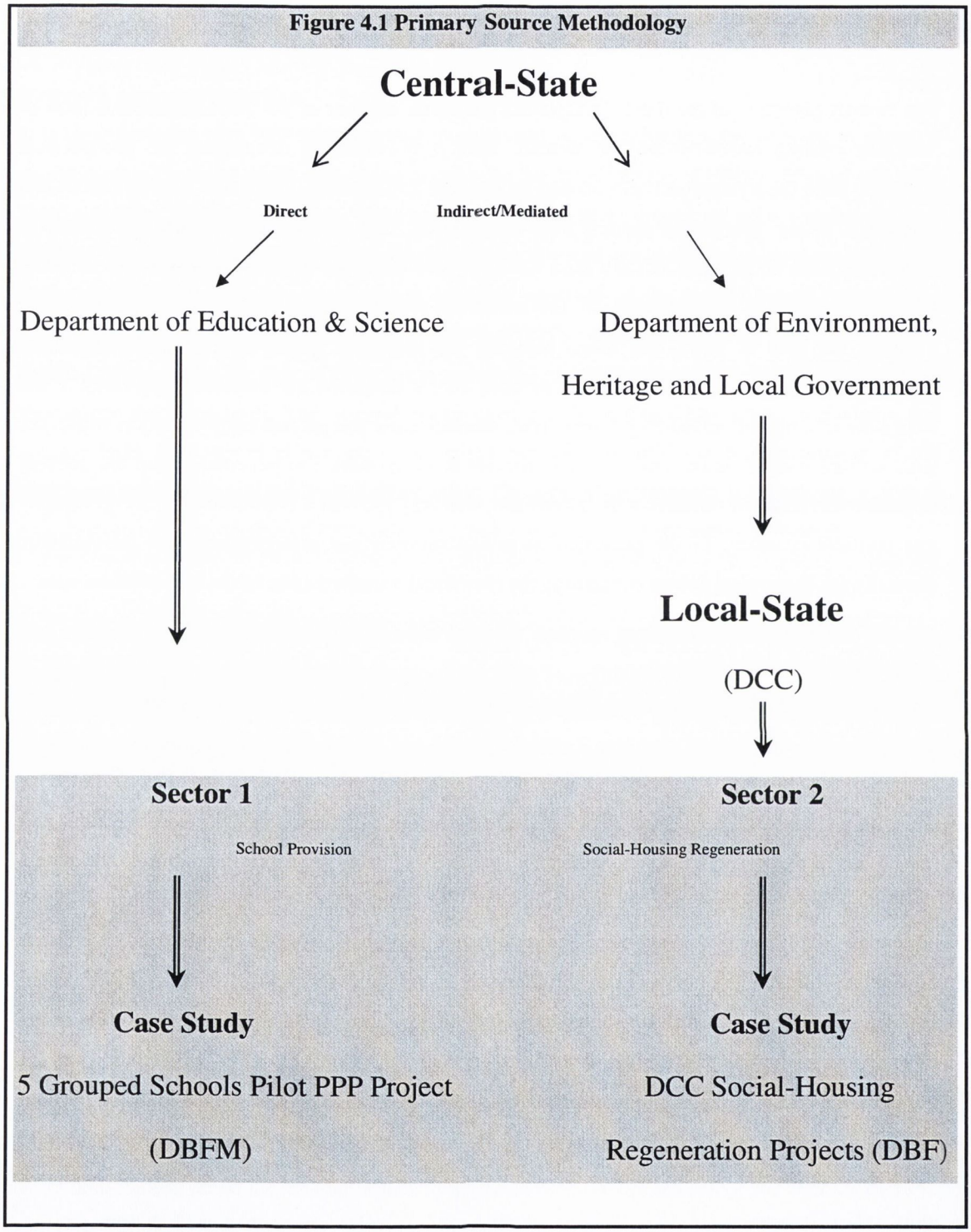
Analysis of Secondary Sources

Chapter Two and Three provide an analysis of the secondary literature and sources relating to PPPs internationally and Ireland (see also Table 4.8 at the end of this Chapter). While the secondary sources provided useful background and contextual information relating to PPPs it failed to generate an adequate range and depth of information to fulfil the strategic research aims and objectives. In particular, there was an insufficient depth of detail available in relation to the state's rationale and perspectives that led it to adopt the PPP route. There was also an inadequate depth and range of information available in relation to the outcomes of PPPs in operation in Ireland. Significant information gaps exist in the literature in relation to the verification of PPPs' stated attributes in PPP projects developed to date in Ireland. Furthermore, a substantial proportion of the information gathered relating to the origins and development of PPPs in Ireland was of questionable reliability as the literature was written by private-sector companies with the purpose of their promotion and development (Table 4.8). It was decided, therefore, that primary sources would be required in order to provide the necessary information to answer accurately the research aims and objectives.

Identifying Primary Sources: Methodology

The methodology for the gathering of primary sources was structured by the strategic approach depicted in the model in Figure 4.1 based on PPPs developed in the appropriate case-study sectors of the Irish welfare state. This section details why these case-study sectors were chosen.

Figure 4.1 Primary Source Methodology



An initial challenge was faced in the development of the research methodology because PPPs are at an early stage in Ireland (Interview NDFA, 2006). Thus, there were only a small number of case-studies available from which to choose. However, the initial review of PPPs possessing a value greater than €20 million (detailed in Chapter Three) which had been undertaken as part of this

research in 2005, identified that there were sufficient PPPs at either operation or planning stage to provide a preliminary investigation into the outcomes of PPPs in Ireland.

Education was identified as a sector with the greatest number of PPPs completed. Five post-primary schools, the 'Grouped Schools Pilot PPP Project' (completed in 2003) along with the National Maritime College of Ireland (completed October 2004) had been procured through the PPP model by the Department of Education and Science (DOES). The sector with the second highest number of PPPs completed at that time was the roads sector with four road projects procured by the specialist procurement agency the National Roads Authority. There were also three water/waste-water treatment plants procured by the DOEHLG and local authorities. DCC was the only local authority to have commenced a programme of local-authority housing estate regeneration through PPPs. One such project had commenced in the Fatima Mansions estate while at least five other projects planned commencement within a short period of time. Finally, there was one PPP in the rail sector, the Dublin Light Rail System (LUAS), procured by the Rail Procurement Agency.

The research case-studies were chosen to provide a representative sample from the various sectors that had developed PPPs at that stage. The education and social-housing regeneration sectors were chosen, in the first instance, as they had the most significant public service and equity implications (i.e. private sector involvement in the 'social protection' areas of capital investment identified in the *National Development Plan 2007-13* (Government of Ireland, 2007)). Local-authority housing and the education sector were the largest areas of public capital expenditure on social protection in Ireland in 2002 (Table 3.2). A further rationale for selecting the education sector was it would represent PPPs developed directly by a central-government department (Figure 4.1). This was also the sector with the greatest number of PPPs completed. Furthermore, it was felt that as investigation of this sector would involve a government department it would be likely to provide a more accurate view of the workings and perspectives of the Irish State than semi-autonomous procurement agencies such as the NRA and RPA. In addition, the school sector and the education sector, more generally, was one of the key areas identified by the Minister for Finance in 2005 as a focus for the further development of PPP projects in Ireland (Cowen, 2006). The case-study chosen from the education sector was the Grouped Schools Pilot PPP Project, given that the five PPP schools represented the greatest number of individual PPPs completed to date in the education sector. There also existed a body of literature in the C & AG report (2004) that could be developed and analysed further and there also existed an identified need to assess the impact of the private 'for-profit' sector involvement in the operation of publicly-funded schools (Teachers' Union of Ireland, 2004).

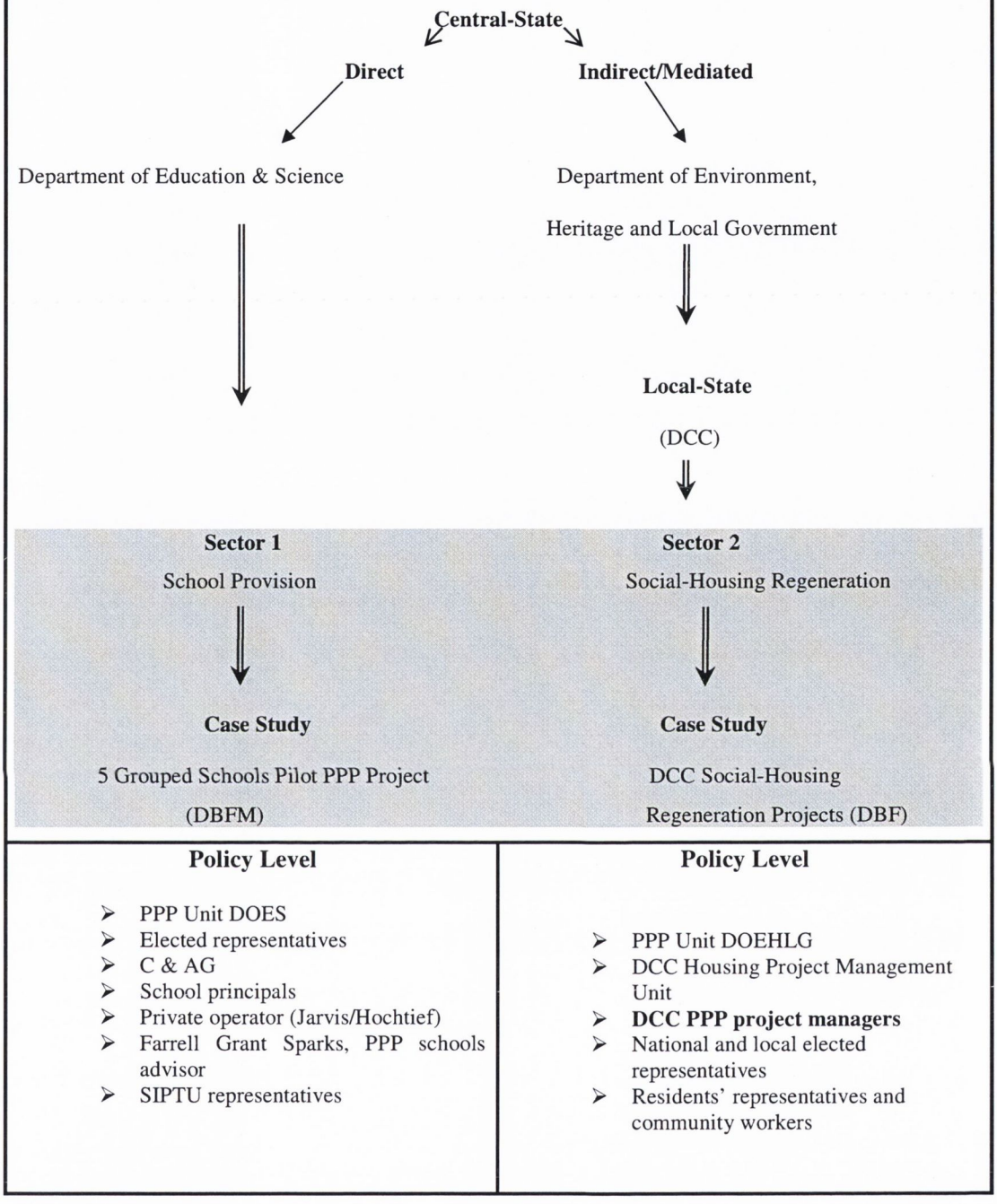
Social-housing regeneration was also chosen as it could potentially demonstrate the manner in which central-government policy informed, infused and was mediated through local-government practice and how this was undertaken in practice through individual PPP projects. The social-housing regeneration PPP projects undertaken by DCC were selected to provide the case study PPP projects as they were the only example of PPP projects in construction in that sector.

The roads sector was omitted from the case studies because it was not classed as 'social protection' expenditure and, furthermore, research was on-going in that area (Kay, 2005). At a policy level, though, it was decided to investigate the majority of the completed PPPs in Ireland in order to provide an overall analysis of the Irish State's rationale for the introduction of PPPs, PPP outcomes generally and an overarching analysis of the impact of PPPs on the welfare state in Ireland.

Primary Sources: National Policy

The primary information sources were identified within the two case-study sectors at a policy level of state/government (central and local) institutions (Figure 4.2) and, secondly, a level of individual PPP-project outcomes. Research at the state-institutional level would provide an overview of the rationale for the introduction of PPPs and, therefore, the impact of PPPs generally on governance and the Irish welfare state. This scale of enquiry would involve interviewing stakeholders involved in the development and implementation of PPP policy. The actors involved at this level were classified into four stakeholder groups, public-sector officials and representatives (including central government department officials, local-authority government officials and elected representatives), private-sector PPP companies and consultant advisors, trade unions representing public and private-sector workers employed in PPPs and, in the case of the social-housing regeneration, the community sector (Figure 4.2).

Figure 4.2 Information Sources: Policy Level



It was identified that there were several relevant actors from these groups whose membership of the PPP Informal Advisory Group (IAG) meant that they could provide important primary data on the origins and development of PPPs in Ireland (Table 4.1). As noted in Chapter Three, the PPP IAG and its members from various bodies and government PPP units played a very influential role in formulating PPP policy and overseeing the implementation of PPPs in Ireland. Research involving its membership potentially offered an accurate assessment of the reasons why PPPs were developed

by the Irish State. It also could elucidate the differing perspectives from the state, private-sector and trade union actors involved in the IAG on the outcomes and development of PPPs in Ireland. Given the Comptroller and Auditor General's role as an independent constitutional officer with responsibility for the audit of public funds in Ireland and the specific work undertaken on PPPs in relation to the Grouped Schools Project he was also identified as an important source of information at this level.

Table 4.1 PPP Informal Advisory Group Membership

Central PPP Unit DOF (Chair)
Irish Business and Employers Confederation
Irish Congress of Trades Unions
Construction Industry Federation
PPP Unit representatives from: ➢ Department of the Environment, Heritage and Local Government ➢ Department of Arts, Sport and Tourism ➢ Department of Justice, Equality and Law Reform ➢ Department of Health and Children ➢ Department of Education and Science ➢ Department of Transport
National Roads Authority
Railway Procurement Agency
The Courts Service and the Irish Prisons Service
National Development Finance Agency
Office of Public Works
The Department of the Taoiseach
The Department of Enterprise, Trade and Employment

Source: *Central PPP Unit (2006a)*

This research into the Irish State's and other stakeholders' evaluations of PPPs was ascertained through 33 direct interviews (Table 4.2). The interviews were based on a questionnaire that was adjusted according to the stakeholder group and their relevant sector. They included 16 interviews with state officials, five with private-sector representatives and seven with trade union representatives and five elected-representatives). The author also gleaned a considerable amount of relevant data from participant observation at the Annual Irish PPP Policy Forums (Table 4.3).

The questionnaires were designed in a way that would best glean the information required to answer the aims and objectives of the research. The questionnaire was refined after the first pilot interviews to take account of the fact that too much information was being sought and, therefore, the number of questions was reduced. The semi-structured method was chosen so that interviewees would be free to express their views in an unhindered way and, therefore, be more likely to elicit stakeholders' views on the PPP process and outcomes rather than if it was restricted to a direct-question survey. The general open-ended questions were provided by the author and the stakeholders responded according to their experience and opinions.

The questionnaires for the various stakeholders involved in PPPs at the policy and governance level focused on why PPPs were introduced in the relevant case-study sector and continued to be used in Ireland. For example, the questions included the level of influence that factors had been, such as inadequate public funding, promotion by the private sector, the international experience and giving an increased role to the private sector and public-sector reform in their introduction and continued use. Appraisals of the advantages of the PPP route compared to direct public service delivery, the outcomes of PPPs to date and the future for PPPs in Ireland were also obtained from the interviewees. Questions also addressed the extent to which PPPs in Ireland had accelerated the delivery of public services and infrastructure, achieved VFM, impacted public-sector and PPP employee conditions, and what level of consultation with stakeholders had taken place. Questions focused on any concerns or impacts the interviewees had relating to the increased role of the private sector in public service and infrastructure delivery facilitated by PPP in terms of the social equity and poverty impacts, long term social and public costs and democratic accountability (see sample questionnaires, Appendix 1).

Table 4.2 Interviewees (Direct Contact) Policy Level

Central government officials:

- Central PPP Unit Department of Finance (2006)
- PPP Unit Department of Education and Science (2005)
- PPP Unit Department of Education and Science (2006)
- PPP Unit Department of the Environment Heritage and Local Government (2005)
- PPP Unit Department of the Environment Heritage and Local Government (2006)
- PPP Unit Department of Transport (2006)
- Rail Procurement Agency (2006)
- The Economic and Social Research Institute (2006)
- Department of Finance, IAG member (2005)
- Department of Health (2006)
- National Development Finance Agency (2006)

Local government officials:

- DCC Housing Project Management Unit (2006)
- DCC Housing Project Management Unit (2007)
- DCC Assistant City Manager, waste and environment (2006)
- Senior DCC Law Agent (2006)

Government body official:

- Comptroller and Auditor General's Office (2006)

Private sector representatives:

- Construction Industry Federation & Irish Business Employer's Confederation PPP IAG representative (2006)
- Senior partner of Farrell Grant Sparks PPP consultants (2006)
- Jarvis Facilities Management (2006)
- Economist working for a large building construction company (2006)
- National Toll Roads (2006)

Trade Union/employee representatives:

- ICTU IAG Representative (2006)
- National Industrial Secretary, SIPTU (2006)
- Dublin Bus/LUAS official, SIPTU (2006)
- Local Authority Branches Official, SIPTU (2006)
- Oxigen employee, SIPTU Shop Steward (2007)
- Wexford Local Authorities Branch Official, SIPTU (2006)
- Dublin Bus driver, SIPTU member (2006)

Public representatives:

- Dan Boyle TD, Green Party (2006)
- Joan Burton TD, Labour Party (2006)
- Jan O Sullivan, Labour Party (2006)
- Fine Gael Party Official Representative (2006)
- Chairman of the Public Accounts Committee 2002 - 2007 Michael Noonan TD (Fine Gael)

Participant observation: The Annual Irish PPP Forums

In addition, the Annual Irish PPP Policy Forums were identified as a unique source of primary information that would potentially provide valuable insights and understanding of the perspectives of the public and private-sector stakeholders on PPP origins and development in the two case-study sectors and, more generally, in Ireland. A significant body of primary information on the PPP process and stakeholder views was gleaned from attending three of the Annual Irish PPP Policy Forums including the 2nd Annual PPP Policy Forum in April 2006, the 3rd Annual PPP Policy Forum in June 2007 and the 4th Annual PPP Policy Forum in April 2008. Attendance at the Annual PPP Policy Forums provided unique access to the presentations and discussions by both public- and private-sector partners involved in PPPs (discussed further in Chapter Eight; see also Appendix 2).

The aim of the Annual Forums is to review the progress made in delivering the Government's PPP programme over the previous 12 months, assess the prospects for PPP for future years and provide a forum for the discussion of emerging best-practice issues (City and Financial, 2007). Table 4.3 provides, for the 2006, 2007 and 2008 Forums, a summary of the topics and speakers at the plenary sessions and an outline of the workshops that were held on PPP developments in a number of key

sectors. The day-long Forums involved a series of plenary meetings which were organised into three sections based on the themes of Irish Government's PPP policy initiatives, best practice guidance and financial issues. Senior state officials from government departments and agencies, such as the Central PPP Unit of the Department of Finance, the Department of Education and Science, the NDFA and the RPA, gave presentations on topics, including updates on PPP policy and projects, explanations of the agencies' functions, policy guidance and the institutional framework for PPPs in Ireland. Private-sector representatives from various PPP advisory companies also presented on topics that included, amongst others, international perspectives on PPPs, payment and performance mechanisms, innovation in financing structures, developments in equity and debt finance (Table 4.3). The Forums also included workshops where private and public-sector representatives presented and discussed PPP policy and project development in the rail, roads, courts, waste, education and accommodation sectors (City and Financial, 2006; Appendix 2; Table 4.3). The importance of the Forums in Irish public policy formation was highlighted by the attendance of key Government Ministers and officials from the various Government Department PPP Units (discussed in detail in Chapter Eight). The former Minister for Finance, Brian Cowen, stated that the 1st Forum was an important event from the Irish State's point of view.

> *"Delegates will have the opportunity to hear about, consider and discuss the experience of projects and developments across the range of sectors and aspects of PPPs. Such consideration and discussion provides a valuable opportunity for both the public and private sectors to learn the lessons of experience in an open, constructive and participative manner"* (Brian Cowen quoted in City and Financial, 2006, 2).

The Chair of the Forums, Mary Doyle, Assistant Secretary at the Department of the Taoiseach, commented in a similar manner on the 1st Forum.

> *"I think today was very useful because it allowed all stakeholders to come together, to review progress to date since 1999, and to form a picture of what is happening across a wide range of sectors. It is a complicated picture that is very difficult to have an overview of in terms of the public sector, so today has been extremely helpful. It has also helped to identify the challenges that people believe they face. We have heard important issues emerge during the course of the day around deal flow and around how the procurement process and financial aspects are handled"* (Mary Doyle quoted in City and Financial, 2006, 2).

Table 4.3 Workshops and Plenary Meetings Attended at Annual Irish PPP Forums

The 2nd Annual Irish PPP Policy Forum, Wednesday April 5th, 2006	*The 3rd Annual Irish PPP Policy Forum, Tuesday, 26th June, 2007*	*The 4th Annual Irish PPP Policy Forum, Thursday, 19th June, 2008*
PLENARY MEETINGS:		
GOVERNMENT POLICY AND INITIATIVES		
▪ Keynote address by Brian Cowen, T.D., Minister for Finance ▪ Developing the NDFA's role as a centre of excellence ▪ Private sector perspective on the government's plans ▪ Latest developments in PPPs in Northern Ireland ▪ A European perspective	▪ The National Development Plan 2007-2013 ▪ Updates from central government procurement agencies ▪ The Railway Procurement Agency ▪ Policy guidance issued by the Central PPP Unit	▪ Where next for PPP in Ireland? ▪ The evolving institutional framework for PPP in Ireland ▪ Getting VFM – lessons so far
BEST PRACTICE GUIDANCE		
▪ Achieving VFM from PPPs ▪ Getting the output specification right ▪ Practical and legal aspects of structuring PPP consortia ▪ Recent developments in the Irish PPP model	▪ Issues to be addressed before handover of projects to the NDFA ▪ Procurement: compliance versus project delivery ▪ Benchmarking and market testing ▪ Managing risk	▪ Issues to be addressed before handover of projects to NDFA ▪ Overcoming the challenges to the implementation of PPPs at the local authority level
FINANCIAL ISSUES		
▪ Latest developments in financing structures for PPP projects ▪ Risk and risk transfer ▪ PPP market capacity: primary developers ▪ Secondary market	▪ Payment and performance mechanisms ▪ Innovation in financing structures ▪ Latest developments in equity finance and the secondary market in Ireland	▪ Latest developments in debt and equity finance ▪ Competitive Dialogue ▪ Optimising payment mechanisms ▪ Latest developments in debt finance
Workshops:		
1. Achieving VFM in roads projects. Case study: Dundalk Western By-Pass (Transcripts obtained) 2. Effective risk transfer in education PPPs. Case study: National Maritime College project (Attended) 3. Providing waste infrastructure through PPPs. Financing waste - key issues (Transcripts obtained)	1.Rail case study: Dublin Metro North (Transcripts obtained) 2. Accommodation case studies: Dublin Convention Centre, Criminal Courts (Transcripts obtained) 3. Education case study: Financial and contracting structures for the schools PPP programme (Attended)	1. Civic buildings. Case studies: Dublin Criminal Courts Complex, National Conference Centre ((Transcripts obtained) 2. Rail PPPs. Case study Metro North (Transcripts obtained) 3. Education: Case studies: Bundled Schools, New Campus at Grangegorman, Dublin Institute of Technology (Attended) 4. Healthcare PPPs. Case studies: UK approach to primary healthcare - could it work in Ireland?, Co-location hospitals (Transcripts obtained) 5. Regeneration. Case study 1: Greystones Marina (Attended)

Source: *City and Financial (2006, 2007, 2008)*

Primary Sources: Project Outcomes Level

Case-Study Sector 1: The Grouped Schools PPP Project

The research methodology adopted to identify the potential sources and necessary data in order to address the research aims in relation to the Grouped Schools PPP Project involved a development of the methodology used in the C & AG Report (2004) and the Audit Commission UK Report (2003). After applying and adjusting the methodologies used in those reports to the Irish school context the key stakeholders and actors involved in the Grouped Schools PPP project that were required to be interviewed were identified. An evaluation questionnaire was prepared in order to interview these actors. This questionnaire was developed from the C & AG Report and analysis developed in the UK in relation to the evaluation of PFI projects from the UK Audit Commission 2003 and bid evaluation matrixes and criteria in relation to PFI education projects developed by the Centre for Public Services (2004).

The data sought in the questionnaires included, as noted earlier in this Chapter, why PPPs were introduced in the schools sector. Questions relating to the outcomes of the PPP project included the VFM being achieved in the deal, the quality of design, buildings and equipment provided, the quality of maintenance and management by the private operator, the impact of private operator's out-of-hours use of the school, the principals' workload, the impact on public and private-sector employees' conditions and issues around the impact of PPP as a form of privatisation on the school system.

Data was collected over a four month period from February to June 2006 in the form of 54 direct, face-to-face semi-structured interviews with representatives of the relevant stakeholders (Table 4.4). The author also visited the five schools and interviewed the relevant staff in each school (Table 4.4). Detailed notes were made on visits to each of the five PPP schools. These included observations on the physical environment, maintenance upkeep and overall quality of schools provided. Photographs were permitted to be taken of the various aspects in one school (see Chapter Six).

An interim evaluation on the operation of the contract, including a reporting of any issues of concern in the five schools, was carried out in 2006 for the DOES by a retired principal of one of the PPP schools. However, this report was not available for analysis despite attempts to access it under the Freedom of Information Act. The DOES was undertaking a complete review and audit of the Grouped Schools PPP Project in 2008 (Interview PPP Unit DOES, 2006).

Table 4.4 Interviewed Actors in Grouped Schools PPP Project

Interview
Government official: ▪ Department of Education and Science (DOES) PPP Unit ▪ C & AG office representative involved in producing Report on Grouped Schools Project ▪ Former PPP school principal, author of DOES internal review of the Grouped School PPP project and now advisor to Farrell Grant Sparks **Private sector representative:** ▪ Private facilities management operator, Jarvis FM ▪ Former principal of PPP school and advisor to ASCON (private construction company tendering for Bundled PPP school project) ▪ Senior partner, Farrell Grant Sparks, PPP schools advisor
Interviewed in each of the five schools
▪ Five School Principals and one Deputy Principal ▪ 20 Teachers (including 15 practical subject area teachers, e.g. woodwork, metalwork, art, PE, IT, as the quality of equipment provided under the PPP was a greater influence on their work compared to other subject teachers) ▪ Private operator-employed staff (9 caretakers, 10 cleaners, and 3 canteen staff)

Case-study Sector 2: Dublin City Council Social-Housing Estate Regeneration Projects

The primary data for the assessment of social-housing estate regeneration PPP projects was collated from 37 interviews carried out with the key public-sector and community actors involved in DCC's regeneration of ten local-authority estates that were at the most advanced stage of PPP, having commenced construction, contract negotiations or being identified by DCC as a potential PPP project. These estates include:

- Fatima Mansions,
- St. Michael's Estate
- O Devaney Gardens
- Charlemont St.
- Dolphin House
- Dominick St.
- St. Theresa's Gardens
- Croke Villa's
- Bridgefoot St.
- Chamber St./Weaver Court

At central-government level, officials from the PPP Unit of the Department of Environment, Heritage and Local Government were interviewed, while at local-government level officials from the Housing Project Management Unit of DCC were interviewed (Figure 4.2 and Table 4.5). In addition, actors were interviewed from the individual estate projects over an eight month period from August 2007 to May 2008. Of the ten DCC project managers that were asked to take part in the research five responded positively. Residents and residents' representatives including community workers from nine estates took part. These included 14 residents (12 of whom were also residents' representatives on an estate regeneration board) and 8 community workers (seven of

whom were also residents' representatives on an estate regeneration board). The majority of the residents and community workers interviewed and, therefore, information generated, came from six of the estates. The six estates include Fatima Mansions, St. Michael's Estate, O Devaney Gardens, St. Theresa's Gardens, Charlemont St. and Dolphin House. A local councillor who was involved in three of the case-study estates was also interviewed to provide a cross-estate perspective. All the PPP project actors were interviewed through direct interviews (Table 4.5). Bridgefoot St. generated no primary interview data, as it was completely de-tenanted in preparation for demolition in 2006.

The questionnaire focused on ascertaining information relating to the following six areas:

1. Why DCC decided to regenerate the estates through the PPP route
2. An evaluation of the regeneration PPP plan in terms of
    - Whether or not PPPs accelerated the delivery of regeneration
    - Did PPPs provide VFM
    - Number, type and density of public/private/affordable units provided
    - Appraisal of quality of the physical design of the redeveloped estate, in particular, the location and integration of social and private housing units and public space
    - What community and other facilities were provided under the PPP
    - Social regeneration budget and other social regeneration measures provided e.g. local employment
    - Provisions for post-regeneration social regeneration plan such as education, health and training and employment
    - The monitoring of PPP contract fulfillment
    - What level of consultation and decision-making was shared with tenants and/or community representatives in the regeneration processes
3. Perspectives of the stakeholders on the loss of public units and land
4. What influence did the private developer/market profitability requirement have on the regeneration process
5. Level of maintenance during and before regeneration
6. Level of de-tenanting and community break-up

Table 4.5 Interviewees in Local-Authority Estate Regeneration

Central Government Officials	• Department of the Environment Heritage and Local Government (2005) • Department of the Environment Heritage and Local Government (2006)
Local Government Officials	• DCC Project Management Unit (2006) • **DCC Project Management Unit (2007)** • **DCC Housing Project Management Unit (2006)** • **DCC Project Manager St. Theresa's** • **DCC Project Manager Dominick St.** • DCC Project Manager Dolphin House • DCC Project Manager Croke Villas • DCC Dublin 8 Area Manager
Local Representative (Councillor):	• Councillor, (Member of Regeneration Board, St. Theresa's Gardens, Dolphin House, St. Michael's Estate)
Estate Residents/Residents' Representatives	
Case-Study PPP Regeneration Project	**Residents/Residents' Representatives**
Fatima	1. Chair of Fatima Groups United (a community worker and a member of Fatima Regeneration Board) 2. Two residents' representatives (local residents and Fatima Regeneration Board members) 3. Community worker
St. Michael's Estate	1. Three residents' representatives (community workers, St. Michael's Estate Regeneration Board members) 2. Councillor (St. Michael's Estate Regeneration Board member)
O Devaney Gardens	1. Two residents' representatives (residents, community workers, O Devaney Gardens Regeneration Board members) 2. Two residents' representatives (residents, block groups members, O Devaney Gardens Regeneration Board members)
Charlemont St.	1. Residents' representative (resident, Charlemont St Regeneration Committee member) 2. Charlemont St. Resident (active community leader)
Dolphin House	1. Chair Dolphin House Community Development Association (community worker, residents' representative, member of Dolphin House Redevelopment Board) 2. Three Dolphin House Residents Association (resident, residents' representative, member of Dolphin House Redevelopment Board) 3. Councillor (member of Dolphin House Redevelopment Board)
St Theresa's Gardens	1. Chair St. Theresa's Gardens Residents Association (resident, St. Theresa's Gardens Regeneration Board member) 2. St. Theresa's Gardens Resident 3. Councillor (St. Theresa's Gardens Regeneration Board member)
Chamber/Weaver Court	1. Chair Chamber/Weaver Court Regeneration Team (ex-resident, member of Chamber/Weaver Court Regeneration Team)
Croke Villas/Dominick St.	1. Inner City Organisation Network (ICON) community worker

Participant Observation

A significant amount of data in relation to the case-study estates in this sector was gathered from participant observation in the development and decision-making process of community organisations and structures involved in the PPP projects. The case-study estates were visited regularly over a four year period (2004 to 2008) and detailed notes were taken to analyse conditions prior to and post-commencement of PPP regeneration. These observations on the physical environment, maintenance and general living conditions helped inform the appraisal of

estate conditions. The author was also involved with Tenants First[32] during this period and attended a number of its public meetings and events.

Being employed as a regeneration community worker in Dolphin House, from July 2007 to September 2008, also allowed the author gain access to key local activists, community workers and DCC officials. It provided an invaluable and unique insight into some of the key local experiences and concerns regarding participation in and the operation of the PPP process. It further provided a unique insight into the operation, methods and motivations adopted by the Irish State in its dealings with local-authority residents in relation to PPP regeneration redevelopment (Table 4.6).

Table 4.6 Participant Observation, PPP Social-Housing Regeneration Process, Dolphin House

Dolphin House PPP Regeneration meetings July 2007-September 2008		
Meeting type	**Attendees**	**Function**
Weekly meeting of Dolphin House Think Tank (DTT) : in attendance	Five residents of Dolphin House. Chair Dolphin House Community Development Association Regeneration worker Community worker	Residents' space to think through and advise the community on strategy and issues specifically related to the regeneration process in Dolphin House.
Dolphin House Joint Redevelopment Board (monthly)	DCC Project Manager, Area Manager, two DCC councillors, five residents, Chair DHCDA, regeneration worker. DCC ACM attended June 2008	Deciding body for agreement on any future redevelopment plan for Dolphin House.
Planning sub group meetings (bi-monthly)	DCC Project Manager, two residents, one councillor, regeneration worker	Groups that develop a physical and social redevelopment plan for Dolphin House.
Maintenance sub-group meetings (monthly)	DCC Project Manager, two residents, one councillor, regeneration worker	Ensures ongoing day-to-day challenges and development issues in the Dolphin House area are addressed and dealt with at all stages in the process
Blocks groups meetings (monthly)	70 residents plus Think Tank members.	Where residents meet and work through the regeneration process and plan to get an agreed way forward for the community.
Dolphin Decides Public Meeting July 2008	Residents plus Think Tank members	Presentation given by Sheridan Woods Architects on potential development options
Other PPP Meetings and Events		
▪ Tenants First steering and public meetings over the period of the research (four years) ▪ Chamber/Weaver regeneration team and Weaver Court Residents meeting 24th April 2008 ▪ DCC public information in City Hall in December 2006 on PPP regeneration of local authority estates ▪ DCC meetings on PPPs' collapse, May 26th 2008 and June 9th, 2008 at which Ciaran McNamara, the Assistant City Manager for Housing and Residential Services, gave a presentation on the status of the PPP projects.		

[32] Tenants First is a forum of tenants and community workers from Local Authority Estates across Dublin City who were formed in 2004 to share information and experiences and support each other on issues of common concern, particularly, in relation to regeneration.

Methodological Challenges

Value-for-Money Analysis

The data required to enable a full VFM analysis of the PPP projects was not made available for the research as

> *"the Public Sector Benchmark is confidential and remains so until project close as it is used on an ongoing basis as a benchmark for value for money"* (Interview PPP Unit DOEHLG, 2006).

Furthermore, in line with the Government policy outlined above, requests made to DCC's Freedom of Information Unit under the Freedom of Information Acts 1997 and 2003 for access to records of the Public Sector Benchmark (PSB) value-for-money comparison, reviews, assessments and cost-benefit analysis relating to the PPP regeneration projects undertaken by DCC, were denied under the Freedom of Information Act on June 20th 2008. The decision was appealed by the author and, as a result, a review of this decision was undertaken by the Executive Manager of the Housing and Residential Services Unit in DCC. That review affirmed the original decision and the requested records were withheld under Section 20 (1), 21, 31 and 27 of the Freedom of Information Act as "*under PPP legislation the PSB is exempt from disclosure*" (DCC Executive Manager Housing and Residential Services, 2008; Appendix 3). This made it impossible to undertake accurate value-for-money analysis of the PPP projects.

Traditional Service Delivery Comparison

It was hoped that the research could include an element of comparative investigation of the costs and benefits of adopting the PPP approach relative to the performance of a comparable public service or infrastructure procured conventionally. However, such a comparison of cost, speed, quality and operation with the traditional route of the procurement and provision of services proved very difficult because of the uniqueness of the PPP projects and the absence of a suitable control given the absence, or under funding, of an existing public-sector comparator. For example, DCC had not undertaken regeneration projects involving the scale of redevelopment included in the PPP regeneration projects. Furthermore, the fact that the PPP schools were 15 per cent larger than traditional schools made an accurate comparison difficult (PAC, 2006; Interview C & AG, 2006)

> *"If you allow PPP schools to be built to one standard and the rest different you are loading it in favour of PPPs and you are not really getting an objective assessment"* (Interview C & AG, 2006).

The comparison of service delivery would be more appropriate in instances where the service was directly analogous, such as the LUAS in comparison to the DART or, for example, public and private road provision. While a substantive investigation of these case studies was not possible in the research, the ability of PPPs to provide better quality services was still ascertained at a general level from these and other PPP projects completed to date and from the recorded experience of the stakeholders involved.

Another methodological challenge included the fact that only public-sector representatives from the PPP units in the various government departments were interviewed. While this yielded very valuable information and largely affirmed the secondary literature on the justifications and theoretical underpinnings of the introduction of PPPs and the State's perspectives on their outcomes, it could have lent a bias in the research in that public servants were more favourable to the PPP option than could have been the case amongst the wider public-sector. However, a number of the state actors interviewed were involved in both direct and traditional procurement and their responses were similar to those involved in only the PPP route. It would, nevertheless, be an interesting comparative study to determine just how widespread support for PPPs and the neoliberal trajectory was within the wider public-sector.

Response Rate

The response rate to the requests for interviews was very high from officials from government and local-authority departments who, as public-sector employees, were under an obligation to respond to such requests. However, there was a much lower response rate from private-sector actors and, surprisingly, from political representatives in the Government political parties (Fianna Fail and the Progressive Democrats). For example, several political representatives turned down the request to be interviewed for the research (Table 4.7). This indicated, perhaps, an unwillingness to answer questions on a policy that was not as successful as initially hoped and had not gained widespread public support.

Table 4.7 Refusal to Participate

Members of the Public Accounts Committee: ➢ John McGuinness (Fianna Fáil) ➢ Seán Ardagh (Fianna Fáil) ➢ John Curran (Fianna Fáil) ➢ John Dennehy (Fianna Fáil) ➢ Seán Fleming (Fianna Fáil)
Former or current Government Ministers responsible for PPPs: ➢ Charlie McCreevey (former Minister for Finance and current EU Commissioner) ➢ Noel Dempsey T.D. Former Minister for Education ➢ Martin Cullen T.D. Minister for Transport ➢ Mary Harney T.D. Minister for Health ➢ Progressive Democrats Party ➢ Fianna Fail Party

Table 4.8 Summary of PPP Secondary Sources: Published and Unpublished

Published Sources	*Nature of Information Generated*
International Reports on PPPs:	
PFI in schools: The Quality and Cost of Buildings and Services by early Private Finance Initiative Schemes, UK Audit Commission, 2003 How to Exclude Support Services from BSF and PFI/PPP Projects, Centre for Public Services, 2004	*PPP school projects in the UK, value-for-money analysis, appraisal methodologies*
Delivering the PPP Promise: A Review of PPP Issues and Activity, Price Waterhouse Coopers, 2005	*Details on PPP development internationally, outlined theoretical benefits to PPP approach*
Irish Government Commissioned Reports on PPPs:	
A Report to the Inter-Departmental Group in Relation to Public Private Partnerships, Farrell Grant Sparks, 1998 Opportunities, Challenges and Capacities for Choice, Report No. 104, National Economic and Social Council, 1999 Review of PPP Structures Report, PriceWaterhouseCoopers, 2001 A Policy Framework for Public Private Partnerships, PriceWaterhouseCoopers, 2001	*Potential for PPP development in Ireland. Positive theoretical and practical attributes of PPP. Irish Government and private sector perspectives on PPPs and their introduction*
The National Development Plan 2000 – 2006, Government of Ireland, 2000	*PPP projects and value planned per various sectors*
Informal Advisory Group's (IAG) Framework on PPPs, 2001	*Guidelines underlining PPP's introduction and use*
Circular HS 13/01 Framework for Public Private Partnerships in Housing, Department of the Environment, Heritage & Local Government, 2001	*Irish Government reasons for introducing PPPs in the social-housing regeneration sector*
PPP National Communications Strategy, Government of Ireland, 2002	*Irish Government's reasons for introducing PPPs. Strategy for promoting PPP's use*
The National Development Plan 2007-2013, Government of Ireland, 2007	*Appraisal of PPP development. Planned PPP projects post-2006. PPP spending as a proportion of wider infrastructure and services investment*
Government Legislation:	
State Authorities (Public Private Partnership Arrangements) Act 2002 National Development Finance Agency Act 2002 National Development Finance Agency (Amendment) Act 2007	*PPP classification and definitions. Government reasons for developing PPPs*
Dail and Seanaid Eireann PPP debates:	
NDFA (Amendment) Bill 2006 31 January 2007, Tuesday 13th February 2007, Thursday, 1 March 2007	*Various political parties' and political*

Debate on Labour Party Private Members Motion on Social Housing Regeneration Projects Collapse, July 8th 2008	*representatives' perspectives on PPPs. Individual PPP project information and details*
Dail Eireann Committees:	
Public Accounts Committee, 2005, 2006 Education Committee, 2006	*Government Department PPP Unit and C & AG perspectives on PPPs. Details on Schools PPP project outcomes. Value-for-money analysis*
Central PPP Unit PPP Guidance and Notes:	
Central PPP Unit Website PPP Unit Briefing notes, 2006-2008 PPP Unit Project Trackers (list of PPP projects valued over €20 million each at various stages of development), 2005-2008	*Updates on PPP projects' status, preferred bidders selected, contracts awarded, time-scales of projected completion, planned PPP projects, PPP agencies, key documents, legislation and guidance*
Guidelines for the Provision of Infrastructure and Capital Investments through Public Private Partnerships: Procedures for the Assessment, Approval, Audit and Procurement of Projects, July 2006 Assessment of Projects for Procurement as Public Private Partnership, November 2006	*Background to PPP development. Guidelines for Government assessment, approval, audit and procurement of PPP projects. Output specification, Public Sector Benchmark and PPP procurement process, contract management, impact of PPPs on capital investment framework*
Guidelines on Stakeholder Consultation with Employees and their Representatives, 2005 (produced with ICTU)	*Details of procedures to be followed in consultation with employees affected by PPP arrangements*
Irish State Agency Reports and Reviews:	
Value for Money Report 42: Car Parking at Beaumont Hospital, Comptroller & Auditor General, 2003	*Analysis of cost of PPP operation versus direct provision of the car park by the Hospital. Analysis of method of financing the project. Analysis of proposed concession bids. Views of the Department of Health and Children*

Value for Money Report 48: Grouped Schools Pilot PPP Project, Comptroller and Auditor General, 2004	*Analysis of DOES Public Sector Benchmark, evaluation of proposals received from potential private sector partners, design and technical details, contract negotiations with final bidder. Analysis of the final deal in terms of school buildings size, cost to the state, comparison with traditional approach. Lessons learned from the project*
Whole School Evaluation Report for Ballincollig PPP School, Department of Education and Science, 2006	*DOES education inspector's assessment of a PPP school's general maintenance and operation*
Labour Court Recommendations, 2005 and 2006	*Details of labour disputes arising between private PPP operators and their employees*
Dublin City Council PPP Project Reports and Reviews:	
Gantt Chart, 2007 (unpublished)	*Details on PPP procurement and development process*
Community Charters (Dominick St, St. Theresa's Gardens, Chamber St./Weaver Court, O Devaney Gardens)	*Details on agreement of outline PPP contents and procedures between local communities and DCC*
Booklets for Investors on the Regeneration of DCC estates, November 2006	*DCC's plans for PPPs in various estates*
Feasibility Study for the Regeneration of Dolphin House, 2004 and 2007 Principles for Redevelopment of Dolphin House, 2006	*DCC's plans and underlying principles for PPP regeneration of Dolphin House estate*
Local Community Reports and Information	
Eleven Acres Ten Steps, Fatima Groups United, 2000 Past, Present, Future: A Community Vision for Regeneration, St. Michael's Estate Regeneration Team, 2002	*Community plans, proposals and principles for regeneration, perspectives on social housing, estate management, poverty*
The Real Guide to Regeneration for Communities, Tenants First, 2005	*Lessons from communities undergoing regeneration in relation to negotiations process, PPP regeneration/degeneration, positives and negatives of PPP regeneration*
Great Expectations: A Landmark and Unique Social Regeneration Plan for Fatima Mansions, Fatima Regeneration Board, 2006	*Social Regeneration Plan, lessons of PPP regeneration from Fatima*
Dream, Dare, Do: A Regeneration Learning Manual, Fatima Groups United, 2006 Regeneration Learnings & Insights, Canals Communities Partnership, 2007	*Lessons and experience of PPP regeneration from various estates*
Growing our Future Together, St. Theresa's Gardens Regeneration Board, 2007	*Details on regeneration agreement,*

	community charter and negotiations
Minutes of Dolphin House Joint Planning Committee, March 2005 to September 2007 (unpublished)	*Details on Dolphin House and DCC regeneration negotiation process, DCC's perspective on PPPs, community view on PPPs.*
Private Sector Information	
Report to government on Public-Private Partnerships, IBEC and CIF, 1998 A further submission by IBEC and CIF on Public Private Partnerships to Government, IBEC and CIF, 1999	*Private sector perspectives on PPPs, PPP theoretical benefits, private sector benefits*
Letter from Bernard McNamara to Dublin City Council, 19th May, 2008	*Details on reasons why Michael McNamara and Co. withdrew from PPP process. Details on PPP projects. An insight into the rationale underlying a private developer's decision-making relating to PPPs.*
Private consultants' websites, Private PPP operators' websites	*Private company PPP projects, PPP project details, private company annual reports, details on private companies turnover, size, employment, subsidiaries*
Media:	
Articles from the Irish Times, Examiner, Phoenix Magazine	*PPP project details*

5. Origins and Development of Public Private Partnerships in Ireland

PPP Rationale

This chapter presents a detailed analysis of the factors that influenced the origins and development of PPPs in Ireland as outlined by the various stakeholders interviewed as part of the research, with particular reference to the role of the adoption and implementation of neoliberal policies and perspectives by the Irish State.

The primary reasons for introducing PPPs, according to the Irish Government PPP Units, were that they would address the public infrastructure and service deficit more rapidly than would have been achieved by traditional procurement alone. PPPs, they stated, would provide greater value-for-money (VFM), speed, efficiency and improved quality of service in infrastructure and service provision than traditional methods. The state officials interviewed asserted that PPPs would achieve this by accessing additional finance and introducing private-sector management expertise and skills to deliver and operate public projects more efficiently - skills in which the public sector, were judged to be deficient. It is clear that neoliberal justifications and theoretical benefits, similar to those outlined by international private and public-sector PPP proponents underlay the Irish State's decision to introduce and develop PPPs (see Chapter Two). These factors and processes are further unpacked and detailed in this chapter.

The PPP Unit of the Department of Environment, Heritage and Local Government (DOEHLG) (Interview, 2006) outlined five benefits that would accrue in handing over greater responsibility to the private sector to provide and deliver public infrastructure and services, through PPPs:

1. Better VFM and cost effectiveness through (a) risk transfer, which would harnesses private sector efficiencies and (b) the ability to exploit public sector assets and services through user charges and asset transfer
2. Greater levels of delivery of services and infrastructure through access to private finance
3. Greater speed of delivery of individual projects through private sector efficiency
4. Innovation
5. Improved quality of services (Interview PPP Unit DOEHLG, 2006).

Infrastructure Deficit

Officials from the Central PPP Unit in the Department of Finance (DOF) and the PPP Unit in the DOEHLG explained that PPPs were introduced in order to address the public infrastructural and service deficit arising from the historic underinvestment in Ireland's capital assets, its rapid economic growth and a tapering off of the European structural funds which had been Ireland's source of investment in infrastructure in recent decades (Interview Central PPP Unit DOF, 2006; Interview PPP Unit DOEHLG, 2006). Substantial investment was necessary to address rapidly the infrastructure deficit in order to provide a positive environment for foreign investment and thus maintain Ireland's competitiveness in an increasingly competitive global economy and allow the pace of economic growth to be sustained (Interview Central PPP Unit DOF, 2006; Interview PPP Unit DOEHLG, 2006). This requirement was also identified as a primary reason why the Irish Government should implement PPPs in the influential Farrell Grant Sparks (FGS) Report (1998). It was believed at the time that there was a need for Ireland to do what other western European countries had accomplished in the 1960s in terms of investing significantly in public infrastructure (Interview Central PPP Unit DOF, 2006). For example, major capital investment was required to address the shortage of affordable housing in Ireland and to meet new standards set by EU Directives in relation to water/waste-water treatment and integrated waste management (Interview PPP Unit DOEHLG, 2006). The DOF described the search for new mechanisms that would yield the necessary finance in the following manner:

> *"There was broader political recognition that the infrastructure deficit was the key issue...We had to fast track it, we had to build an awful lot of stuff, we had to try and find all the resources we could and not just financial resources but management resources. In a sense, we are doing what Germany did in the 1960s. We are catching up with 40 years of under-investment in capital infrastructure...We were looking at different ways of getting money to add to existing funds"* (Interview Central PPP Unit DOF Official, 2006).

The principals in the PPP schools also emphasised the impact of the infrastructure deficit, which had resulted in substantial numbers of school buildings needing refurbishment or replacing, as an influential factor in the introduction of PPPs in the education sector.

> *"There was a serious lack of investment in educational infrastructure historically which meant buildings were either built by religious orders in conjunction with the government or vocational schools were built funded solely by the state. A lot of school buildings were put up in the late '60s and '70s to accommodate the increase in numbers of secondary pupils from the 1967 Free Education Scheme which means a lot of buildings have now reached their sell-by-date"* (Interview Principal, PPP School 3).

> *"...There was a need to invest huge money rapidly, particularly in the primary-school sector. Furthermore, where religious orders are pulling out, you often have two schools in an area (a convent and a boy's school) in poor repair. To achieve economies of scale they require amalgamation into a new facility"* (Interview Principal, PPP School 2).

PPPs, according to the Irish government officials interviewed, would provide additional funding through private-sector finance and, therefore, further accelerate the expansion of infrastructure and services to meet the growing deficit, beyond what was possible if the state relied on exchequer funds alone. However, due to the availability of EU funding and a rapid growth in GDP, the fiscal restraints that provided a strong impetus to introduce PPPs in other countries did not obtain when PPPs were introduced initially in Ireland. The Exchequer's position was such that it could have funded considerable infrastructural projects itself at the time (Farrell Grant Sparks, 1998).

Pressures on public expenditure did re-emerge through 2001 to 2003 as a result of slower economic growth (PriceWaterHouseCoopers, 2001a). The state could have borrowed money to provide the additional funding at that stage but government policy was focused on reducing the national debt and restricting borrowing to within the three per cent EU Maastricht guidelines. Furthermore, reflecting the international neoliberal transformation of the state, the Irish Government stated that it would 'not be appropriate' for the state to undertake the required large-scale investment in, and management of, public infrastructure and services (Interview Central PPP Unit DOF, 2006). The budget surpluses that existed were not to be directed toward public service and infrastructure provision but instead to income and corporate tax rate reductions in line with the government's fiscally-conservative economic policies (Allen, 2007; Kirby, 2002; O Toole, 2003).

PPPs, through their access to private funding, therefore, were introduced to facilitate an increase in expenditure on public services and infrastructure that would not require an increase in exchequer funding, initially at least (Interview Central PPP Unit DOF, 2007). The private financing mechanism meant that investment in PPP capital projects could be paid for through annual payments over a much longer timeframe than what was required in traditional funding mechanisms (outlined in detail in Chapter Two). Furthermore, the EU budgetary rules meant that the annual service payments in a PPP could be recorded as off 'government balance sheet', once certain risk transfer arrangements were met (Interview PPP Unit Department of Education and Science, 2006). This made PPP more favourable than traditional methods of delivery where the funding would have to be counted as up-front capital borrowing (Interview PPP Unit DOF, 2006; Noel Dempsey, Minister for Education, Dail Eireann, 2002).

> "(PPPs) *provide an opportunity for the public sector to translate upfront capital expenditure into a flow of ongoing service payments. This enables the public sector to proceed with projects at times when the availability of public capital may be constrained, thus bringing forward much needed investment"* (Interview PPP Unit DOEHLG, 2006).

It would be easier for individual government departments to commit to such a mortgage-type, PPP payment to pay for a public project rather than wait for the full capital subvention from central government, despite being a more expensive source of funding over the long-term.

> "*PPP is like buying a house and getting a mortgage. It reduces the initial costs by phasing in payments to private companies over the 20 or 30 year lifetime of the contract*" (Interview Principal, PPP School 2).

> "*This is the driving factor for PPP. There is only a limited pot: it's easier to manage a stream of payments than pay full capital costs up-front*" (Interview FGS Representative, 2006).

> "*The Government doesn't have the money for building all roads: we wouldn't have these roads if it wasn't PPP: it gave access to finance the Government doesn't have. PPP is just one way of accelerating the road programme"* (Interview PPP Unit Department of Transport, 2007).

This, along with the Government's desire to promote growth in the construction sector, was a principal motivating factor for the introduction of PPPs, according to former Green Party T.D. and member of the Public Accounts Committee, Dan Boyle (Interview, 2006).

> "*The main motivation to introduce PPPs has been to engage in off-sheet bookkeeping, as infrastructure produced in this way is not counted as part of the budget debt-ratio that is part of the Maastricht criteria that determines membership of the Euro Currency. A second cynical reason is that it allows Fianna Fáil to claim that it is delivering on behalf of one of its key support groups – the construction industry.*"

The private sector promoted this rationale as a basis for introducing PPPs. It asserted that the economic 'reality' that a government department, such as the Department of Education and Science (DOES) only had a 'limited' budget meant that if it wanted to improve or build new infrastructure it would be done more quickly through a PPP project involving private finance.

> *"The DOES looks at a school and sees where it ranks in the waiting list for improvements and then makes a decision. If it's through the normal route, economics dictate that, it will be waiting for five years but if it's through PPP it will be much quicker"* (Interview FGS Representative, 2006).

The Irish Government's own *PPP Communications Strategy* (2002) emphasised how PPPs were adopted to provide 'creative solutions' to address Ireland's infrastructural needs rapidly as

pressures on expenditure reinforced the need for finding effective means of procuring capital investment. A representative of Ireland's second largest political party, Fine Gael, advanced a similar rationale.

> *"As the scale of the infrastructure deficit facing the country became clear, and the huge strain on public finances that addressing the deficit would cause, it (PPP) was a mechanism to provide funding and allow for the rapid completion of major projects"* (Interview Fine Gael Representative, 2006).

PPPs then would allow the continuation of neoliberal, fiscally-conservative policies of restricting government borrowing and spending.

> *"Importantly in a national context, the injection of private finance* (through PPPs) *will accelerate the delivery of the public capital programme designed to remedy Ireland's infrastructural deficit...Ireland has undergone a remarkable economic transformation since the publication of the National Development Plan in 1999. In the same period much progress has been made in developing our physical infrastructure, however, the pace of economic growth has placed enormous pressure on that infrastructure. In the case of the DOEHLG, rapid economic progress, combined with large scale housing development placed additional strains on the water and wastewater systems"* (Interview PPP Unit DOEHLG, 2006).

This DOEHLG statement reflected those made by private-sector PPP proponents. This reflected a wider trend that emerged from the interviews where the justifications and reasons provided by Irish government officials for the introduction of PPPs were remarkably similar and, in many instances, exactly the same as those given by private-sector PPP proponents.

Implementing PPPs

As a result of the government decision to pursue the PPP approach, designated sectors within local authorities and government departments were informed that proposed public infrastructure and service projects in their sector, with an initial capital expenditure exceeding €20 million, would have to undergo a PPP feasibility assessment before commencement. While this was in theory to assess whether or not a project was suitable for the adoption of a PPP approach, the reality for certain government departments and local authorities was that the proposed project would only receive funding if it was undertaken through the PPP route (Interview DCC Housing Project Management Unit, 2007; Interview SIPTU Wexford Local Authorities Branch Official, 2006).

DCC's PPPs in social-housing estate regeneration, the Grouped Schools Pilot PPP Project, the Wexford and Wicklow local-authorities' waste-water treatment plant PPPs and the LUAS and Metro PPP projects provide examples of the practical implementation of this policy. These PPP projects illustrated that PPPs were developed on the basis that there was no other option available to the state authority or agency to provide the required infrastructure or services.

For the DOEHLG and consequently the relevant local authorities, "*the main driver*" for the introduction of PPPs, "*has been the Government policy requiring PPP arrangements to be considered for all major infrastructure projects*" (Interview PPP Unit DOEHLG, 2006). PPP project managers and community representatives involved in negotiations surrounding the regeneration of DCC social-housing estates via PPP explained that they were informed by the DOEHLG, that state finance was not available to fund their regeneration projects. Therefore, their projects would not be developed if they did not adopt the PPP method (Interview Community Worker 1, St. Michael's Estate, 2007; Interview DCC Project Manager St. Theresa's Gardens, 2008; Interview Chair Fatima Groups United, 2007). For example, DCC was informed by the DOEHLG in 2003 in relation to its request for funding for the regeneration of St. Michael's estate that,

> *"the financial climate in relation to public finances has changed considerably and we are facing more difficult times ahead. In this regard the Department is under a greater obligation to obtain optimum value-for-money. The department has therefore reluctantly concluded that the proposed redevelopment in its current form cannot be supported...it is suggested that...the possibility of a public private partnership be explored for the redevelopment (of St. Michael's Estate). This could produce a more satisfactory outcome in terms of the length of time for redevelopment and possibly at a lesser cost"* (Quoted in Bissett, 2008).

Similarly, DCC's project managers in St Theresa's Gardens, Dominick St and Dolphin House (Interviews, 2008) explained that DCC introduced and developed the social-housing regeneration

projects through the PPP mechanism because of this unavailability of government funding. DCC was left with little option but to pursue the PPP method despite the fact that that model requiring the re-orientation of the regeneration plans away from the wishes and needs of residents toward the requirements of private developer and financial capital. The ensuing PPPs would involve the sale of valuable public land, the relocation of poor inner-city communities housed on the estates and a reduction in the quantity of social-housing units located within those communities (detailed later in Chapter Seven).

The inadequacy of government funding for the provision of new infrastructure such as schools also influenced local actors, such as school principals, to adopt the PPP route of delivery. As a result of the under funding situation, one school principal actively approached the DOES to get his school to be included in the PPP Pilot Project. This was because the PPP route was perceived as guaranteeing the provision of a new school as it obviated the delays of waiting for the DOES to allocate funding through traditional mechanisms. Clearly then, the failure of the Government to provide schools to the required standards and at a required rate of provision created a situation in which the private sector, through PPPs, was seen as a more viable route for the provision of public services and infrastructure by public servants. In this way the public infrastructure deficit became a potential new market for private capital.

> *"We were waiting decades for a school. I can understand people left working in desperate conditions would take this school over theirs as they are practically desperate to get into decent conditions"* (Interview Teacher, School 1).

The Minister for Education in 2002, with an education budget showing a 14 per cent reduction, outlined in the Dail the new reality that if the PPP route was not adopted fewer schools would be built or refurbished.

> *"Five schools are to be built by PPPs at a cost of €10 million per year for several years. We now have those schools, if we had to pay for that out of capital funding it would have cost €70 million and many fewer schools would be built or refurbished under the capital programme. We must look at ways, other than the traditional ones, of building schools and the PPP is the way forward. PPPs provide a top quality school with no maintenance costs for 25 years as the company will provide that. Less is withdrawn from the capital budget because the initial outlay is less, therefore, more schools can be built"* (Noel Dempsey, Dail Eireann, 2002).

In relation to water/waste-water treatment facilities, local authorities in Wexford and Wicklow were informed by the DOEHLG water-services section that the only funding available for investment in such facilities would be through a PPP. SIPTU trade-union representatives opposed this policy and were subsequently informed by the Minister for Environment, in contradiction to the DOEHLG officials, that PPPs were not necessarily the only option available.

> *"We have correspondence on-file from the Minister disputing that and stating that every PPP is to be tested on its own merit. We had a meeting with the Minister and a letter followed. The local authorities tell the Government they cannot build a new sewerage plant or water treatment plant as they don't have the money. The Government says all options are available. However, the reality is that the Wexford Local Authority manager sent up a proposal for a traditional option to the DOEHLG, keeping it within the local authority, but the DOEHLG kept sending it back to the authority until they got the 'right' proposal, that is a PPP proposal. The Government are denying this and saying they are just sending up bad proposals"* (Interview SIPTU Wexford Local Authorities Branch, 2006).

This process revealed that actors at central government level, whether officials or government ministers, were imposing the PPP mechanism at local government level despite the preference of local-authority management for the projects to be procured through traditional mechanisms. The dependency of local government on central government in Ireland was clearly used as a key mechanism by the Irish State to undertake the neoliberal restructuring of state institutional infrastructure.

In a similar fashion, the investment necessary for the planned Metro project in Dublin was considered to be '*too much*' for the Irish Government to undertake and, therefore, the only mechanism that would ensure its development would be a private-financed PPP project.

> *"There was always a sense that it* (the Metro) *was too big to commit with capital expenditure. There was serious concern at the time of what impact it would have on the government balance sheet, whether Ireland would be breaching the Maastricht criteria or not. We were then asked to bring the Metro forward and do a business case for it; there was an underlying assumption that it would be a PPP. We employed KPMG to assist us. We found that the Metro does have a significant impact on borrowing in terms of breaching General Government Borrowing debt rules and Ireland has been top of the world for good Government debt and borrowing records. There was always a feeling in the Department of Finance that unless it's a PPP it is not really going to happen"* (Interview Rail Procurement Agency Official, 2006).

In line with their support for Social Partnership the Irish Congress of Trades Unions (ICTU) representative on the PPP Informal Advisory Group explained that Irish trade unions accepted the Government's neoliberal arguments that the Twenty First Century Irish State neither had the capacity for, nor willingness to fund itself, the investment required to address the public infrastructure and service deficit.

> *"The level of infrastructural development required was so high there was no way the state could do this. Either the state had no employees in this area or had no interest in doing it. The state now*

would be involved in monitoring, planning and design; not involved in doing" (Interview ICTU PPP IAG Representative, 2006).

Neoliberalism and Private-Sector Benefits

The interviews with government officials and the private and trade union sector representatives provided considerable evidence of the extent to which the neoliberal project has gained wide scale acceptance among Irish government officials. The fact that PPPs were introduced at a time of budget surplus is a strong indication that their introduction was more strongly influenced by the governments' neoliberal belief in the superiority of private-sector delivery than the requirement for provision of additional finance. The Irish Business and Employers Confederation and Construction Industry Federation PPP IAG representative explained this clearly in interview.

"PPP came to Ireland when the exchequer was in a healthy state. The necessary infrastructure could be provided directly by the state. They thought the involvement of the private sector would provide innovative design solutions and better management of the infrastructure. Although the 2001/2 relative slow-down in the economy and the introduction of the Maastricht three per cent borrowing limit meant for a while the Government balance sheet became an issue but this evaporated again with the renewed Celtic Tiger" (Interview CIF IAG Representative, 2006).

The role of neoliberal ideology was also emphasised by Senator and businessman Fergal Quinn speaking in the Seanaid Debate on the National Development Finance Agency Bill in 2006.

"*There must, therefore, be another justification for taking the more expensive (PPP) route. Whenever I raise this issue, I am overwhelmed by neither the quantity nor quality of the replies. I suspect for many people, the justification* (for the introduction of PPPs) *is ideological. It is rooted in a belief that the private sector always produces the best and the most cost-efficient result. As Members might expect, I am a great champion of the private sector, but even I find it difficult to accept that proposition without any firm evidence to support it in particular cases*"

The institutionalisation of neoliberalism within the Irish State was further evidenced in state officials' statements that it was the direct involvement of the private sector in the entire process of planning, design, development and provision of public infrastructure and services in PPPs that would provide such services and infrastructure at greater speed of delivery, greater efficiencies, optimum VFM and at much higher standards than the state could undertake directly. It was held that because the public sector did not have the requisite commercial imperatives or skills, it would not be able to deliver the infrastructure or services the state required (Interview Central PPP Unit DOF, 2006; Interview SIPTU National Industrial Secretary, 2006). This is surprising given that government department officials might be expected to defend the positive aspects of direct public-provision. The following sections outline in more detail the state actors' rationale for introducing PPPs.

Introduction of Commercial Ethos

PPPs, the state officials explained, were expected to achieve the objectives outlined above through the introduction of private-sector methods and ethos in the public sector. These included the improved integration of the public service with the supporting infrastructure, economies of scale and the introduction of innovation in service delivery. Reflecting their adoption of PPP neoliberal theory, Irish state officials also argued that PPPs were introduced in order to facilitate the insertion of market-based principles of competition and 'incentivised performance' in the delivery process, which would not have been permitted in traditional public service and infrastructure provision. In the PPP mechanism full payment is made to the private-sector contractor only if the required service standards were being met on an ongoing basis (Interview PPP Unit DOEHLG, 2006). For example, PPP facilitated the introduction of performance management systems and performance-based measures into the rail sector through the LUAS light rail PPP contract. It had not been possible to include such incentive measures previously in the rail sector as it was operated by the state company, CIE (Interview Rail Procurement Agency Official, 2006).

> "*The private sector skills and management expertise* (that PPP brings in) *are those which would be associated with managing business activities that survive or fall by reference to financial returns in the market-place. Public servants do not typically work in such a commercial environment and would not therefore be practitioners of commercial business activity. Employing private enterprise to deliver some types of services at a particular cost, which cost is subject to a competitive process, has an incentive structure which is linked to the business entity's own private financial position; this incentive structure cannot be replicated for obvious reasons within the public sector*" (Interview PPP Unit DOEHLG, 2006).

The absence of commercial incentives in public-sector management, which meant that the public infrastructure and service providers 'stayed in business' regardless of what happened with the projects, was also criticised by the Central PPP Unit officials (Interview Central PPP Unit DOF, 2006).

Further, revealing the strong neoliberal trajectory of Irish Government PPP policy, it was stated clearly that PPPs were introduced in order to expose new and existing areas of state responsibility to market competition.

> *"By exposing public services to competition, Public Private Partnerships enable the cost of public services to be benchmarked against market standards to ensure that the very best value-for-money is being achieved"* (Interview PPP Unit DOEHLG, 2006).

The necessary aspect of this process, as noted by the Central PPP Unit official, is the provision of profit-generating opportunities for capital.

> *"You give out risks to get more people to bid on projects- to get competition and therefore to reduce what we are charged. If we are too aggressive in our transfer of risk then there's no competition: it's a judgment call based on market soundings and experience. Private companies do not come in unless they can make a profit"* (Interview Central PPP Unit DOF, 2006).

According to the PPP theory outlined by the European Commission (2003), Farrell Grant Sparks (1998) and other PPP proponents, the key method through which PPPs implement these private-sector attributes is by allocating the maximum risk (i.e. responsibility) within public infrastructure and service delivery to the private partner. The state officials interviewed accepted and repeated the key tenet of neoliberal theory that the private sector would be better able to manage most risks and at the lowest cost (see Chapter Two for detailed discussion).

> *"In certain projects the public sector can identify a bundle of risks they can allocate to the private sector who have found ways to manage the risk more efficiently and therefore it can work out cheaper. The cost for the private sector to finance a project is higher but we can transfer the risk out and they charge for taking on the risk. At heart of it you try and identify a bundle of risks that the private partner can manage and therefore deliver the value-for-money"* (Interview Central PPP Unit DOF, 2006).

The assumption of the risk of projects running over budget is one such risk.

> *"What happens if the project runs over schedule? Who does it cost money to? In traditional models the public pays - in PPP it's the private sector. That's the price of the risk that's built into a PPP. In traditional procurement when the project goes belly-up, the taxpayer pays for it. In PPP you still pay for it but you pay down the road rather than upfront. It's like car insurance: in PPP you pay for the risk but hope you never have to use it. It's there as a fall back"* (Interview PPP Unit DOES Official, 2006).

The use of private finance in PPPs would pass an even greater amount of risk to the private sector.

> *"We get private finance involved so you can drive more risk over to the private sector. Risk is made up of a whole set of risks: you put certain risks onto the private sector e.g. the risk that schools are maintained, the risk for getting better value-for-money. You identify risks that are being passed over to the private sector that traditionally were being kept within the public sector"* (Interview Central PPP Unit DOF, 2006).

As discussed in Chapter Two, PPP theory also holds that the transfer of the responsibility/risk for constructing the asset and maintaining it over time provides the private sector with a strong incentive to construct high-quality infrastructure that would minimise maintenance requirements and costs over the whole life of the project. This is *"inherently difficult to achieve within the*

constraints of traditional public sector budgeting" as it did not, traditionally, take such a life-cycle approach to investment (Interview PPP Unit DOEHLG, 2006). While the use of private finance is more expensive than the traditional route, such transfer of risk and associated commercial incentives would ensure VFM and the provision of high quality services.

> "*That's what private finance gets you. It's a little more expensive than public sector funding but the risk is pushed on to the private sector that is getting a margin. But they are out of pocket if it goes wrong*" (Interview Farrell Grant Sparks, 2006).

> "*Risk transfer is the justification of the use of private finance: if the private partner puts crap (sic) paint on the walls that makes it hard to clean, then they suffer for it* (Interview Central PPP Unit DOF, 2006).

Furthermore, the financial institutions rather than the state would be allocated the responsibility to guarantee adequate provision of the public service. The PPP Unit official in the DOES explained that because the banks are often the principal finance providers for PPP consortia, it ensures that the projects are operated to the required standard. This is because the banks, in order to guarantee the receipt of its interest repayments from the private consortium, must ensure the private operator provides the adequate quality and level of service required for receipt of the annual payments from the state. Thus, private financial institutions would be better regulators of the projects than the public sector (Interview PPP Unit DOES Official, 2006; Interview FGS, 2006). The penalty clauses included within PPP contracts also affected similar commercial incentives. Therefore, if the private operator did not manage the risks adequately it and, ultimately, the financial providers would lose financially (Interview Central PPP Unit DOF, 2006).

This allocation of design and construction risk to the private sector, combined with payments linked to the availability of a service were also expected to provide "*significant incentives for the private sector to deliver capital projects within short construction timeframes*" (Interview PPP Unit DOEHLG, 2006). This added to the evidence which highlighted that the Irish Government, at the time of the introduction of PPPs, was 'frustrated' with the slow delivery, inefficiencies and cost overruns of a number of public-sector projects.

It should be noted that this 'frustration' with delays in public-sector delivery was also expressed from centre-left political parties. For example, it was the inadequate capability of the public sector and its failure to achieve efficiency in the delivery of school buildings along with the Government support for the neoliberal approach that influenced the decision to introduce PPPs, according to the Labour Party TD, Jan O' Sullivan, a member of the Dail Education Committee. PPPs.

"because of a failure to make the public system more efficient in terms of addressing the need for school accommodation within a reasonable time period, and the ideological make up of the Government" (Interview Jan O Sullivan T.D, 2006).

PPPs were introduced, therefore, to "*get things done*" by changing the "*mindset*" of the public sector away from being "*inflexible, slow and inefficient*":

"*PPPs are very good in that they get a lot of things done that would not otherwise be done. Getting input from non-civil servants and the private sector is very good in some respects. Civil servants are over cautious and have a 'can't do' attitude instead of a 'can do'. In local authorities there is a very negative attitude among staff. The PPP helps us see how you can do things: it's progressive in that respect"* (Interview Central PPP Unit DOF, 2006).

The private sector's ability to deliver projects at a greater speed than the traditional model also had a significant influence on the DOES's decision to introduce PPPs.

"*When we went to do the PPP schools –the main thing we were interested in was building the schools quicker – there was no point in us doing the PPP route if it took the same time as traditional procurement. Through these PPPs we have knocked half the time off the traditional way; the PPP will be built in half the time*" (Interview PPP Unit DOES Official, 2005).

The DOES "*wanted to involve private sector to invest money in upgrading and providing physical infrastructure for education. It was a feeling that the private sector could deliver better quality, more quickly*" (Interview Principal, PPP School 5).

PPPs would introduce private-sector experience and skills that the public sector did not possess as a result of a policy of cut-backs in the 1980s and on-going public sector employment embargos (Allen, 2007, Sweeney 2004, Interview Private Operator PPP Schools, 2006). Waiting to develop the experience and skills within the public sector was considered to involve too much of a delay given the urgent need for such infrastructure and services.

"We are starting from a low base and the private sector could bring something. Theoretically, the public sector could have developed it, but there would have been a steep learning curve from the ground up to the management. But with pressure to improve water supply and discharge new EU standards combined with rapid economic growth putting pressure on that environment that meant that we didn't have the time to develop the learning curve" (Interview Central PPP Unit DOF, 2006).

Rather than building up skills, capacity and expertise within the public sector, the Government, decided to get the private sector to provide these through PPPs.

> *"There was the desire and realisation that in certain sectors the public authorities couldn't recruit and maintain the personnel required to run the infrastructure e.g. in the local authority area where a very large investment was needed in waste water treatment infrastructure plants and the plants were increasingly sophisticated from a technical point of view...We need to build skills up within the public sector. In the late 1980s cutbacks the public sector lost a lot of skilled people and now mainly the capability is not there unless they set up project teams with proper resources"* (Interview SIPTU National Industrial Secretary, 2006).

For example, the collection of dry recyclable refuse in Dublin City in the late 1990s required the establishment of a new collection and recycling service as none existed at the time. While DCC had been involved in the collection of waste for many decades it had never been involved in dry recycling (Interview DCC Assistant City Manager responsible for waste, 2006). In order to provide such a recycling service, a significant amount of investment in infrastructure was required to provide collection and materials recovery (e.g. the bins), the segregation of material, the extraction of contamination and then marketing it to find an end-user to recycle it. Local authorities, traditionally, did not have experience in that area and it was for that reason DCC *"went out to the market"* and contracted out, through a PPP, the dry-recycling service (Interview DCC Assistant City Manager responsible for waste, 2006). Finance was also an influential factor in the adoption of the PPP as DCC would have had to invest significantly to establish the infrastructure for the service. However, that was a secondary causal factor with the primary factor being the lack of experience and equipment within the public-sector to provide the infrastructure and service (Interview DCC Assistant City Manager responsible for waste, 2006). Through the PPP process the private sector was allocated the responsibility, therefore, to develop and design the service. Similarly, the Ringsend Incinerator was selected as a Design, Build, Finance and Maintain PPP pilot project by the Government so the private sector would operate the facility as the public sector had no experience of providing or operating such infrastructure (Interview DCC Assistant City Manager responsible for waste, 2006; Interview Central PPP Unit DOF, 2006).

The private-sector representatives, understandably, promoted the positive characteristics of private involvement, which PPPs would introduce.

> *"PPPs can be a useful mechanism for generating investment in infrastructure and for the delivery of services. It has the potential, in certain circumstances to provide a better quality of service and better efficiency"* (Interview IBEC/CIF PPP IAG Representative, 2006).

Commercialisation of Public Assets

Irish government officials also explained that, as detailed by PPP proponents in Chapter Two, PPPs were introduced as they could provide greater VFM and additional funding than traditional delivery mechanisms through facilitating the conversion of public services, infrastructure and assets into

income-generating commodities. These included the introduction of user fees such as road tolls and rail fares and the privatisation of local authority land in regeneration PPPs. This income would further reduce the amount of exchequer funding required to invest in new services and infrastructure.

> "*The private sector may be able to generate additional revenues from third-parties, thereby reducing the cost of any public sector subvention required. Additional revenue may be generated through the use of spare capacity or the disposal of surplus assets*" (Interview PPP Unit DOEHLG, 2006).

Through the application of these new income-generating mechanisms, PPPs would facilitate the implementation of a central neoliberal policy objective of creating market opportunities for the private sector within public governance, services and infrastructure (Bourdieu, 1998; Brenner and Theodore, 2002; Harvey, 2005: Whitfield, 2006). The Irish Government's application of such income generating mechanisms provides strong evidence in support of Harvey's (2005, 178) assertion that neoliberalism facilitates capital '*accumulation through dispossession*' from public service users, employees and taxpayers. For example, PPPs in local-authority housing estate regeneration would facilitate the commercial realisation of the market-value of public land by and for private developers, who would, in return, finance the provision of social and community aspects of regeneration of former local authority housing estates.

> "*PPPs can capitalise in a cost effective and socially progressive manner on the escalation in the value of urban lands in public ownership...these projects are financially neutral for the Exchequer, as the private sector is providing public housing in return for development rights on the remainder of the sites*" (Interview PPP Unit DOEHLG, 2006).

A further example is provided in the rail sector. As the public investment available was "*insufficient for most, if not all, of the rail projects as rail infrastructure carries a very high cost*" the Rail Procurement Agency (RPA) entered into PPPs with developers to provide public rail infrastructure and services adjacent to their developments thus capturing some of the development gain that went with providing high-quality public transport (RPA representative, 3rd Annual Irish PPP Policy Forum, 2007).

PPPs and Public-Sector Employment Conditions

Another aspect associated with the neoliberal restructuring of the state has been the changing nature of the wage relation with the aim of increasing the proportion of surplus value returning to capital while reducing that going to labour (Harvey, 1989, 2005). A key research objective, therefore, was to investigate whether PPPs were being introduced by the Irish State in order to re-balance the wage relation in favour of capital, as outlined in Chapter Three. The investigation into

Irish PPPs for this thesis did, in fact, find that such reform of, and reduction in, workers' conditions and the influence of trade unions within the public sector was part of the rationale underlying the decision of the Irish State to introduce PPPs. For example, union representatives from the state-owned rail company CIE and Dublin Bus, a subsidiary of the state owned national bus service, explained that the PPP contract to operate and provide the infrastructure for Dublin's light rail service, LUAS, was outsourced to the private sector, through PPPs, in order to reduce the control of the trade unions within the public transport system and to reduce the conditions of those public-sector workers. The IBEC PPP IAG representative supported this contention:

> *"In relation to public transport, the LUAS, there were industrial relations issues with Dublin Bus. It was about tackling things seen as holding things back"* (Interview CIF PPP IAG Representative, 2006).

Further supporting evidence was provided by the RPA representative who stated that the Government viewed the introduction of the LUAS PPP as *"the perfect opportunity to break the hold of CIE"* over the transport sector (Interview RPA Representative, 2006). The Department of Public Enterprise ensured that CIE was excluded from the possibility of applying for the LUAS contract by stipulating in the tender that in order to pre-qualify for the LUAS short-list a company must have had operated a 'rail network'. Ireland did not have such a network and CIE was therefore automatically excluded. According to the RPA representative this was undertaken so that the trade unions, which were a powerful force within CIE, would not be as influential in the future.

> *"It was breaking the hold of the unions. It was to overcome the perception that Dublin's public transport is often interrupted by industrial action. With a PPP a union member's job is on the line if they disrupt as the company is penalized for an interrupted service under the contract, and could even lose the contract"* (Interview RPA Representative, 2006).

The result of this policy decision was a reduction in the rights and conditions of the new private-sector employed rail drivers in comparison to the public-sector drivers. For example, the LUAS tram drivers were obliged to sign a 'no-strike' contract on their employment. No such contract existed previously within the public sector. According to the trade union representatives interviewed, this measure and other conditions contained in the LUAS drivers' contract were intended to send a signal to the militant public-transport workers that if they took industrial action too often then their service would also be privatised.

> *"You can't make profits from rail infrastructure provision so they couldn't make the infrastructure pay for a private provider to be involved but they could have a private operator in to break the stronghold the trade unions had on CIE. SIPTU's deal to represent the workers had the price of the 'no strike' clause. It wouldn't have been allowed by their members; it would have been a sell-out to privatisation.*

We all have to stand back from the ideological approach. It was to show the public transport workers if you cry wolf too often you'll get a LUAS" (Interview ICTU PPP IAG Representative, 2006).

This reduction in conditions and wages would not have been possible to apply to directly-employed public-sector workers due to the levels of trade unionism and established conditions and standards in the public sector (Interview SIPTU National Industrial Secretary, 2006). It appears clear that the introduction of PPPs was influenced by the Government's aim to reduce the influence of trade unions within the public sector and to develop more flexible, competitive, neoliberal-type work practices than those obtaining in the traditional public-sector. Even though the public-sector officials denied that this was an influencing factor, the interviews with the various stakeholders clearly revealed that PPPs were introduced as a mechanism for the *neoliberalisation* of the wage relation within the public-sector. Chapter Eight discusses the wider impacts of this process on the wage relation more generally (Interview ICTU PPP IAG Representative, 2006).

Neoliberal Ideology and Private Influence

A neoliberal ideological perspective on the role of the state received its most comprehensive articulation by the Minister for Finance who introduced PPPs, Charlie McCreevey (Allen, 2007; O Toole, 2003, PPP Informal Advisory Group, 2001). Such a perspective was also held by the Progressive Democrats (P.D.) party, the Fianna Fail coalition partner in government which advocated the introduction of PPPs because they *"are founded on the principle that public goods cannot be delivered by public bodies efficiently and effectively"* (Interview Private Sector Economist, 2006). The P.D.s viewed the management of public services and infrastructure to be beyond the capability of the public sector (Interview Private Sector Economist, 2006).

> *"There would have been some ideological views within the political context seeing the private sector as an appealing solution"* (Interview Central PPP Unit DOF, 2006).

A further indicator of the support for the neoliberal approach within the state was the fact that a wide definition of PPPs was taken in their initial introduction so that the number of ways in which the private sector could be involved in the design, financing, delivery and operation of public services would be maximised (Interview Central PPP Unit DOF, 2006). The transfer of the state role of provision, funding, management and maintenance of school buildings over to the private sector was also strongly influenced by the Government's adherence to neoliberal policy and ideology, according two principals from the PPP schools.

> *"Through the 1990s and particularly since the Progressive Democrats were in power there was a philosophical shift from the state delivering public services to private monies being used to deliver public services. This is the Progressive Democrat philosophy followed by Charlie McCreevey, Seamus Brennan and others to pare down the role of government. This was the political climate within which PPP could develop"* (Interview Principal, PPP School 2).

PPPs, in line with the international evidence were introduced, therefore, to further the process of *neoliberalisation* within the Irish State. This was evidenced most clearly in the candid and profoundly radical statement by the PPP Unit in the DOEHLG that PPPs were introduced in order to facilitate the transformation of the role of the Irish State from one of direct provider of infrastructure and services to a mere regulator and monitor.

> *"By transferring responsibility for providing public services to the private sector, government officials will act as regulators and will focus upon service planning and performance monitoring instead of the management of the day-to-day delivery of public services"* (Interview PPP Unit DOEHLG, 2006).

Some members of the government and trade unionists supported this as a less severe form of privatisation.

> *"McCreevey had a private sector view; he was frustrated with the state; but Fianna Fail was still all things to all people. On the one hand you had the Thatcherism privatise-everything view. But An Taoiseach, Bertie Ahern's approach was it was better to have the unions on board in partnership agreements. Ahern wasn't enthused about Thatcher's privatisation approach"* (Interview PPP ICTU IAG Representative, 2006).

In addition, state officials argued that, in some sectors such as education, PPPs were simply continuing the situation whereby the state did not own or maintain the infrastructure as this was traditionally owned and undertaken by religious organisations (Interview Central PPP Unit DOF, 2006). The reality, as highlighted in the evidence outlined above, was that PPPs were introduced as part of a process of the neoliberal transformation of the Irish State. Furthermore, the evidence detailed later in the thesis strongly supports the contention that PPPs were, in fact, a considerably more intense form of privatisation than some state officials claimed. The concept of PPPs as a less severe form of privatisation, or as merely entailing the continuation of the religious-state provision model in another form, was, therefore, more about minimising the concern and opposition amongst groups such as trade unions and the wider public, than actually minimising the neoliberal aspects to PPP policy and practice. It appeared, as experienced internationally (Murray, 2006; Whitfield, 2006) and demonstrated clearly in the Government's PPP Communications Strategy (Central PPP Unit, 2002), that these arguments put forward by the state were about influencing the perception of PPPs and disguising the policy and practical reality.

Private Sector Influence

Irish government officials explained that their awareness of and interaction with private-sector PPP consultants and companies was also an influential factor in the adoption of PPPs. In addition, the promotion of PPPs at an international level by private firms, pro-privatisation governments such as the U.K. government and international institutions such as the European Union, United Nations, and the Organisation for Economic Co-operation and Development (OECD), strongly influenced the Irish Government's decision to introduce PPPs.

> *"PPPs at the time (2000/1) were being developed at a European level and this influenced Irish officials within the Department of Finance. The international experience was important. We looked at French and Dutch PPP models, at what was happening at an EU level. We would have more in common with Northern Ireland and the UK and would be in regular contact sharing experiences...The Dutch and ourselves were the closest in coming from the same point of view in looking for value-for-money and improved delivery in projects"* (Interview Central PPP Unit DOF, 2006).

The *PPP Communications Strategy* further noted that the development of PPPs was supported by links and co-operation between Irish Government PPP units and their comparable PPP units in Northern Ireland. It was also aided by the strong support from the EU Commission for PPPs and the United Nations' Economic Commission for Europe's PPP Alliance Programme. One private economist asserted that Irish government policy-decisions, such as in the case with PPPs, often reflected recent policy practice implemented by the former colonial power, a common historical position of post-colonial countries.

> *"Irish public policy finds it difficult not to implement a British policy, we take a lot of our thinking from the UK. It's a colonised mind-set"* (Interview Private-Sector Economist, 2006)

The trade union representatives also explained that the international institutions, along with private consultancy firms, had an important role in promoting the adoption of PPPs in Ireland.

> *"The government saw opportunities in the U.K. where a lot of companies were involved in PPP; so they thought 'why not in Ireland'. They were influenced by the OECD reports on public sector reform and the role of the government; all the PPP stuff was coming from the OECD. If you are exposed to it at OECD level then you are going to put forward proposals for it"* (Interview SIPTU National Industrial Secretary, 2006).

It appeared that, despite considerable international evidence of negative outcomes from PPPs, the Irish Government was satisfied to take the perspectives of international PPP proponents without any serious critical analysis. For example, Central PPP Unit officials pointed to the international experience of PPPs as being generally positive and made few references to the need for the Irish

PPP model to avoid the mistakes made internationally (Interview Central PPP Unit DOF, 2006). The trade union representatives, on the other hand, made extensive reference in the interviews to the negative experience of PPPs in the UK and Northern Ireland (as detailed in Chapter Three).

Private firms involved in the promotion and development of PPPs internationally, such as Farrell Grant Sparks, PriceWaterHouseCoopers, KPMG and Deloitte and Touche, were given the opportunity by the Irish State to highlight the positive experiences of PPPs from the U.K. and elsewhere in private information sessions held with Irish local authority senior management and government departments (Interview SIPTU National Industrial Secretary, 2006). This exposed Irish Government officials to uncritical presentations of the principles and benefits of PPPs (Interview SIPTU National Industrial Secretary, 2006). These same private-sector advocates also played a central role in promoting and effecting the introduction of PPPs through their reports commissioned by the Irish Government. The PPP Unit in the DOEHLG (2006) stated explicitly the important role played by such reports. According to the PPP Unit the Government decided to use and encourage PPPs principally because,

> *"Two important Reports published in the late 90s/early 2000, both of which concluded that there was scope for PPPs in Ireland, the FGS report (1998) and a PriceWaterHouseCoopers report (2001b)"* (Interview PPP Unit DOEHLG, 2005).

The private sector also emphasised to the Government the importance of introducing PPPs in order to address rapidly the infrastructure deficit.

> *"The CIF joined with IBEC and made a submission to the Department of Finance advocating PPPs in 1998. There was a concern at the time to try to find a way to increase expenditure on infrastructure. As an organisation, we strongly advocate investment in infrastructure. Sure, there are business opportunities for our members but that's a lesser important consideration...The growth in the economy is in shops, housing, hotels, leisure facilities etc. The productivity of our economy is curtailed by an inadequate infrastructure. Unless we address that bottleneck we can't sustain growth. The knock-on effect of infrastructure is more important to us than building them"* (Interview IBEC/CIF PPP IAG Representative, 2006).

The private sector also played a significant role in the genesis of individual PPP projects such as the Metro, the LUAS and the Grouped Schools Project. In 2000, the Department of Transport

(Department of Public Enterprise at the time) was procuring rail projects through the traditional procurement model. The Department also ran a number of workshops, at the time, with private firms, Ernst and Young, Atkins engineers and Arthur Cox solicitors which were drafting PPP guidance for the rail area along with PPP guidance for the Department of Environment. These workshops were based on setting out the limits of the powers of various state bodies and to the extent to which private-sector involvement could take place (Interview Rail Procurement Agency Official, 2006). Within a year of the workshops, the Department had developed the first PPP legislation in Ireland, the Transport (Railway Infrastructure) Act 2001 - a clear indication of the influential role these private-sector PPP proponents played within Irish PPP policy development and governance.

In the late 1990s, the Government was approached by a private Japanese- and Korean-based consortium with an offer to build the Metro from Dublin Airport for £100 million Irish pounds. Irish Government officials were reportedly 'very excited' at the time about this proposal and, as a result of these approaches and expressions of interest from the private consortium, plans to develop the Metro commenced (Interview Rail Procurement Agency Official, 2006). The genesis of the Metro occurred with no public debate and no possibility that it would be publicly funded or operated. The origins and development of this major public infrastructure and service is being undertaken, not according to the identified public requirements but rather according to the investment strategies of private capital.

> *"It was something the private sector would put money on the table and finance. This along-side the guidelines and reported success of PPP in the UK led in 2000 to the Metro becoming a project. It was almost a given it would be a PPP and there was never any real debate given the sheer scale with such a significant capital cost and its origins"* (Interview Rail Procurement Agency Official, 2006).

The case of the Grouped Schools Project also revealed the influential role of private capital in the introduction of PPPs and the extent to which private-sector companies viewed PPPs as a potential business market. In fact, private firms exerted pressure directly on the public sector to adopt PPPs. For example, the Grouped Schools Pilot PPP Project was not included in the original programme of Irish PPP pilot projects. However, "*a large international bank*" gave a presentation to the DOF on how PPPs could be used very successfully in education projects (Interview PPP Unit DOES Official, 2006). The DOF then approached the DOES about including schools in the PPP pilot programme (Interview PPP Unit DOES Official, 2006). The DOES itself then became very active, initially at least, in promoting PPPs to the private sector.

> *"The Department of Education and the Department of Finance actively promoted PPP's and encouraged companies to set up in Ireland because of the amount of work that was to be tendered using the PPP model"* (Interview Private Operator PPP Schools, 2006).

Conclusion

As noted earlier, decades of underinvestment, combined with other factors such as rapid economic growth, resulted in a sizable public infrastructure and service deficit. This deficit has, in recent years, been identified by neoliberals as a potential market opportunity to promote new avenues for private capital accumulation (Allen, 2007, Klein, 2007). The intense promotion of PPPs by Private PPP companies and consultants' to the Irish state, as outlined above, revealed the importance of this potential market to capital itself. From a neoliberal standpoint then, PPPs were expected to play an important part in the *neoliberalisation* process of opening up the welfare state and its public service and infrastructure provision to global and domestic capital.

> *"There has obviously been a deficit in investment in infrastructure in Ireland, both north and south of the border spanning health, education, justice, the courts and housing. That has created a huge opportunity for those of us involved in the sector, again both north and south of the border"* (Associate Director, IIB Bank speaking at 3rd Annual Irish PPP Policy Forum, 2007).

The research outlined in this Chapter indicates that the introduction of PPPs entailed a greater involvement of the private sector in the policy making and governance scale of the Irish State than existed previously. The process underlying the introduction of PPPs can, therefore, be analysed, using a geo-political economy approach, as aimed at facilitating the *neoliberalisation* of the Irish State at the level of public governance, service and infrastructure provision. It also revealed the important role that PPPs were expected to play in providing new avenues for capital accumulation. This reflects trends associated with the process of neoliberalisation of the state internationally (Brenner and Theodore, 2002; Peck and Tickell, 2002).

It should be noted that while none of the politicians involved in the original development of PPPs were interviewed, the government PPP department officials and private and public representatives interviewed and referred to in the text were centrally involved in the initial roll out stages of PPPs. These actors, therefore, were able to accurately describe the rationale underlying the introduction of the PPPs and thus, the research is deemed to be sufficiently reliable.

Having discussed the factors elucidated within the research that underpinned the Irish Government's decision to develop and introduce PPPs, the following Chapters detail the results of

the research in the two PPP case-studies; the Grouped Schools Pilot PPP Project developed by the PPP Unit in the DOES and the regeneration of social-housing estates undertaken by DCC.

6. Grouped Schools Pilot PPP Project

Introduction

This Chapter outlines the extent to which the Grouped Schools Pilot PPP Project, according to the results from the research, achieved the Department of Education and Science's (DOES) stated aims and objectives. It also presents the analysis of the PPP outcomes in terms of the impact of the introduction of a 'for-profit' private company on school provision, operation, community use and employee conditions. The first section presents the findings in relation to the value-for-money (VFM) of the schools. The following sections then present the outcomes of the PPP project in terms of the quality of the school buildings and equipment provided, assessment of the operation of the schools to the agreed service standards, the impact of the deal on the role of the school principals and the impact and extent of 'third-party' use of the school buildings. The evidence of neoliberalism and privatisation outcomes that emerged in the project is also outlined. The final section addresses the fundamental question of PPPs' suitability for schools.

Value-for-Money

As discussed in Chapter Three the C & AG Report (2004) found that the PPP route was more expensive per unit cost per sq. m. than direct provision. However, the report only examined the stages of the Grouped Schools PPP project up to the point where the contract was signed. The research undertaken for this study focused on the outcomes of the schools in operation. The evidence from the case study PPP schools pointed to additional costs associated with the PPP model that cast further doubt on the ability of the PPP schools to achieve VFM.

As noted in Chapter Three, most of the unit cost difference between the PPP schools and comparable traditionally provided schools was attributable to costs associated with the PPP form of procurement. These included charges associated the increased scope of work to accommodate facilities management and to provide for third-party income generation. The research found that these extra PPP facilities added further costs to the school budgets once the schools were in operation. For example, the five PPP schools were to receive a proportion of the income generated by the private operator from catering, vending machine and third-party usage of the school facilities. The contract provided for a guaranteed minimum to each school, in respect of income from catering and vending, averaging €2,800 in year one and increasing to €3,500 (plus indexation) from year three onwards (C & AG, 2004). Income from third-party usage of the school facilities outside core education service requirements (after deduction of associated expenses such as increased staff, heating and insurance costs) was also supposed to be shared on an equal basis between the school and the private operator. However, principals in two of the PPP schools were concerned that the private operator had not given the school its fair proportion of the income.

However, it should be noted there is no way of verifying this due to inaccessibility of the private company's financial details.

> *"There were arguments over computer servicing fees. We said we didn't owe the private operator for maintenance yet they said we did. The private operator then subtracted the debated invoices from income we were due. We were expecting €3,500 last year and yet we only got €1800. They try and generate opportunities to subtract an amount equivalent to what they are supposed to pay us in income from the canteen and vending machines"* (Interview Principal, School 3).

Furthermore, there was considerable unease in all five schools that expenses, relating to the private operator's use of the school for income-generating purposes, were being paid for by the schools. The vending machines and gyms, for example, which both provided income for the private operator, had a high demand on electricity but it was the schools, rather than the private operator, which paid for the electricity. In addition, the schools were originally fitted with cables that could carry large amounts of electricity, well above what normal schools would use (500 vs. 127 KVA), to operate the various income-generating facilities (e.g. fitness suite, canteen, vending machines etc.). The standing charges relating to these cables were very expensive (almost €2000 per annum) and were charged to the schools. The principals were highly critical of the failure of both the PPP operator to take responsibility and pay for the items and the DOES for not ensuring the private operator paid for it.

> *"All the electricity used in the school goes on one bill. The fitness suite is used every night. Outside lighting is used every night but we are paying for that - it comes out of the school budget. We are seeking to recoup it from the private operator, but unsuccessfully to date. We hope to get them to give us a refund. The DOES PPP Unit are well aware of it, but are doing nothing about it"* (Interview Principal, School 1).

If the schools were to get the situation changed, the schools would be expected to pay for it, rather than the private operator.

> *"We are paying a massive electricity bill because the KVA is 500 – we only want 127KVA. The private operator is willing to change it but only if we pay for it"* (Interview Principal, School 4).

The schools also paid for the disposal of school refuse, a significant proportion of which (up to 80 per cent in School 3), was generated from the private operator's canteen and other income generating facilities. This frustrated the school principals, particularly given that the contract stated that the private operator was to pay for all of the schools' premises services, such as energy and waste management, cleaning, catering, security, parking and telecommunications (C & AG, 2004).

Another extra cost for the schools was their inability to operate a tuck shop or canteen from which, traditionally a school could earn significant income that could then be used to invest in the school. However, this money was not available for the PPP schools, as the private operator did not allow such tuck shops which would compete with the private operator's canteen.

School principals were given the impression at the start of the PPP project that all maintenance issues would be paid for by the private operator. However, schools had to pay for significant costs in this area. For example, traditionally, a school would have hired and paid a once-off maintenance contractor to carry out work, such as electrical or plumbing problems. In the PPP, the private operator organised it. However, any maintenance provided by the private operator outside of what had been specified in the contract turned out in practice to be a more expensive method for the school than the traditional method.

> "*We wanted a socket fitted in a workshop. The private operator quoted an outrageous price for something that the electrician could do in 10/15 minutes. The private operator has to have its cut. If we went straight from the school to the electrician we could have saved money*" (Interview Principal, School 2).

Using a political economy approach, many of these extra costs can be analysed as emerging from the involvement of a 'for-profit' private operator in the maintenance and operation of public schools. For example, there was a requirement for considerable profit to be provided from the private operator given that the expected rate of return to the investors involved in the Pilot Schools Project was 13.7 per cent (C & AG, 2004). It was estimated that the private operator would gain £30 million in profit from the Schools Project over the 25-year period of the contract (The Phoenix, 2005). This profit had to be generated from the schools. The involvement of the commercial private sector, therefore, resulted in the logic of maximisation of returns being applied to the day-to-day operation of the schools. These were additional costs over and above what existed in the traditional model and money which otherwise could have been available for public services (Jan O Sullivan, Dail Eireann, 2007).

Risk Transfer

According to the DOES, an important benefit of the PPP projects was expected to be the transfer of risk, in relation to time and cost overruns, to the private sector rather than leaving the DOES liable for potential additional costs on school projects (C & AG, 2004). In the PPP schools, the state retained the demand risk while the design, availability, construction and maintenance risks were transferred to the private partner. The DOES estimated that if it procured the Grouped Schools by conventional means, design and construction and operational risks would result in adding an estimated €8.3 million in net present value terms to the cost of the procurement. This

additional risk-related cost accounted for 6.9 per cent of the overall estimated cost of the procurement of the schools by conventional means. This, according to the Comptroller and Auditor General, was a low percentage of the overall cost and indicated that, in fact, the level of risk transfer contained in the PPP Project was limited (C & AG, 2004). The fact that the demand risk, one of the most significant risks, was retained by the DOES further limited risk transfer. This was because the DOES would have had to pay the private sector a significant amount if it transferred the demand risk to the private sector in relation to the PPP Schools.

> "*The private sector would quote for it but at a price that would cover them so they would never be caught out if pupil numbers changed significantly. The DOES should know best what future demand will be, therefore, we retained the demand risk. This is the principle of PPP, that the optimum risk is transferred to the partner who can best manage the risk. There is no point in transferring risk we can manage better than the private sector*" (Interview DOES PPP Unit Official, 2006).

The Ballincollig PPP school demonstrated that the state ended up paying more than it would have under conventional procurement because it transferred responsibility for managing the building to the private sector but retained the demand risk itself. Ballincollig was planned to cater for 1,000 pupils, but enrolment for the first year was 650 pupils. It then fell to around 570 pupils in 2004/2005 and was still approximately 600 in 2008. However, payments to the private operator by the DOES were not reduced despite the low capacity utilisation of the school.

The Comptroller and Auditor General's finding that there was a eight to 13 per cent cost differential between PPP and conventional schools was very significant and cast considerable doubt on the evidence base that underpinned the rationale for the use of PPPs in the provision and maintenance of schools. The high cost of the annual 'unitary' payment to the private operator could also affect the overall long-term affordability of the project. Furthermore, if that cost differential continues in the new bundles of planned PPP schools it could have a significant impact on the state's ability to provide further new schools or refurbishment as the more schools that are provided under PPPs, the fewer schools overall can be provided, assuming a static budget.

Speed of Delivery

According to PPP proponents the PPP model was introduced as it would provide the infrastructure more quickly than the traditional mechanism (European Commission, 2003; PPP Informal Advisory Group, 2001; PriceWaterHouseCoopers, 2005). This was achieved, to a certain extent, in the delivery of the PPP schools.

> "*When we went to do the PPP schools –the main thing we were interested in was building the schools quicker – there was no point in us doing the PPP route if it took the same time as traditional*

procurement. Through these PPPs we have knocked half the time off the traditional way; the PPP school will be built in half the time" (Interview DOES PPP Unit Official, 2006).

For the Grouped School PPP Project, it took approximately four years from the announcement of a school to completing a PPP school (DOES PPP Unit Representative, 3rd Annual PPP Forum, 2007). The Comptroller and Auditor General's report (2004) noted that the total time for the procurement of the PPP schools was three and a half years versus the traditional time of four to five years. This demonstrated that the PPP route provided a school anything from 18 months faster to actually taking a similar time to the traditional route. This contradicts the DOES's claim that the PPP schools were built "*in half the time*" of a traditional school. It represents almost a zealous exaggeration, in contradiction of the evidence, of the benefits of PPP by the DOES PPP Unit.

The DOES hopes that the speed of PPP provision will increase for the second group of PPP schools as much of the documentation that had to be developed for the first Pilot group of schools now exists and it will "*just be a question of slotting in the individual school requirements into that framework*" (DOES PPP Unit Representative, 3rd Annual PPP Forum, 2007).

However, a speed of delivery comparison is not that straight-forward as the relative priority for, and allocation of funding to, an individual school is a significant factor in the timescale of provision of traditional schools. The reality is that once a school enters a PPP route and the contract is signed it is guaranteed completion, unlike in a traditionally-funded school where funding is uncertain (Interview C & AG, 2006). In fact, the DOES itself emphasised the speed and innovation of delivery it could achieve through traditional procurement in its 2006 *Schools Building Report*. Two schools designed by DOES architects were built as part of a pilot project in 2003[33]. Following completion of the design phase, tenders were sought in the traditional manner for the construction of the new schools. Construction commenced in late 2002 and was completed in 2003. The Griffeen Valley Educate Together School, Lucan, was also delivered on time and within budget through a combination of traditional and modern system-build technologies executed on a fast track five-month building programme (DOES, 2006a). The overall outcomes of the research into the case-study PPP schools are presented in Table 6.1 (see end of this Chapter). The following sections present the analysis of those outcomes in much greater detail.

Quality of Design, Buildings and Equipment

Building Design and Layout

The principals in four of the five PPP schools were delighted with the large spacious buildings provided with, in general, excellent design and bigger classrooms. The increased size of the

[33] One is in Tullamore and one in Raheen in County Laois

schools included an increase in the circulation space (corridors etc.) which contributed positively to the general school atmosphere and also to discipline improvement (Interview Principal, School 3).

> *"Our pupils have what the pupils of the nation should have-facilities, resources, environment; what is here is a benchmark for other schools. It is a model to follow affording pupils an environment that facilitates learning. The quality of the building is much higher than that of a DOES school"* (Interview Principal, School 5).

The Whole School Evaluation Report for School 4 found, similarly, that, on a number of very important levels, the PPP project has been very beneficial to the school with the major benefit being the school building itself. For example, it has six science laboratories, four dedicated computer rooms and enough classrooms for teachers to have their own base rooms (DOES, 2006b). Furthermore, there are office facilities not only for administrative staff and senior management but also for a number of other teachers with specialist or middle-management roles. With a total of just over three hundred computers supplied under the contract, there are several computers in a number of classrooms and all specialist facilities. The school also had a performing arts area and music room, as well as a full-sized gymnasium and fitness suite. A large cafeteria provided food for the student population. Outdoor facilities included six tennis and basketball courts, a pre-existing astro-turf pitch and a sand-based playing pitch capable of accommodating full scale football or hurling matches (DOES, 2006b).

> *"The school is physically excellent; spacious and bright. The classroom space is much bigger and the practical rooms are big and wide. The corridor space is fantastic. The facilities are fantastic. The teachers have a nice environment. We worked in portakabins before. Now everything is within the one building; the IT structure is great, the facilities, labs and workshops very positive. We can't complain at all"* (Interview Principal, School 4).

However, a comparable analysis with traditionally provided schools is made difficult by the fact that even though the PPP schools are, on first observation, highly satisfactory, a large part of their successful impact is, as the principals noted in their responses, the 15 per cent increase in space over a traditional school. This raised a question of how much the benefits highlighted in the five PPP schools are attributable to the PPP model *per se* and how much related simply to the increased space over a traditional school. Thus, it could be maintained that the design innovation provided in this PPP case-study was not technical but limited simply to the expansion of the size of traditional schools (C &AG, 2004).

The research found however, as detailed in Table 6.1, a number of design problems in the PPP schools. Normally, when the DOES completed a traditionally-procured design, it would specify

exactly where it wanted everything to be within the school building and the relationships between the rooms. Using the 'output-based' approach in a PPP, however, the DOES was less prescriptive in what was required with the expectation that such an approach would bring the benefit of attracting new ideas from the private sector in terms of innovative design (Interview DOES PPP Unit Official, 2005). However, the evidence from the Grouped Schools is that this led to significant design problems in the schools. In all five schools, there were some aspects of poor design, such as poor building foundations, lighting design with classrooms and halls requiring electric lighting even on sunny days, poor design of school classrooms, assembly and stage areas and in four of the schools there were leaks in the roofs of the P.E. halls (Table 6.1). There was visible subsidence at the side of School 1 with the footpaths sinking and cracked. The subsidence is also causing major sewage problems in the school.

> *"It's a lovely building on a bog- but they didn't put piles under the sewerage pipes and, as a result, it will take all the profits out of the system in the next twenty years trying to fix that. The paths are sinking all around and the school will be left, literally, high and dry"* (Interview Principal, School 1).

This school experiences considerable problems on a day-to-day level as a result of the schools design and construction.

> *"There are sockets in the middle of the classroom floor which is completely impractical. We had no input into where anything was going. We have had to allocate another room for music because the music room is impractical. The private operator said to use the stage but it was impossible to use. The toilets are tiny, the meditation room was not fit for purpose, I pleaded for a second wood-work room but we didn't get it yet it's a disadvantaged school and really needs rooms for practical studies. There's not enough car parking space but the private operator said they were willing to expand it if we pay for it. When we moved in all the fire doors closed like normal doors. They are supposed to be tied back magnetically. There was also access to the pitches only through emergency doors so you had to go around the school to the front to get back in"* (Interview Principal, School 1).

Poor lighting (see Plates 6.1, 6.2. 6.3, 6.4) and acoustics was a problem identified in three of the schools (Table 6.1).

> *"In general it is an amazing facility but the corridor is dark and you can hear people in the top corridor. The design is not set up for a school. The lights need to be on all day as there is poor lighting, even darkness, in some classrooms and the corridors"* (Interview Teacher 2, School 4).

Four of the five schools had problems with the design of the stage area (Table 6.1), which negatively impacted on their ability to carry out drama within the school and thus, by the wider community also. The theatre hall/stage area was, in some respects, the most important room in the schools as it was the area where the schools hold assemblies and other occasions that bring both

the whole school and the wider community together. The design of the stage areas was not suitable for school-use. A teacher in School 4, for example, explained that despite requesting *"a proper stage and auditorium"* their suggestion was not taken on board at planning stage, leaving them with an inadequate drama area which the school had to rectify using its own budget. The low nature of the stage area, in comparison to the dining tables (which are also quite low), in School 4 is visible in Plate 6.5 and Plate 6.6.

> *"We had to buy a portable stage that we stand out in front of the 'so-called' stage which is tiny. We bought our own lights and sound system: it's all gone out of the school budget"* (Interview Teacher 3, School 4).

There was also evidence of poor heating design of the buildings which has contributed to a larger-than-expected amount the schools had to pay out on utility bills.

> *"We have a huge expense on heating oil because the school is designed badly with five zones not relevant to our needs and an unbelievable amount of heat loss through the doors"* (Principal, School 3).

Poor design of the metal-work rooms has led to significant noise levels to the point at which it was a health and safety issue for teachers and pupils (Interview Principal, School 3). Furthermore, in the science rooms, the gas was located inside the class in gas cylinders which was dangerous as there was no air extraction system. School guidelines state that gases should be stored externally and piped in but there was no specification in the contracts for the private operator relating to the storage of gases (Interview Teacher 3, School 4). During the development stage of the school, the teachers had submitted for the gas to be stored outside but nothing was done about this. There was also evidence of poor design of the woodwork rooms with dust extractors also being inadequate (Principal, School 5).

> *"Some rooms and storage and preparation areas in practical subjects...also presented difficulties with the arrangements for ventilation and dust extraction. Some concern was also expressed about the location of electrical sockets in chemical stores...they do collectively present an ongoing challenge for the management of resources within what is otherwise a very well-resourced school building. Management are encouraged to continue to be proactive in solving the ongoing issues in relation to the PPP"* (DOES, 2006b, Section 1.4).

Furthermore, while the schools visually appeared impressive on first examination (see Plate 6.7 and Plate 6.8), closer investigation of the floors (see Plate 6.9 and Plate 6.10), walls (see Plates 6.11, 6.12, 6.13, 6.14) doors and ceilings, which caretakers in two of the schools showed to the author, revealed a different picture.

> "*If you look at the school everything looks nice but there are problems with gaps between the doors and windows and their frames, the floors are lifting in places, the bricks cracking on the walls, the doors are creaking. The boast was to get the school up in record time but it would have been better taking an extra 6 months to get it done right*" (Interview Caretaker 1, School 4).

This reflected a trend that emerged in PPP schools in the U.K. where the design of the school was not appropriate for educational use. Private companies that were involved in PPPs were found not to have much experience in designing educational facilities, they generally being construction or facilities management companies with a commercial orientation (Audit Commission UK, 2003; Unison, 2003).

Consultation with Principal and Teaching Staff

The research highlighted that these design problems in the schools resulted, in part, from the inadequate consultation with, in particular, teaching staff from the schools. It is pertinent, therefore, now to discuss this aspect of the PPP project development. The PPP process is required to include the 'social partnership' principles of consultation such as stakeholder participation in original and continuing decision making and accountability. The guidelines for consultation with stakeholders[34] in the PPP process was outlined in section seven of the *Framework for Public Private Partnerships* (PPP Informal Advisory Group, 2001, 2) which stated that;

> "*Existing structures and agreements should be used to ensure extensive consultation and open communication in respect of PPP projects. Public service employees should be informed at the earliest possible stage of proposals for the introduction of PPPs and of significant developments throughout the process. They should also have the opportunity to contribute positively to the development of projects, building on progress in the development of workplace partnerships under the PPF. The partnership approach should be maintained throughout the project's lifetime.*"

In relation to the schools PPP project the DOES stated that it went beyond just consulting the employees and talked to the teachers, the parents and the students:

> "*We would see it as very inclusive. If we want this to work and be successful for 25 years, we would try to put as much time as we can into the stakeholder consultation so that everybody understands what they are going to receive, when they will receive it and how it is going to work*" (DOES PPP Unit Representative, 3rd Annual PPP Policy Forum, 2007).

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[34] Stakeholders in the project include employees and their trade unions, local community groups, public representatives, interest groups and the public at large.

However, two principals were unsatisfied with the level of consultation they had in the PPP design, planning and development process while another two principals were 'very happy' with the consultation and one called it 'satisfactory'. The principal in School 1 explained that there was a lack of adequate consultation with their school management. This resulted, in part, because the PPP required the model of treating the schools as a group with one design model being applied to all five schools. This resulted in schools being designed in a way that was not necessarily suitable for meeting the need of an individual school.

> "*We requested more practical rooms and changes to, in particular, practical rooms according to our individual school demands e.g. home economics, P.E., a second metal work, wood work or art room. These are needed in disadvantaged areas where the demand for practical subjects would be high but they were not provided*" (Interview Principal, School 1).

Similar design problems emerged from the lack of consultation with staff in School 2. That school had a problem with the fact that the computers were provided in the classrooms on the presumption that the teachers were based in a class room but, in that particular school, the students remained in class while the teacher rotated between the various classrooms. This meant that the computer and other equipment was left unattended for the period of time that teachers rotated, resulting in the equipment being damaged.

> "*The DOES treated the 5 schools as a bundle but no two schools are the same. The building of bundles of schools has to be flexible with regard to individual schools' needs. If you build a bundle of schools there has to be a layer below the macro plan of the bundle. You have to go back to each individual school and say how do you structure yourself? Can the proposed building be structured around that? As opposed to 'here is your building now structure your school accordingly*" (Interview Principal, School 4).

A notable divergence emerged in the research between the views and experience of the principals, who were much more positive, toward the PPP outcomes and the teachers who had a more negative experience. Teachers, in particular the practical-subject teachers, appeared more aware of the many practical day-to-day workings of the school's facilities and fittings, while the principals appeared slightly removed and more focused on higher-level management issues. For example, there was a much higher level of dissatisfaction in relation to the outcomes of the consultation process amongst teachers, with teachers in four of the five PPP schools feeling excluded from the PPP process. The outsourcing of the design of the schools to a private company was felt to have added to inadequate involvement of teachers. Some of the teachers were informed that the only design changes that would be allowed in the PPP were cost-neutral changes and they felt that the requirements of the private operator were prioritised over the teachers' educational requests. They were excluded, they believed, because of the emphasis on the speed of completion of the projects to provide the schools exactly on time. This, they believed, resulted in many of the design

problems in the schools noted above. Some of these problems, therefore, could have been avoided had the teachers, as those with the practical expertise, been involved at an earlier stage of the design and procurement process. Furthermore, a number of aspects of the schools appeared that they had been designed to meet the commercial needs of the private operator and, as a result, were not suitable for educational uses.

> "*When the development started we were told under no circumstances to visit the site. If I had spotted something wrong it would have slowed down the progress. It was all about the pressure to get it done. There was a lot of glory to be brought to it if it was on time and on budget. The pressure for time led to us being excluded. The design areas did not need huge changes but if those changes had been made it would have made life easier for us now*" (Interview Teacher 2, School 4).

> "*We were led to believe we were going to have a huge input into planning. After the private operator had been selected as the preferred bidder we were given a copy of the plans and then we were to submit changes and modifications. We made some small changes but these were not considered because of 'money implications'. Our input certainly didn't appear to have been acted on. We found out later many of our list of changes were never passed on by the school management because it was felt that bringing up other issues in the school would slow down the progress of the project*" (Interview Teacher 6, School 2).

> "*They didn't entertain idea of having two art rooms. Now we only have one art room and we had to convert an ordinary class room into an art room. In an impoverished area like this where practical subjects are important not having a second art room for the large numbers is wrong*" (Interview Art Teacher, School 2).

> "*Our opinion was ignored. We got no real input into the design. We were shown plans and made recommendations but, for example, we asked for a viewing area in the hall but you can see here now there's no viewing area. We spent time drawing up equipment lists but they were completely ignored. There is no value of the opinion of teachers on the ground. The Voluntary Education Committee were representing the DOES for us in negotiations with the private consortium but they seemed more interested in bowing to the private operator than listening to us*" (Interview P.E. Teacher, School 2).

Equipment Provision

According to the DOES, principals and teachers the overall quality of the equipment supplied to the five schools was good quality. Staff in all five schools commented positively on the great number of computers in the staff room and around the school. However, in all five schools there were also instances where the quality of equipment supplied was poor, particularly in relation to the practical subject areas of metalwork, woodwork, art and P.E. Some of the equipment, such as parts of the woodwork lathes, fell off leading to health and safety issues for staff and students. Further health and safety issues arose from the low level of protection provided on some of the machines in the metalwork area (see Plate 6.15). Furthermore, the kilns in some of the art rooms

were not appropriate. Some of the equipment was so sub-standard that it affected teaching and had to be replaced, but only after intense pressure was placed on the private operator by the relevant schools. The problem was caused by the fact, that in some instances, the private operator fitted out the schools out with, what the teachers described as, cheap equipment, which might have reduced its expenditure but was substandard as a result. This pointed to problems that can arise as a result of the PPP model where the private sector is given the responsibility to source the required equipment.

In addition, a lot of the gym equipment provided was not practical for children as the private operator had provided adult-based equipment which could be used after school hours as an income generator. Furthermore, it appeared that it was in order to reduce costs that the private operator only put in equipment to fulfill the basic equipment criteria and this was why much of the equipment was not necessarily geared to what was educationally optimal. This is another example of the *"big conflict between what's the educational requirement and what the private operator does in practice"* (Interview Teacher 2, School 1).

The fact that the private sector was responsible for sourcing the equipment also led to the situation where the private sector provided the equipment on the basis of lists provided by the DOES and not according to what individual schools and teachers required. However, the DOES lists were out of date, notably in the metalwork and woodwork areas. These subjects having changed their syllabus, different requirements arose. In traditional schools, the school or teachers would source the required equipment.

> *"Teachers have less control over the budget in a PPP. In a traditional school a teacher would get equipment delivered to their class and they would say they don't want this or that and then they would get a credit note for it and exchange it. It is more flexible than if someone else, such as the private operator in a PPP, is responsible for providing the equipment"* (Interview DOES PPP Unit Official, 2006).

The DOES did accept there had been some initial problems concerning the delivery and quality of some equipment for specialist classrooms and that some of this was the fault of the DOES not the PPP.

> *"In the schools the start of problem was ours. Those schools should have been opened up in September but we were held up by the Department of Finance. Under the PPP contract no-one should have gone near that building until the doors opened but we allowed the schools to go in there and then the equipment was delivered to building sites which led to a lot of confusion about where the equipment was delivered to and what equipment was delivered"* (Interview DOES PPP Unit Official, 2006).

Schools Maintenance and Management

In the PPP schools the private operator retained "*significant involvement in the management of school resources*" (DOES, 2006b, 1.4). It was responsible for "*facilities management*" (i.e. maintenance and management of the school buildings and some equipment, caretaking and cleaning) which is a key departure from the traditional school model. A 'help-desk' system was set up in the PPP schools for teachers and principals to report items requiring attention by faxing or emailing the private operator which would then allocate the necessary task to an employee (caretaker or cleaner) or contractor. In a traditional school, if a difficulty arose with some aspect of the building, the principal or teacher contacted the caretaker who would address it. Under the PPP contract a local area facility manager visits the schools once a month to assess how maintenance and management is working.

> "*In traditional projects the principals and staff became directly involved in overseeing all the duties involved in maintaining a building, from cleaning a floor to replacing damaged fittings, moving furniture and after-school use of facilities. Under PPP, this now simply requires a telephone call to the centrally operated helpdesk. Nevertheless, it should be noted that the principals no longer have direct control over caretaker and janitorial staff*" (Interview DOES PPP Unit Official, 2006).

There was a very mixed response from school principals and teachers as to the quality and level of maintenance and management that was being provided by the private operator. Two school principals were very happy with the level of maintenance (Table 6.1).

> "*The building is maintained to a much higher level than would have applied in the past. The net result is better for pupils and teachers...it is working perfectly with the maintaining and management of buildings and the equipment is as good as what the school would have bought itself. I've no complaints at all*" (Interview Principal, School 5).

The principal in School 3 explained that traditional schools had very different maintenance strategies in place but now with the PPP schools there were comprehensive plans for each week and each year with everything managed by the private operator. He stated that a school would not have the expertise to do this and nor would the DOES be generating such templates for the proper maintenance of schools:

> "*The quality is better, the maintenance is better, the materials put in are better, the diner/canteen is a resource for the children. If a teacher comes to me with a problem I just email it to the help desk, I don't have to go looking for a caretaker. Outside the windows are cleaned twice yearly. There are no problems. It's a case of getting things done*" (Interview Principal, School 3).

However, the principals in three of the five schools were concerned with aspects of maintenance and management of the schools. Teachers in School 3, in contrast to the principal, also had

complaints about maintenance. Therefore, four of the five schools were found to have experienced some level of poor maintenance by the private operator (Table 6.1). The 'help desk' reporting system was identified as a major problem, as was the poor response from the private operator in relation to dealing with problems with replacement of faulty equipment and on-going maintenance that were reported, which impacted on the day-to-day operation of the schools. Such problems were identified in Chapter Two in relation to PPP schools in the U.K. and Canada (CUPE 2007; Murray, 2006; P.U.K., 2004). In these instances it was highlighted that such problems emerged, in part, because of the private operators' focus on reducing costs and quality of service delivery in order to ensure profit maximisation (Monbiot, 2000; Whitfield, 2006).

While the PPP contract stated that the buildings, equipment and fittings had to be fit for purpose, in clear contravention of the contract, the private operator sometimes refused to take responsibility for rectifying the problems that emerged. For example, it refused to replace faulty equipment at its own cost. The problem in these instances centred on disagreements between the schools and the private operator over the standard of equipment provided and concerning which equipment/fixtures supplied by the private operator were to be maintained by the private operator and which were the responsibility of the school. Some were provided under a supply-only arrangement while some others fell under supply and maintain arrangements. The principals complained that the fact that the DOES never supplied them with a list of what equipment was provided under 'supply and maintain' and which was 'supply-only,' meant the schools were disempowered in the disagreements between the private operator and the schools, as the principal in School 2 explained:

> *"Any plug-in appliance they claim it's only supply not maintain. I had to spend €60,000 on a new dust extractor for the woodwork room. We are relying on (the private operator) to tell us what is supply and what is maintain, we are not saying (the private operator) is fooling us, but the DOES should be on our side. The DOES's responsibility is to the school."*

These supply and maintenance issues in relation to equipment and maintenance should be addressed as a matter of urgency according to the Whole School Evaluation (WSE) Report undertaken into School 4 (DOES, 2006b).

> *"Complexities due to the subcontracting of some supply and maintenance issues, as well as uncertainties for the school management around the overall agreement between the department and the private operator have all added to the challenge of successfully managing resources. It has also been the case that any alterations to original specifications, from storage space to matters relating to voltage or phone line changes, have been both complex and expensive considerations"* (DOES, 2006b, 1.4).

If not addressed, this problem will, in all likelihood, worsen into the future:

> *"If a window breaks they call it vandalism and therefore it's our responsibility. Every school would have some budget for replacing furniture and equipment but the difficulty is 'what is vandalism and what is normal wear and tear?' There is always a tension because the company wants to push the vandalism route and the school wear and tear. The private operator says most is vandalism. It's not a big issue now but it will be in the future"* (Interview Principal, School 1).

It took a considerable amount of effort and stress on the part of the principals and teachers to get the faulty and below-standard equipment replaced as, initially, the private company refused. It was a "*war of attrition*" (Interview Teacher 5, School 4) with teachers reporting that they were intimidated from complaining. For example, one teacher provided evidence of a letter from the private operator threatening to sue the teacher if complaints continued about the standard of the equipment provided. The schools were made to feel, by both the private operator and the DOES, that each school was the only one of the five with any problems.

> *"We were told in a PPP the ongoing problems would be out of our hands and no time would be taken up fighting for these things, yet any time we have had a problem with the private operator it's been very difficult to get them to move on stuff. They dragged their heels when we complained about the lathes and even threatened to take some of us to court. We believe that the contract was not tight enough, therefore, the private operator had the wriggle room to do what a private company does to make profits - it cuts costs"* (Interview Teacher 5, School 4).

The school had to engage engineering inspectors to prove that the equipment was unusable.

> *"There were bits falling off the lathes each week. Twelve months later we got three new lathes. We waited for a year for the drill and mill to be operational. Three years on, one lathe is still not commissioned. There is a higher risk of accidents. There is a problem of a serious risk of hearing issues, as the roof in the metal workroom is a metal lined roof and as a result the acoustics are terrible. The problem with the PPP is there is no facility to negotiate with us. They say they met the design specifications, they feel they fulfilled requirements, but how can we prove they haven't?"* (Interview Teacher 5, School 4).

In one school they had no hand tools for three weeks, which affected the junior certificate and leaving certificate classes, the teacher and students having to come in after school in order to catch up on lost time. Yet they obtained no financial contribution towards getting new tools, although they have subsequently made an application for reimbursement. Furthermore nothing had been rectified about the gas being located inside the science rooms.

The resistance on the part of the private operator to accept responsibility for facility provision and management issues was a recurring theme amongst a number of respondents. The school principals and teachers had considerable difficulty in getting the private operator both to accept that the problems existed and then to carry out the necessary repairs. This demonstrated further the limited transfer of risk that took place in reality in the PPP, undermining PPP theory which stated that the private sector would pay the cost when risk materialised in a PPP.

> *"We had awful trouble getting the private operator to recognise this problem. They resisted changing them and only did so under extreme pressure...We had 100s of children at break time going out but they could only get back in a side door. Eventually the private operator conceded and put handles on the doors but we still have no proper entrance. The manholes are blocked since last November as there is subsiding"* (Interview Principal, School 1).

> *"They changed the (metal work) machines and lathes but they replaced them with poor quality equipment. It's never been sorted. We are still missing the full complement of equipment. We can't use an important machine that's worth €10,000 as there are bits of it missing. I raised the problem with (the private operator) but I got no response. I'm tired of this. I'm not interested in writing to them any more. It doesn't have any effect"* (Interview Teacher 5, School 4).

The lack of clarity over roles of responsibility for maintenance was evident in that two of the schools reported that the private operator stated that it was not its responsibility to maintain the gym machines and, as a result, some machines were out of order and the equipment lay idle. One P.E. teacher was left to try mend the equipment himself.

> *"So I'm up there fiddling with wires trying to keep the machines running. We got a quote of €100 per machine (there are 15 machines) for a service just every six months. That's a lot of money. Four machines are now permanently out of order and I don't know where the money is going to come from to fix them"* (Interview P.E. Teacher, School 4).

The P.E. teacher also explained his frustration with trying to get poor standard and unsuitable equipment replaced.

> *"I spent a year trying to get company to change the PE mats which were not children appropriate. They replaced them on condition that they wouldn't maintain the new ones but that was against the spirit of PPP"* (Interview P.E. Teacher, School 4).

Similarly, there was little evidence of the private operator accepting or rectifying the extent of the problems with the leaks in the P.E. hall roofs.

> *"There are 15 leaks in the roof of the PE hall and the response time to repairing them was very slow"* (Interview P.E. Teacher, School 1).

"You wouldn't expect a new building to have a leak. Anytime it rains heavy it leaks which has affected parts of the PE hall floor. The floor is not up to scratch and we asked to try and get it changed and logged the requests on the help desk. They just wash the floor but it doesn't solve the problem...If the floor is not up to scratch then at the back of my mind is 'what if something happens to the pupils' is it my fault? If I can at all I take the lessons out of doors" (Interview P.E. Teacher, School 4).

The P.E. Teacher in School 3 explained that while they have a 'terrific' playing pitch now in the new PPP school, the maintenance is appalling:

"*Last year in March we logged with (the private operator) that they needed to fertilise the pitch but they didn't do it until mid-July which is useless –the grass is poor then. The contract for ongoing maintenance was poorly thought out*"

A P.E. Teacher in School 2 voiced even stronger criticism of the PPP and the educational impacts of the unresolved problems.

"We have a state of the art gym yet three out of ten machines are broken. The step-machine has been broken all year. When things go wrong with the IT or serving these machines it is drawing on the school's central funds, it cuts our budget as the money has to come from somewhere. My heart is broken with this PPP. The buck doesn't stop anywhere. It's crazy. They are not interested in what the teachers on the ground have to say. We are the ones who know how to manage kids. Yet we are left with broken machines and structural problems like leaks that render the hall unusable. This year it's been ongoing for six weeks. I had two leaving cert classes and could only use half the hall: it was crazy. I rang the private operator help line but got nothing... I am like a nut case as it impacts on us. If I'm ready to eat the phone, am I focused on the kids? For a school this size, the teacher on the ground has more to do. You are chasing everyone but it's nobody's job. I wouldn't touch the PPP model with a barge pole" (Interview P.E. Teacher, School 2).

Operation of the Helpdesk

With regard to the operation of the helpdesk the principal of School 2 stated that:

"Generally speaking it works very well on the ground but there are difficulties: You ring the private operator's helpdesk. The helpdesk then rings the caretaker to explain what the problem is. But this is the public sector and as schools particularly we cannot operate on a work-to-rule system. This school couldn't operate if teachers just did their job. It's the smaller things you try to get solved but there is no on the ground management system for the private operator. Their representative only calls here once a month; but schools work on a personal relationship, you have to have a personal relationship with people."

The principal in School 4 described the system as "*very good but slow, they are supposed to mend a window within 24 hours but it took three weeks for them to do it.*"

The WSE Report (DOES, 2006b) supported the research findings and noted that while school management spoke very highly about the work done in the area of general maintenance, the process in place to facilitate, often simple, matters of maintenance or repair involved a deal of paperwork and sometimes delay which management had little control over.

Teachers and principals interviewed in the research reported as unsatisfactory the response time from the private operator once problems were logged on the helpdesk. A teacher in School 2 described how the printers were consistently broken. In one instance they logged it 15 times and there was still no response.

> *"It took three weeks to get one broken machine sorted in the middle of the busiest time while kids were preparing for exams. I faxed the helpdesk but didn't get any reply, and we never know when it's received or not. I sent a fax everyday until it eventually got done. All this has had an educational impact"* (Interview Teacher 2, School 2).

There was a lack of information and understanding at a school level of what was included in the contract and which party was responsible for dealing with various issues. The private operator claimed that certain problems were not its responsibility but the schools could not challenge this as they did not possess the information from the DOES to certify whether that was true or whether it was a case of the private operator's avoiding the expense of addressing the issue. For example, the system of emailing the helpdesk to ask for routine procedures to be carried out in the school, such as the opening and closing of certain rooms etc., was a "*logistical nightmare*" (Interview Teacher 2, School 2).

> "*There is a partition door/divider between two large rooms but (the private operator) have to be emailed to get the caretaker to open it. They say it's not designed to be opened daily but we did a lot of work getting a supervised study session set up for the children and that is the only room big enough to do it in. Because of the refusal of the private operator to open the doors we have had to move to a smaller room and this has impacted on the quality of supervised study being provided. Again at the school play the doors couldn't be opened as the caretaker hadn't been emailed. It's a logistical nightmare to get anything done. These are things that the caretaker would previously have done....Give me a DOES school any day over this PPP school*" (Interview Teacher 2, School 2).

Furthermore, in School 5, while the principal had described the maintenance as working well, he had actually changed the system of reporting problems back to the traditional way. Initially the principal had logged all the problems to the helpdesk but he described that system as "*bureaucracy gone mad*". So the school phased it out:

> "*The private operator told us at the beginning to report everything but the principal and all of us felt that was a waste of money and time and we are doing it now how it should be done, in that the principal and teachers come straight to us if there is a problem and bypass the helpdesk system*" (Interview Caretaker, School 5).

There was also a problem with the internal communication system in School 2. The intercom could be heard well in classrooms and in the hall but could not be heard in the social dining area. So, if the principal wanted to call a student or announce a message it would not be heard in the social dining area. The principal had logged that problem at least six months previously but it still was not fixed satisfactorily and, as a result, could not be heard. The deputy principal noted that it was better in a DOES school where, *"we had more of a free rein to get a person into fix things in the school."*

A teacher in School 3 explained how the existence of the private operator meant the addition of an extra layer of bureaucracy that made it more difficult to get things done. It also raised the issue of the divergence of experience of getting problems solved between teachers and the principals. The principal in School 3 had stated that the problems were solved by the teacher explaining the problem to him and then it was just a case of logging the problem on to the helpdesk and it would be solved. However, one teacher in School 3, the staff trade union representative, reported a different experience.

> "*Having an extra party (the private operator) involved in deliberations causes problems at staff meetings. It can be awkward getting things done at times because of the extra layer of bureaucracy. As a manager the principal doesn't have to worry about it-I'm the foot soldier. He just sends an email to the help desk but that doesn't mean it's done. It's not his problem. For example the litter is a major problem but to get extra litter bins we can't go and buy them we have to get the private operator to do it: it's another party to have to go to in order to get things improved.*"

This demonstrated clearly how, in PPP schools, the basic school infrastructure was privately controlled which led to considerable frustration on the part of school staff. For example, even getting notice-boards erected in a class room became a difficult procedure as schools do this, or any similar changes, without permission from the private operator. The notice boards had been erected in an inappropriate location in the class room by the private operator and while in previous schools they could have just asked the caretaker to change it, now they had to await permission from the private operator. The experiences of school staff emphasised that the building was owned by a private company, not the school. Even the students were aware it was a privately-operated school (Interview Principal, School 5). It is beyond the scope of this research to ascertain the students' experience of this school and whether it differs from a traditional school.

Information Technology System

In comparison with traditional schools, the five PPP schools were fitted out with a high number of computers and information technology (IT) facilities. The principals and teachers explained that the experience of this IT was very positive initially and was an excellent facility compared with other schools in terms of the access to a large numbers of computers with services, such as email. However, a number of problems had arisen in relation to the usage and maintenance of the IT facilities. The IT contract did not cover the testing of software or the installation of software on computers. To get software installed, the schools would have had to pay, what they believed were, expensive fees to the private operator. For example, in 2006 it cost €100 per software test and the cost of installing software on computers was €20 per computer. In School 4, there were 300 machines and at €20 each that would have totalled €6,000. Furthermore, the IT system was UK-specific in design, which made it difficult for Irish IT consultants to use. A technician was employed on a one day-a-week basis by the private operator but he was underemployed on that day because it was not within his remit either to test or install the software (Liz McManus T.D., Dail Eireann, 2006). Students and teachers who had the capacity to install the software were not permitted to do so because it would interfere with the private operator's machines, again making it clear that the private operator had significant control in the everyday running of the school (Liz McManus T.D., Dail Eireann, 2006). The problems were exacerbated by the fact that the private operator's IT company was based in Dublin and unable to respond rapidly to the schools' problems given their distance from Dublin and diversity of locations.

Furthermore, the IT maintenance contract with the private operator was only specified to last three years. Once this terminated in 2006, it left the schools with a significant computer network with no maintenance support from the private operator or the DOES and, as a result, it will be very expensive for the schools if they are to continue providing computer facilities to their pupils. A further complication was that the phone system in some of the schools was dependent on the IT system. In order to maintain the phone systems one school had to pay for an expensive private contract with another company.

> *"While the IT is brilliant, what we have has been limited in its use. It is high maintenance and high management equipment and now the schools have to pay for the IT. It's now a problem as the schools will have to scale back what we can provide which means reduced computer access...The schools can't afford to pay the maintenance contract for the high number of computers we have. We have been given a great IT system but funding it is going to be difficult"* (Interview Principal, School 4).

> *"The ICT system is, in so many respects, 'state of the art' although management again faces some uncertainty here as the initial contract for supply and maintenance has expired in recent months, with no replacement arrangement in place as yet"* (DOES, 2006b, Section 1.4).

The extent of the problems with the IT system was reflected in the DOES decision not to renew the IT contract with the private operator and to remove IT contracts from the new bundles of PPP schools. In future PPP Schools the private operator will wire the building for IT throughout and the PPP schools will get the same IT systems as traditional schools, where the school receives funding to provide IT according to their own schools' specific requirements.

> "*With the pilot schools there was a very high specification and state-of-the-art IT and phone system. There was a three-year maintenance arrangement, but, at the end of this, the Department had to look at how it would finance that into the future. We are still going down that route. Therefore, we have decided on the first and subsequent bundles that IT will be cabling only. We are not going down the route of state-of-the-art equipment*" (DOES PPP Unit Representative, 3rd Annual PPP Policy Forum, 2007).

This evidence from the Schools, clearly indicating that problems and dissatisfaction remained with equipment, maintenance and management by the private operator, was refuted in interviews with the DOES PPP Unit. The DOES accepted that there had been issues with the IT system and that there were problems with some of the initial equipment supplied but that it had received a complaint about faulty machinery from one school only. The DOES was faced with a situation where the private operator stated that the equipment provided was fit-for-purpose and met the DOES requirements whereas the schools believed the equipment to be substandard. Given that the PPP unit only had a procurement function it found it difficult to deal with day-to-day issues such as equipment specifications (Interview DOES PPP Unit Official, 2006). According to the DOES, the complaints that have arisen from the schools usually related to minor issues such as a broken window,

> "*In which case the school authorities have telephoned the helpline in Dublin and endured some delay rather than securing the services of a local person who could get the job done faster...*" however "*...active intervention by the Department and a clear communications strategy has alleviated the initial teething problems*" (Interview DOES PPP Unit Official, 2005).

Similarly, the Public Accounts Committee Report on the Oireachtas Hearing into the Grouped Schools Pilot PPP Project (2006) stated that the problems had been ironed out through dialogue between the department, schools and the operator. However, the author of the internal DOES Review accepted that there existed "*a fair bit of dissatisfaction relating to the facilities management part of the deal*" (Interview Author DOES Internal PPP Schools Review, 2006). The WSE Report (DOES, 2006b) into School 4 also supported the research findings.

> *"On a practical level...difficulties have arisen, and remain unresolved within the PPP agreement, in relation to matters like equipment supply and maintenance, the quality of some items which have been supplied and, in places, omissions from the originally-anticipated fit-out of rooms...These issues*

collectively present an ongoing challenge for the management of resources" (DOES, 2006b, Section 1.4).

Furthermore, it noted that the health and safety matters relating to the school building "*should be rectified immediately*" and that,

"complexities and difficulties in relation to the joint-management and upkeep of resources within the PPP process...that should be addressed as a matter of urgency" (DOES, 2006b, Section 1.4).

This evidence highlighted a fundamental problem with the PPP model, namely that it is often difficult to address problems that arise after the contract is signed. If the contract is unsuitable, it is very difficult to change specifications later. The individual specificity and breadth of variety of schools' needs demonstrated that the PPP concept of operating a school from a contract that was set up for five schools turned out to be unsuitable.

It's much more difficult to change things in PPP if a wrong decision is made. That's why we have to get it right up front...Some of the schools got equipment they didn't want. But in the new PPP projects we have reviewed all the equipment lists for new schools. Every school has different requirements and this is an issue" (Interview DOES PPP Unit Official, 2006).

Relieving Principals of Responsibility

One of the DOES aims in introducing PPPs into school provision was to reduce school principals' responsibility for managing a school building and, thus, facilitate their concentrating on core educational duties. The research found that four of the five school principals were generally satisfied with the extent to which their responsibilities were reduced by the PPP (Table 6.1).

"*If something needs attention the caretakers get someone. There is not a day-in day-out contacting of plumbers or carpenters. When they come they tend to stay and finish the job*" (Interview Principal, School 5).

"*All the checking of boilers is done, if there is a hole in the roof I report it and my job is done; if the plumbing breaks down it's not my problem"* (Interview Principal, School 2.)

"*We are not hauled out of our bed at three am because of security issues. It's a great bonus to feel maintenance is not my responsibility*" (Interview Principal, School 4).

The WSE Report into School 4 also found that the PPP project was very beneficial for the school as, to some extent, management of resources from the school's perspective is simpler because of the PPP arrangement.

> *"The private company, for example, is the employer of the caretaking and cafeteria staff, meaning that matters like their terms of employment, contracts and wages are not issues for in-school management or the board of management to concern themselves with. The presence of a company representative during fire drills, and of a facilities manager once a month, are additional important supports from the (private operator) in the management of the school's resources"* (DOES, 2006b, Section 1.4).

The principal in School 3 explained that he had a previous role in managing and maintenance of the old pre-PPP school and that was a huge undertaking requiring skills a deputy principal and principal, often lack. A PPP then brings in much needed building management expertise. However, all five principals stressed that they now had additional responsibilities which do not exist in conventional schools, such as trying to manage a school according to the specifications of a very large and complex legal contract. Three principals explained that the PPP did not relieve them of responsibility to the extent which PPP promised (Table 6.1). These three principals also stated that they did not even have a copy of the contract as they were informed by the DOES that they could not get access to it.

> *"It does free us up but not to extent they say. From graffiti to litter, to minding equipment and looking after lockers it's all still the principal's job. In relation to how a school operates with discipline and so on, you can't just ignore attitudes to litter and things like that. I still have to run a school and maintain the building"* (Interview Principal, School 2).

For one school principal, the PPP was an absolute failure in this regard.

> *"Nothing has changed for me except more harassment trying to get the private operator to do things. The PPP process is supposed to free up the principal to concentrate on curriculum issues and core educational duties for the benefit of students. My experience of this process to date has been the direct opposite"* (Interview Principal, School 1).

The principal in School 5 explained that although he managed to get the contract only after a year into the operation of the schools but it was written in *"legal speak,"* took *"three weeks to read"* and, overall, it has proved impossible to *"run a school off a contract."* The author of the DOES Internal PPP Schools Review stated similarly, *"You can't run a school off a contract written up by a boardroom of lawyers"* (Interview Author DOES Internal PPP Schools Review, 2006).

DOES Monitoring of PPP Contract Performance

The level of monitoring of the contract fulfillment by the DOES has an important impact on the workload and responsibility of the school principals. In order to ensure contract compliance significant financial penalties are included in the schools' PPP contract in the event that the private operator does not deliver on its service obligations. This follows PPP theory which links private-

sector payment and, consequently, its returns to service delivery outcomes. In this way, the profit motive is inserted to ensure the optimum service is provided (Interview DOEHLG PPP Unit Official, 2006). In theory, the private operator would not generate returns unless the service was available at the quality specified. This would therefore ensure that maintenance and other issues for which the company was responsible would be undertaken adequately.

> *"In a situation where the return is 13.7 per cent over the entire life of the project, the company will lose out very badly if significant penalties are imposed because of its failure to deliver on maintenance commitments. It's underwritten by Barclays Bank and it is the bank which is effectively carrying that risk and providing guarantees in that area"* (DOES PPP Unit Representative, 3rd Annual Irish PPP Policy Forum, 2007).

Furthermore, the fact that the private sector's profit depended on the quality of the schools at the end of the contract life was planned to ensure that the current PPP schools would be well maintained during over the duration of the contract

> "*What we do when we make our bids is we look 25 years ahead and assess what it will cost over the life cycle. The accuracy of that is the risk the private sector takes on. If we get it right at the end of 25 years we get a profit. ...The DOES will gain at the end of 25 years schools well managed and maintained without too much investment*" (Interview Private Operator, 2006).

Disturbingly, there was evidence that the DOES did not monitor the fulfillment of contract specifications, nor had it issued any fines to the private operator in relation to failures to abide by contractual requirements.

> "*There is no monitoring group in the DOES and even with NDFA none of them want a monitoring role. From the point of view of the schools on the ground that is the key issue*" (Interview Author of DOES PPP Schools Internal Review, 2006).

The principals explained that, in their experience, the absence of in-school monitoring of the private operator's delivery of contract specifications by the DOES was an important contributory factor towards the poor maintenance and management on the part of the private operator because there was no implementation of the penalty clause. In the opinion of the principals, the private operator should have been fined for failing to provide quality equipment and maintenance. The fact that it was not achieved was a "*big failure on the part of the DOES*" (Interview Principal, School 1).

> "*Tiles started rising in the bathroom and they are supposed to be replaced at no cost but it took a good bit to get it done. The private operator was due to come in one week but didn't come for three*

weeks. There is an issue of accountability in this. We were told at the beginning if something was broken the private operator had two days to fix it or penalties would have to be paid. Here in this school the toilets have been unusable for three weeks, but has any penalty had to be paid?" (Interview Principal, School 1).

The DOES stated publicly (DOES PPP Unit Representative, 3rd Annual Irish PPP Policy Forum, 2007) that the PPP schools were *"brilliant projects"* but in reality it did not invest the necessary resources in monitoring the implementation of the contract to ensure that they were as high-quality projects as it asserted.

"The schools have to live with the daily reality of the problems. This Project is now finished according to the DOES and they are not allocating any money for monitoring the project. Before they embark on the other PPPs they should come clean on what's happened here. They have never done a proper evaluation. PPPs could be a good idea if the private providers were fulfilling their obligations but nobody is monitoring what the private company is doing. We were led to believe that the school would get cleaned from top to bottom once a year-this has never happened, as a result there is dust everywhere" (Interview Principal, School 1).

The principals in School 2 and 4 reported that the DOES was not adequately monitoring the private operator's adherence to contract specifications and this was having significant impacts on the schools.

"You ring the helpline and there are different tasks you can report, each with different timescales within which they are to be done. The private operator presumably does it. The paymasters are the DOES and if it's not done in the timeframe in the contract fines are supposed to be imposed but it seems to me that there is no structure in place for checking whether things are done or not. Or if there is it's totally inadequate. The DOES, have, at no point checked with me about whether or not any of the tasks were done within a specified timeframe. DOES is paying out money but it's never checked what has been done with the money. Therefore, the DOES is totally depending on the returns the private company makes to them. Think of the logic: you have a service provider who is also monitoring their own service. There is no monitoring by the DOES as they never consult with the school" (Interview Principal, School 2).

"There is not a mechanism for the DOES to check with the schools if what they being told by (the private operator) is true or otherwise" (Interview Principal, School 4).

Monitoring is vital in such a situation where a private company could easily increase its profits by cutting back on its obligations to provide certain services as it faced no prospect of being fined for so doing.

"The primary objective of the company is to create returns to its shareholders. Their business is to create a dividend. In that context there must be monitoring" (Interview Principal, School 2).

For example, School 3 sought to recoup electricity usage costs from the private operator but was unsuccessful. The DOES PPP unit, according to the school principal, was well aware of the problem yet had done nothing about it.

"The DOES is required to monitor the performance of the contract but it is not doing it because the staff are not there to do it. We have been at least 12 months raising the outstanding issue of the accounts. The accounts we are getting from the private operator are inadequately audited accounts. The real figures might be the same but the auditor hasn't come here to check it" (Interview Principal, School 3).

The DOES had failed to set up the proper structures so that it could apply fines.

"Within the contract is the provision for arbitration but it was never started up because the DOES has no monitoring group. The private operator has never been issued a fine because the DOES don't have the capability to do so" (Interview Principal, School 5).

A teacher pointed out her frustration with the outcomes of inadequate monitoring.

"The people negotiating the deal are not on the ground here today: they weren't putting a bucket under the drops last week. The PPP doesn't facilitate us. Teachers are not in the picture; even less so than in a DOES school because their (DOES) head turns another way when the private operator is involved" (P.E. Teacher, School 2).

Principals' Responsibility and Monitoring: DOES Perspective

While the DOES accepted that, in the first two years, there were quite a lot of difficulties which were very time-consuming, overall the PPP was successful in taking the principals away from responsibility for maintenance and management of the school building.

"The principals are able to deal with problems and are able to get on with their job as principal rather than as property manager" (DOES PPP Unit Representative, 3rd Annual Irish PPP Policy Forum, 2007).

The DOES did accept that it was the principals who were responsible for implementing the contract and that there were considerable problems with interpreting and ensuring the private operator followed it.

"I'd accept through our own ignorance we said to the schools: here's a couple of hundred pages legal document and now use that for running the school. I suppose the difficulty was with principals

who liked dealing with facility staff such as the caretakers. When the schools opened first the principals found it hard not being in control of the caretakers. But that shouldn't be a function of yours if your core duty is to run the school. It certainly has relieved them from some of the problems; if they have a school with a broken window, for example, that shouldn't be their problem. We did wonder if we would be replacing one form of work for the principal with another, namely, that of monitoring a contract. However, the indications are that the majority of principals have been freed to carry out their core duties" (Interview DOES PPP Unit Official, 2006).

The PPP Unit Official stated that because it was a pilot project, it had not researched sufficiently the facilities management aspect of the PPP because the DOES was led to believe that the contract would cover everything and, in a sense, be like a '*bible*' for operating the schools.

"The contract is not the bible it is made out to be. It is a very useful document while preparing a PPP, when out in the market, in negotiations and in discussions with the preferred bidder. For the actual operation of the school, the contract can be a very unwieldy document, however, we have to see the whole thing as a learning process" (DOES PPP Unit Official, 2006).

These problems arose, in part, because the people who were responsible for managing the project (school principals) were not part of the procurement negotiations. The DOES stated that as a result of this it would like to see the contract managers (principals) involved in the heart of the competitive dialogue process[35] (DOES PPP Unit Representative, 3rd Annual Irish PPP Policy Forum, 2007). The DOES also accepted that it had not included adequate specifications within the contract that tied the private operator into being responsible for certain issues, which were overlooked and resulted in problems with which the schools were left to deal. For example, it did not specify that the waste bins should have lids.

"*So all the crows would come down and pick all of the children's sandwiches out of the bins and make a mess, leading the caretakers to get fed up with cleaning up all the time*" (DOES PPP Unit Representative, 3rd Annual Irish PPP Policy Forum, 2007).

Neither did the contract ensure that all tasks were carried out to the standard required by the schools. The private operator attempted to find aspects of the contract where it could reduce its expenditure by fulfilling the contract agreement only to a minimal standard.

"*We said in the service standards that the grass should be cut at least 12 times a year, so he just cut it 12 times a year without reporting to the help desk that the kids could not run in the grass, which made it difficult for them to play their sports. Luckily we had specified that the blades of grass could be no more than 150mm; we were literally out there with rulers measuring how long the grass was.*

[35] The PPP contract tendering process between the DOES and private bidders

It is small things like that that tend to annoy" (DOES PPP Unit Representative, 3rd Annual Irish PPP Policy Forum, 2007).

There were also circumstances that arose that were not covered in the contract but which caused problems.

"*The contract covers 25 years but can still never cover everything; we had issues with the schools closing over the death of the Pope last year. Something like that is not going to be in the contract. The Government decided the schools could close and four of the five decided to close. The private operator came to me and said 'who is going to pay the cleaning staff'? They came to us looking for us to pay for the catering staff. For the new schools contracts we have to think of special days but the contract will never ever cover every aspect*" (Interview DOES PPP Unit Official, 2006).

In relation to monitoring, the DOES PPP Unit Official (Interview, 2006) explained that the DOES did get a monthly report from the private operator but the problem was that the DOES could not act on issues which the schools had not registered on the helpdesk and that the principals had failed to understand this.

"The monthly report from the private operator is what we go through. We visit the schools. We had, in the first two years, twice a year meetings with the principals. Some of the problems were not even issues it was just some of the principals didn't understand the process. From the principal's point of view, it was a culture shock, as previously, if a principal had a difficulty with some aspect of the building, he or she would go straight to the caretaker who would sort it out. There is an argument that this should continue under PPP. The only difficulty in relation to that is, if that sort of a habit becomes the practice within the schools, difficulties will not be registered by the helpdesk. It is difficult for our department and the PPP company to be able to identify ongoing difficulties if they are not being registered. Staff members were not told what the function of a help desk was exactly. When things were going wrong, they were not being reported to the help desk, and the operator was getting away with it. As a result, one of the schools got into the practice of sending emails, which they all eventually adopted. There was then a record on both sides of any difficulties being encountered. It was therefore easier to monitor" (Interview DOES PPP Unit Official, 2006).

The DOES (Interview, 2006) noted the confusion involved in the PPP system could be overcome, by providing a guide that explained the contract. For new PPP schools, the DOES has insisted that school staff are given full briefing training and user-friendly versions of the contract by the PPP operator for the purposes of the staff's understanding of what is supposed to happen and the way in which services are to be delivered.

The PPP Unit Official (Interview, 2006) also acknowledged that there was insufficient monitoring of the contract and that the PPP Unit found the time required monitoring the operational phase of the schools, in the first few years, greater than both they and the principals would have expected.

He stated that this was because there were not enough resources within the PPP Unit to do this. In addition, the DOES PPP Unit worked very closely with the schools for the first two years of the contract life and had then planned to hand the schools over to be operated within the DOES' normal schools sections. However, the PPP Unit never undertook this because the contracts were so complicated (Interview DOES PPP Unit Official, 2006).

Given this experience, it was incredible that the DOES asked the private operator and local school management to "*self-monitor*" in the new bundle of PPP schools. Rather than trying to monitor "*every aspect*" of the contract, the emphasis is to be on developing the "*relationship*" between the private operator and the school.

> *"Responsibility in a PPP is to notify the DOES of problems. It is much more important that relationships are built up and maintained, because what is being looked at is a relationship that could and is supposed to last 25 years. There has to be a mutual understanding of the roles involved...As long as there isn't major issues we won't go racing to the contract"* (DOES PPP Unit Representative, 3rd Annual Irish PPP Policy Forum, 2007).

This evidence pointed to a fundamental problem in the contracting out of such responsibilities to 'for-profit' private companies. The private operator in the PPP schools appeared to have undertaken the tasks set out in the contract at a level that required the minimum cost, even if that meant the service was substandard. This finding has considerable implications for PPPs in public infrastructure maintenance as it highlights the major difficulties that can arise. There was also an issue with the lack of accountability in relation to what the private operator undertook and, as noted earlier, which party was responsible for ensuring compliance with the contract. This level of monitoring is not required in the conventional school model where the school management and staff are directly responsible for ensuring the maintenance and management of the school and caretakers and other service providers within the school are answerable directly to the school principals.

'Third-Party' Use of PPP Schools

Concern was expressed by principals in four of the schools that because the PPP allocates responsibility for the out-of-hours use of the schools (P.E. hall, gym, soccer pitches, classrooms etc.) to the private operator, there was a reduction and restriction in the control and use of the school for important events such as parent-teacher meetings and wider community meetings (Table 6.1). Under the PPP contract, the schools were only allocated 350 hours per annum for outside-hours usage.

> *"Aside from these 350 hours it's effectively a private building. It impacted on us educationally. For example, we had an issue with the Assessment Tests for the first year students. There was an issue*

with the private operator of whether the hours on a Saturday or Sunday are equivalent to double time out of our yearly hour's allocation" (Interview Principal, School 2).

The commercial 'for profit' operation of the schools meant that parent-teacher meetings would have to finish at the exact time scheduled by the private operator as the hall had been rented out from that time onwards. Principals also expressed their disappointment that the PPP schools were not being used by the community as much as the old schools. Significant factors in this were the high rent the private operator charged and the perception amongst the local community that it was now a 'privately-controlled' school rather than a community school. In order to get access to the school the private operator had to be contacted formally, whereas in the old school a community group looking to use the school could arrange it with the principal.

"When a group in the community wants to rent the building they are being charged €100 per hour. The local soccer club uses the pitch a little bit but it's not used at all really after school hours. I wrote (the private operator) a letter to outline their charges to try and find out what they were charging but I didn't get them. The community isn't using it as much as it used the old school. In the old school just had a word with me to use it" (Interview Principal, School 1).

The control of the building by the private operator is a problem in the local community. If they want to use it we have to go through the help desk. This puts people off. Facilities are scarce enough around here yet we feel we can't encourage the use of it because we're not in control of it" (Interview Principal, School 2).

The principal of School 2 continued:

"There is an impact of the conflict of interest between the private operator's need to make a profit and schools as a public service. I don't believe schools should ever be used as a moneymaking enterprise. The school should be at the centre of the community. There is no finer facility in the town but I'm not sure if having it privately owned and privately maintained ensures the community gets maximum use of it. The private operator uses the sports hall most nights from six to ten pm, we have had a wedding reception in the sports hall and the cost of the use of the facilities is high for local clubs. The schools are not owned by the DOES but by the people: but it's not theirs it's the private operator's."

The deputy principal in School 2 supported this assertion.

"It's the only school in the town. Previously it was open all the time. This has had an impact on the community. The rental for the hall for small community groups is expensive. The gym is not used at all. We wanted to start up a basketball club but it's too expensive to hire. This is not a wealthy community. It's not commercially viable to open the school therefore we have an underutilized resource. It's purely commercial now. Traditionally it was a vocational school. This has had an impact on the community. It is not serving the community in the way a community school should."

The principal in School 4 similarly explained the reduction in community use was due to the PPP nature of the school:

> *"This is a community college and it should be owned by the community. It is the best building in a rural community without huge facilities. We would have given the previous school building to community groups to use. We gave it for night classes, for example, and we would have drawn a distinction between the rent charged for commercial use and for community development use. This building is not getting used to the same extent at all. The local ceoltas were looking to use it but because of the desire for 3rd-party income for the private operator they were being charged five or six hundred euros. Previously we wouldn't have charged anything like those costs..."*

> *"...There is a conflict of interest between private and public with a community school like this. It should provide for the community not just from nine am to four pm. We do have to be careful with our given allotment of 350 hours. It's easy to eat in to them. I'd love to give it to smaller organizations such as playgroups to use. I'd love to see it used more and I wouldn't charge as much."*

In School 4 the basketball and athletics clubs used the stand-alone gymnasium in the old school facility and this had encouraged local children to enroll in the school. The gym was adequate and had wide community usage on a grace and favour basis. The school's Board of Management decided that the principal could make decisions at any time on that basis to give out the use of the gym. However with the PPP,

> *"the business side came in. The private operator upped the price and local volunteer- run clubs couldn't afford it. Now they have gone somewhere else. It's a community school but it's not representing the community because of the business element. We are losing kids to other schools as a result"* (Interview P.E. Teacher, School 4).

With the construction of the new PPP School,

> *"came an insistence on building a new separate gymnasium, which brought up a whole range of community issues about the use of what was now no longer a community facility but a commercial facility"* (Dan Boyle, Dail Public Accounts Committee, 2006).

The WSE Report supported this evidence.

> *"The lack of full control over school resources has, in a number of practical ways, remained a challenge for the management of the school. With restricted access to the school in the evening time, it has become more difficult for the school to make its facilities available to the local community, something which has been a significant cause of concern"* (DOES, 2006b, Section 1.4).

However, the private operator stated that it could not let the schools out for any activity without the consent of the school and the 350 hours per annum were available to schools to use outside normal school hours at no cost.

> *"Each school has 350 free hours to do with as they wish. The community has access to a very modern school facility at very reasonable costs. The children from the community are educated in a state of the art school with excellent P.E. and gym facilities as well as a modern IT system with computers in each classroom"* (Interview Private Operator, 2006).

The requirement of local community groups to telephone the helpdesk in Dublin to book the school rather than ask the school principal was a barrier to using the schools. However, according to the DOES, it did not know if that proved "*a real barrier or just a matter of people getting used to a different way of doing things*" (DOES representative, Dail Public Accounts Committee, 2006).

The PPP Unit Official (Interview, 2006) stated that its expectation regarding the renting out of school buildings, sports facilities, gyms and so on, had not been realised.

> *"It has not become really obvious yet whether third-party income is of benefit to the schools. It could be more of a cultural difference in some way in relation to PPPs and how schools operate in Ireland and the UK"* (Interview DOES PPP Unit Official, 2006).

The Public Accounts Committee (2006) noted that School 3 had a fully operational gym that was well used outside core school hours but this had a lot to do with its location, whereas School 5 was outside the local town and, as a result, had access and usage problems. This concurred with the research findings which discovered a low level of 'third-party' use of the schools. Nevertheless, the DOES PPP Unit Representative speaking at the 3rd Annual PPP Policy Forum asserted that the PPP had, in fact, provided greater use of school buildings for the community, giving an exaggerated positive portrayal by the DOES of PPP in clear contradiction to the objective evidence. Attracting the interest of prospective private sector bidders was apparently more important than presenting an accurate assessment of the Grouped Schools PPP Project.

> *"There is also better usage of our schools and college buildings. One of the things that is becoming more and more important for the state is that the buildings that we actually have and own can be used increasingly for the community. I think PPP can be useful in relation to that"* (DOES PPP Unit Representative, 3rd Annual Irish PPP Policy Forum, 2007).

The Public Accounts Committee (2006) also expressed concern that the renting out of the schools had turned the schools into a commercial enterprise, particularly as these were community schools. It noted there was unease generally about the commercial use of schools, particularly given the fact that schools were considered to be an integral part of a community. PPPs could be criticised,

therefore, because they involved a disengagement from that sort of relationship with the wider community. It recommended, therefore, that clear guidelines should be established on the use of schools by community groups outside of regular school hours, so that community-based organisations can benefit. At the Public Accounts Committee Hearing, Dan Boyle T.D. (2006) asked the DOES whether it considered changing the use of PPP contracts in future to avoid that disconnection with the local community and to avoid a move towards commercial operations. The DOES representative responded that it did not see any reason existing facilities should not be rented out at a commercial rate. It did *"not see why that should not be a valid position for a school to take regarding its sporting facilities*" (DOES Representative, Dail Public Accounts Committee, 2006). Clearly, the DOES viewed the introduction of the 'for-profit' or 'commercial' operators in to schools as a positive development. The private sector had a '*right,*' according to the DOES to make a profit and, school buildings could be leased no differently than how banks lease their buildings (Interview DOES PPP Unit Official, 2006). Furthermore, with the decline in community involvement in schools in Ireland, the public could be happy that the private sector is prepared to rent the space.

> *"Maybe in ten years time we would be quite happy to have all these schools run by private operators...it's a financial issue. Why should we be any different than the private sector like the Bank of Ireland who lease their buildings?...the private sector is entitled to make a profit: the public sector has to get rid of this view that the private sector should be a St. Vincent de Paul...Our next issue as public servants is to make sure they do not make a super profit and ensure that sufficient things are built into the contract to deal with issues like that"* (Interview PPP Unit DOES Official, 2005).

Vending Machines

Another income generating facility for the private operators of the schools was the vending machines that were installed in each of the schools and from which children could buy sweets, drinks and snacks (see Plate 6.16). On completion of the schools, however, there was immediate concern on the part of principals, teachers and parents in relation to the use and quantity of vending machines installed by the private operator in each of the schools.

There are considerable concerns about the trend toward obesity in children in Ireland and across the developed world (Allen, 2007). In this context, it is vital to examine the type of food to which children have access at school. For this reason, the lack of control over the food content of the vending machines, the outsides of which carried Coca Cola advertising (see Plate 6.17), in the schools was strongly criticised. The schools had no control over the content of the machines as the contract gave the private operator the right to sell whatever food it wished. Despite ongoing discussion between the schools and the private operator about getting healthy food inserted in the machines, there was little progress toward achieving that objective. It also took two to three years

to get the private operator to agree to put in time-locks which control when the vending machines could be accessed by the children.

> "*All the machines that dispense Coca Cola should be banned from the schools but its part of the contract that we can't get rid of them. When we first raised it we were told we can't change it. This arrangement seems to run counter to what a school is about- healthy eating and living*" (Interview Principal, School 5).

> "*I get the feeling I am part of a business not a school. I see two vending machines outside the P.E. hall door while we are trying to promote a healthy-eating lifestyle. The reason they are not removed is because it creates money for the business* (see Plates 6.18 and 6.19)" (Interview P.E. Teacher, School 4).

However, the private operator stated that it was not aware of any complaints in relation to the excessive use of vending machines but was aware that concerns had been raised in relation to the content of the vending machines. In response to those concerns it had

> "*changed the product selection available in consultation with the schools. However it should be borne in mind that the schools while policing the content of the vending machines are not policing what the children are bring into school themselves*" (Interview Private Operator, 2006).

As part of a national move towards healthy eating, a number of the schools formally sought to replace the vending machines with more healthy options. However, because of the contract agreed between the DOES and the private operator, the schools had to pay the private operators compensation to remove the vending machines (The Sunday Independent, 2008).

The DOES acknowledged the extent to which the vending machines ran contrary to the ethos of the schools and, as a result, in the second bundle of school PPPs the vending machines have been left out of the contracts completely and they will be the responsibility of the school's Boards of Management.

Private Operator Employee Conditions

As noted in Chapter Three, trade unions have expressed concerns in relation to the conditions of employees either being transferred from the public-sector to the PPP operator or those newly employed by the PPP operator. The evidence from the interviews with the employees of the private operator was that just under half were non-unionised and many of those that were in a union joined in order to get support in disagreements over wages and conditions with the private operator. As in other PPPs internationally (CUPE, 2007; Murray, 2006; Whitfield, 2006), it appeared that the private operator of the Irish PPP schools tried to reduce its costs through exerting a downward pressure on the wages and conditions of its staff. For example, the private operator

refused to give wage increases that the workers were due under National Wage Agreements, refused to transfer pension contributions and the employees were given increased workloads.

In 2005, the private operator employed 64 staff (school cleaning and care-taking and some administrative staff) of which 23 had transferred from the Department of Education or V.E.Cs. In the transfer from their former employers to the private operator, the terms and conditions of the employees were to remain the same under TUPE regulations[36]. However, the conditions for some staff worsened after transfer. In 2004, the private operator informed its employees who had transferred from the public service that it would only pay Benchmarking (annual increases due to employees under the National Wage Agreements) once the employees accepted revised conditions. The revised conditions for the caretakers would have meant changed starting times, moving to monthly pay, revised payments for emergency call outs and changes to annual leave accrual and sick leave. For cleaners, it would have meant a commitment to the terms of the modernisation/change agenda as well as a change from fortnightly pay to monthly pay. This, the workers explained, would have meant considerable hardship for them when family budgets and personal needs were geared towards fortnightly pay. This was also a particular hardship for some workers by virtue of being part-time and laid-off every summer (Labour Court, 2005). The cleaners in School 2 stated that they worked, and were paid, for the entire year in the old school but now in the PPP school they were laid-off at holidays with a resultant reduction in pay along with the stigma of having to go to the social welfare office to receive income supplement:

> "*I never used to go to the dole office but now I have to on the holidays. I hate going over there to the social welfare. It's something I've never done*" (Interview Cleaner 1, School 2).

These cleaners were informed that the promise that their pay and conditions that they had previously would be retained would not be fulfilled by the private operator. This led the cleaners to join the trade union, SIPTU, for support in their claim to retain their pay and conditions.

> "*We went to the union. I was not in a union before. But the union wouldn't back us initially. Benchmarking was due to be paid to us two years ago but they wanted us to change from fortnightly to monthly pay and they wouldn't pay the Benchmarking unless we agreed to being paid monthly. The other two cleaners wouldn't agree to that. The union took it to the Labour Court eventually and, as a result, we kept our fortnightly pay and got paid benchmarking. It shows the importance of unionisation. The union doesn't do much but you have no back up at end of day if you are not in a union. Because the union is here the conditions are better-if we didn't have the union to fight for benchmarking we wouldn't have got it*" (Interview Cleaner 2, School 2).

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[36] The Transfer of Undertakings Protection of Employment Regulation (TUPE) is based on an EU Directive 2001/23 and involves protection for the rights of employees on the transfer of employer (ICTU, 2005).

The caretaker in School 2, a SIPTU member, stated that he had issues with the transfer of his pension from the VEC to the private operator. This problem arose because there was no legislation relating to the transfer of public service pensions schemes to a private operator under TUPE guidelines.

> *"We had to fight to claim our benchmarking increase. I would have been better off if I never came to work for the private operator and stayed instead with the VEC. The system now means more of a burden at work. For two or three years I had to fight my corner just to get my proper terms and conditions from the private operator. Unless there is legislation for every item to cover the transfer of employees from public to private operators there are problems. The transfer should happen without hassle to employees. I would advise against staff transferring from the public service"* (Interview Caretaker, School 2).

The caretaker in School 4 explained:

> *"Caretakers in any other school automatically get Benchmarking but now it's impossible to get anything. They are trying to reduce our overtime but that's how we survived financially in the old school. They want to cut down our hours and give us more work to do. We are also no longer getting the state (public-sector) pension. It's now all about profit. It's ok for managers and the business they'll get top money but people like us on the ground get nothing. We were better employed in the Department of Education. We were promised that, if anything, everything would improve when we transferred, and not get worse like it has- the TUPE agreement is supposed to retain our conditions but the HR section of the private operator are putting a lot of pressure on us to change our terms. If Hochtief take over will our conditions be changed again?"*

In June 2004, the trade union SIPTU made a claim for payment of Benchmarking wage increases on behalf of two caretakers and two cleaners in School 2 and two cleaners in School 4 who had transferred from the public service. In April 2005, two caretakers from School 4 joined SIPTU. The claim was then for a total of eight workers. The Labour Court ruled that the dispute could not be resolved at local level and was the subject of a conciliation conference under the auspices of the Labour Relations Commission. As agreement was not reached, the dispute was referred to the Labour Court in 2005. A Labour Court hearing took place on the 30th of August, 2005. The private operator accepted that it gave a commitment in 2002 to honour any agreements on terms and conditions, including pay that had been in place, but only for those employees who transferred out of the public service under TUPE. The Labour Court ruled on the 20th of December 2005 that the cleaners be paid the Benchmarking Award and be allowed, in the circumstances, to remain on fortnightly pay and the caretakers abide by the terms of the agreement made (Labour Court, 2005).

Evidence was also found in the other schools for poor treatment of employees. Conditions were worse for those not represented by a trade union. For example, the cleaners in School 1 explained that they were forced to accept "*unfair*" monthly pay as part of the benchmarking increases. "*It's alright for people on big money but it's hard for us on low wages- it's a backward step*" (Interview Cleaner 1, School 1). Furthermore, a canteen worker in School 3 would only be interviewed out of 'ear shot' of her manager. She was nervous being interviewed for fear of being reprimanded. She explained that they were not unionised, that they had received a wage review annually but their wages had been frozen since the private operator had been in financial difficulty. She worked in the old school but conditions in the new PPP school were worse and wages lower. A two-tier workforce had developed between the conditions of new staff that had been brought in on lower wages and existing staff, like herself, that were previously employed by the Department of Education or a V.E.C..

> "*I don't get a proper break. I used to get paid for my break but now I don't at all. I was out sick and then when I came back I was informed my hours were cut. I'm in for six and a half hours but I only get paid for six hours....All the staff should be on the same standard- but they're not. The new ones are worse than those of us coming down from the VEC. If you're working for the government you should be paid a government wage*" (Interview Canteen Worker, School 3).

Similarly, a cleaner in School 1 who had been newly employed by the private operator was discriminated against in that she did not receive the benchmarking increase and was on one Euro less per hour than the existing cleaners.

The staff thought that their jobs were secure in employment within the public sector but after transferring to the private operator they felt a greater insecurity and were fearful of being replaced by staff that would accept lower wages.

> "*I thought it was a guaranteed job. I thought it was a government-employed job but now we don't know what our job is from one day to the next. With the takeover (of the private operator) there are fears amongst all the staff. They are all afraid for their job- will they replace us with cheaper staff*?" (Interview Canteen Worker, School 3).

The caretakers in School 1, who were also members of SIPTU, stated that they transferred from the old school on their existing conditions. However, in the new PPP school their work was more difficult as they did not have the same level of access to cleaning materials.

> "*They cut back on cleaning stuff, in terms of quantity and quality. We sent in for six cleaning fluid bottles but they only sent back three. For toilet cleaner they gave us substitute, poorer quality, stuff. We clean the windows now but we were told initially that contract cleaners would come to do it and*

instead the private operator expects us to do it. It's typical of privatization- it saves the private operator money if we sort it out for them. Their interest is about making money."

The cleaners in School 3 also complained of the cut-backs in the provision of cleaning materials.

"*The private operator is cutting back on cleaning materials and they are not good about supplies. The Hoovers are patched up with tape. We have to wait for them to conk out before they are replaced and so we can't Hoover the carpets which is not very good for the children.*"

Nevertheless, the Department of Finance PPP Unit Official (Interview, 2006), asserted in interview that the staff transferred to the private operator were, in fact, treated better under the private operator as the old schools only had *'ad-hoc agreements'* and didn't have *'professional Human Resource departments'* and conditions, therefore, depended on local arrangements. While there can be no doubt the conditions and arrangements for cleaning and caretaking staff in traditional schools is far from ideal, the evidence from the PPP school staff is at variance with the Department of Finance Official's statement. Furthermore, the DOES PPP Unit Official (Interview, 2006) was not aware of any issues with the staff in the PPP schools. This demonstrated a considerable lack of awareness on the part of the public-sector officials.

The treatment of the employees by the private operator demonstrated the potential for a PPP to reduce the conditions and wages of employment of public-sector school ancillary staff that transfer from the public sector to the private operator. This trend of poor treatment of employees appears that it could be continued in the second bundle of PPP schools[37], particularly because the facilities management will be undertaken by Sodexho, a French Multinational Corporation, for which a website has been created in order to raise awareness of its anti-union activities and poor treatment of employees (www.eyeonsodexho.org).

Privatisation and Neoliberalism in PPP Schools

The Chapter has outlined thus far a significant body of evidence that supports the contention that the use of PPPs in the five schools entailed some of the negative aspects of privatisation and neoliberalism. This included the introduction of commercial 'for-profit' values into schools through renting schools on a commercial basis with a resultant reduction in community use, the installation of vending machines and canteens and the significant role that the private operator has in the control, maintenance and management of the school. Furthermore, the theory that the private sector is more efficient than the public sector, which underlay the introduction and use of PPPs, was demonstrated in many instances in the Grouped Schools PPP Project to not materialise in practice. The following sections present further analysis of how PPPs facilitate the neoliberalisation of the provision of public schools.

[37] This PPP Project involves four post-primary secondary schools and the 25-year contract was awarded to Macquarie Partnerships for Ireland (MPFI) in October 2007 (Central PPP Unit, 2008).

Commercial Ethos

The introduction through the PPP of a private operator into the schools led to a conflict over educational versus profit motivations and values.

> *"There are two distinct sets of values or motives: theirs is for profit but we are not in this as a business. I supervise discos voluntarily, unpaid for. Every thing is profit for the private operator-profit, profit - they don't give it back. The outcome for us is educated students but for them the outcome is profit"* (Interview Principal, School 1).

> *"Schools and people in them are non-profit making. The PPP school is not mine to do what I want with it. The private operator didn't understand how schools operate initially, they didn't understand the student population but it's getting better—they are getting to know the schools. But the private operator is still not giving anything back for example; it wouldn't give anything towards the sponsorship of the school year-book which seemed a bit mean"* (Interview Principal, School 4).

The fact that the profit requirement took funding away from educational purposes brought into question the suitability of private companies operating and maintaining schools.

> *"If that was put into education we could get a lot more out of it. The PPP is not a model to follow. If I had a choice between PPP schools and ordinary run schools I'd go for the ordinary. Schools are well able to run themselves-if I was operating the room myself I'd have no problems at all"* (Interview Teacher 3, School 1).

However, not all of those interviewed took such a position. For example, private involvement in the schools was accepted by the principal in School 5 who stated that private companies had a right to make a profit in the school system once they provided a quality facility:

> *"The fact is the private operator is a private company that is answerable to its shareholder. I've no problem with that. They are entitled to make a profit once they do not make an excessive profit. They have delivered a quality product –the public-private stuff is rubbish. In two schools the PPP school replaced a 16 year old and 21 year old school respectively, you will not see this school requiring to be demolished in 25 years time. Every school should aspire to the quality of what has been provided here."*

PPPs and Profit Maximisation

The private-sector logic of profit maximisation led to the private operator in the Grouped Schools PPP Project adopting a strategy that reduced spending on facility management services, reduced staff salaries and benefits, charged higher than normal amounts for any extra maintenance and introduced user fees for the 'third-party' use of the schools so that it could then increase its rate of

return. It was pointed out by employees that this practice intensified as the private operator went into financial difficulties. For example, the private operator told canteen staff that they should increase business in the canteen as it was expected to make a profit, even though the staff explained that the canteen could only make what the children could afford to pay.

New Market for Capital

It was demonstrated in this case study that PPPs create new markets for capital by the number of large, international, private companies involved in the provision and management of the Grouped Schools PPP Project. They included construction companies (e.g. Ascon), banks (e.g. Barclays) accountants and advisors (Farrell Grant Sparks) and operators (Jarvis Plc and Hochtief). The increasingly important role given to the private sector in the delivery and planning of public education services and infrastructure was also revealed at the Second Annual PPP Forum in Dublin in 2006, where the panel presenting updates on PPPs in the Education Sector was chaired by Michael Flynn, the Director of private accountancy and financial advice company, Deloitte and included the President of Cork Institute of Technology, the head of Infrastructure Origination, Bank of Scotland, and a Senior Partner in Farrell Grant Sparks. The importance of the Irish schools PPP market as a business opportunity was further evidenced by the delegates at the Annual PPP Forums which included companies involved with education PPPs in Ireland and Europe such as Equion (financial investment company), SMIF (Secondary Market Infrastructural Funds), Barclays bank, and Inisfree ltd, which owned over 300 schools and hospitals in the UK and was the biggest owner of schools and hospitals outside the UK Government.

Market creation through re-financing and sale of equity was evident in Irish PPP schools with the withdrawal of Jarvis Plc from the project. According to the private operator representative the PPP company, the Special Purpose Vehicle (SPV), Schools Public Private Partnership Ltd, involved Jarvis Plc and Barclays Private Equity. Jarvis Plc sold 50 per cent of its equity in the Grouped Schools Project to SMIF (Secondary Market Infrastructural Funds) and 50 per cent to Barclays Bank and then the facilities management contract was sold to Hochtief. So, Hochtief is now a joint partner in the SPV with Barclays Private Equity in relation to the operation of five Schools (Interview Private Operator, 2006). This highlighted the point that contracts can be agreed with one private consortium while a completely different company may, in a relatively short time, end up being the private operator. This converts public services and assets into commodities that can be traded between private companies. It also reduces the accountability of the service provider as it is not clear which company is the private operator. The PPP Unit in the DOES (Interview, 2006), however, was not concerned about this because, in its view, the equity provider (the bank) would ensure that the contract payments were continued to be received which requires ensuring whatever private operator is in place provided a high quality service.

Secondary market investors in PPP Projects have been criticised in the UK for further 'sweating' public assets. The private company that purchases the PPP contract receives a fixed income from the Government. Efficiencies and, therefore, cost savings, are increased by making the employees or the service do more for less investment (Whitfield, 2006). Early evidence for asset 'sweating' in the schools PPP project was visible in the reduction in employee conditions and reduced spending on maintenance. There is clearly potential for further 'sweating' when the project is re-financed.

Intensifying Neoliberalism

The private operator representative stated the private sector was seeking a further intensification of neoliberalism within PPP schools such as linking the performance management targets to, for example, the level of funding available for an individual school or introducing competition between schools for government funding.

> *"What's wrong with the health sector is that there has been no incentive to improve. It's only since the HSE was formed that they have looked at incentivising hospitals with targets. Previously when they ran out of money they just went to the department. They did not have to meet targets in order to get their money. Why shouldn't schools be the same? Why shouldn't schools that manage and maintain their buildings well get more than those who don't?"*(Interview Private Operator, 2006).

The manner in which the DOES developed the second bundle of PPP schools indicated that it was adopting such an intensified neoliberal PPP model of school delivery where neoliberal policy will impact on core welfare state services such as teaching and school governance. For example, the second bundle is modelled on the UK-based Building Schools for the Future (BSF) Programme and Local Education Partnership (LEP) structures which bring the private sector directly into school delivery and governance. The Local Education Partnership (LEP) is 80 per cent controlled by the private sector with the local authority and Partnership for Schools (a new Department for Education and Skills body) each with a ten per cent stake. The LEP will design, build, finance and operate new and refurbished schools using a mix of public and private finance. The LEP will not only deliver facilities management but also provide other services such as educational support services and school transport. Local councils without at least one LEP are being threatened to have BSF funding withheld (Whitfield, 2006). Furthermore, marketised performance-related measurements are being introduced in PPPs in relation to the core welfare state service of education teaching and standards (Department for Education and Skills, 2007). For example, in some PPP schools part of the contractor's fee is based on measurable improvements in exam results. This model has been criticised by public-sector teaching unions in the U.K. for extending private-sector control and involvement in the management of schools and provision of teaching (Whitfield, 2006). The DOES suggested that the U.K. LEP structure could be introduced in Ireland and would facilitate the creation of larger PPP projects in Ireland with a greater number of schools,

which could further advance the procurement process and the development of the PPP school programme in Ireland (DOES PPP Unit Official, 3rd Annual Irish PPP Policy Forum, 2007).

> *"More projects could then be brought to market more quickly. We believe it provides flexibility but there are issues in terms of competitive pressure and benchmarking and how we do that"* (DOES PPP Unit Official, 3rd Annual Irish PPP Policy Forum, 2007).

PPP Inflexibility

The transfer of responsibility for the operation of schools to the private sector results in the transfer of considerable power and control over this important public infrastructure to private capital. This has serious implications for applying future changes in education requirements to the PPP schools. For example, the Government's school building programme is continually adapting to meet new and emerging curricular and other needs (DOES, 2006a). However, the state could face considerable costs if it tries to apply these changes that are outside contract stipulations. This could be the case as PPPs are generally a very inflexible model of provision due to the length of the contract and the expenses in changing contract specifications (Deloitte, 2006). Although it is possible to build in opportunities to change service requirements within a PPP contract, this is cost effective only when the changes are reasonably predictable (Deloitte, 2006). It can be very expensive if the public sector wants to change contract requirements for, once appointed, the PPP contractor is in a strong position in any future negotiations over contractual changes (Deloitte, 2006). The public sector state could then face the option of paying a very high price for changing the contract specifications or else retain a contract that fails to meet its needs. The decision to transfer responsibility for the operation of schools or other public services over to the private sector cannot, therefore, easily be reversed even if significant changes are required or major issues arise. This was evident from a number of instances in the case of Grouped Schools Project where the schools would have to pay significant costs to the private sector for changes such as electricity systems, equipment replacement and, indeed, had to pay compensation to the private operator in order to get the vending machines removed from the schools.

Furthermore, school buildings and facilities cannot be divorced from the educational activity that takes place within them. Recent provisions for special education needs and other legislation may impact on schools and it is likely that during the 25 and 30-year PPP schools' contracts there will be further legislation and other shifts in educational policies that may affect how the buildings are used and what is required of them. Audit Scotland (2002) recommended that the state is best placed to deal with these changes and, therefore, should retain control over these aspects.

> *"State education providers will continue to be responsible for the core education service and will retain control over key areas such as setting education policies and determining catchments areas.*

They are therefore better placed than PPP providers to mitigate the impact of any significant fall in demand or changing requirement for school service" (Audit Commission Scotland, 2002, 6).

Conclusion

According to the DOES PPP Unit Official (Interview, 2006) and the DOES presentation to the Public Accounts Committee (2006), its objectives relating to the Grouped Schools Pilot PPP Project were achieved and five excellent schools were delivered, providing speedy delivery and handover at the agreed contract price. PPPs, according to the Minister for Education and Science are an innovative way of delivering quality facilities (DOES, 2007). However, speaking at the 3rd Annual PPP Forum, a DOES PPP Unit Representative stated in response to a question from the author on whether or not the pilot PPP schools were successful:

"*Education tends to make good PPPs. But that is a question that is really still out there. In one way we are not going to know that until the end of the project, until we have gone through the 25 years and seen what lessons have been learnt from there.*"

Similarly the NDFA Representative stated at the 3rd Annual PPP Policy Forum that "*it's too soon to tell how successful the PPP projects are"* but they are "*broadly seen as a success."* The evidence outlined in this Chapter from the case-study research contradicted these official statements. The research discovered a previously un-reported level of concern on the part of principals and teachers in the five PPP schools relating to a number of aspects of the project. In the first instance, concerns were raised in relation to the value-for-money of the schools as significant extra costs emerged for the schools. This is very noteworthy, as it was the principal reason for the introduction and use of PPPs (Interview, DOES PPP Unit Official, 2006). Furthermore, the most significant finding of the Comptroller and Auditor General (2004) report was that the PPP model was more expensive than the conventional model because of extra costs that are *central to the PPP form of procurement.* Further adding to the cost of the PPP model were the costs of private finance which was more expensive than exchequer-borrowed finance and throughout the process the additional cost of private-sector returns.

The requirement of the private operator, as with capital generally, to maximise its returns led to attempts to implement opportunities for income generation and cost reduction in all possible circumstances, even if they compromised service quality or the public-sector education ethos. This led to the schools being used for income-generating purposes through hiring out school facilities and through the canteens and vending machines. This led to a commercialisation of the schools with a resultant loss of the school management's and, therefore, public-sector control over the schools and very significantly a reduction in community use of the schools. The private operator

reduced its costs by avoiding the transfer of key risks on to itself and leaving them instead to the responsibility of the schools. This made impossible the achievement of the principal stated mechanism that would achieve VFM in a PPP, the transfer of significant risks to the private partner. This was evident from the fact that, in the first instance, there was evidence that the private operator provided cheaper and consequently a poorer quality of materials in building and equipment which could be very expensive for the school and the DOES in the long term. Second, the maintenance and management of the schools was substandard in many instances. These proved that certain risks were not transferred successfully to the private operator. The private operator did not accept responsibility for instances where operational risk materialised such as serious maintenance issues and, in fact, passed the cost back to the schools and, ultimately, the DOES. For example, the private operator charged the school for waste and energy and charged high prices for any changes required outside of the contract. Furthermore, the significant financial penalties that were included in the contract in the event that the private operator did not deliver on its service obligations were not used. This further demonstrated that while PPP theory states that risk is passed over to the private sector by ensuring it is incentivised to manage that risk efficiently (PriceWaterHouseCoopers, 2005), the application of the incentivisation scheme (through the penalty mechanism) did not take place in the PPP schools. The private operator could thus reduce its risk and, as a result, maximise its expected annual return of approximately 13.7 per cent. This resulted in the schools, the staff and the taxpayer paying for the problems that emerged.

Optimum risk transfer also only takes place if the private company has greater expertise in managing that risk. However, there was substantial evidence that the private operator did not have greater expertise in managing design, fit out and maintenance risks. The lack of knowledge and expertise in relation to educational needs on the part of the private company was evident from the poor school design which led to acoustics, lighting, stage and class room layout problems, and maintenance and management problems (Table 6.1). In addition, the reduction in workload and responsibility for school principals did not occur to the extent the DOES had hoped as the private operator was not as efficient in managing and maintaining the schools as had been expected. PPP did not prove conclusively to provide a high quality service. In some instances it appeared to provide a worse service than direct public provision. The private operator of the schools has been taken over by another operator and it remains to be seen how these issues will be resolved. This suggests though that the cost of transferring the risk of maintenance and operation of schools to the private operator should have been ascribed a higher cost than it was valued within the PSB undertaken by the DOES. This could have demonstrated that the conventional approach was more cost effective than the DOES had estimated in its PSB calculations. Therefore, given that the DOES had a long historical experience in building and managing schools it would clearly have been both cheaper and, provided better quality, for it to have provided the schools in the

conventional manner, albeit with a considerable increase in capitation funding to ensure the highest possible quality service was achieved.

The DOES acknowledged, to a small degree, these problems with the Pilot PPPs, by removing the transfer of responsibility to the private operator for information and communication technology, management of vending machines and canteen provision from the contracts for the second bundle of PPP schools. The DOES PPP Unit Official (Interview, 2006), in fact, accepted that the National Maritime College PPP was much more successful than the Schools Pilot PPP because there was, *"a very good working relationship between the college and the operator"* unlike the pilot schools. Furthermore,

> *"there is a clear understanding of the roles, and there is also monitoring in place and reaction if things are not happening"* (DOES PPP Unit Representative, 3rd Annual PPP Policy Forum, 2007).

The drive to further develop PPPs in the education sector was evident from its identification, by the Minister for Finance, as a key sector to focus on for the development of PPP projects (Cowen, 2006). A further €540 million was included in the *National Development Plan 2007-2013* (Government of Ireland, 2007) for first and second-level school modernisation through PPPs which equates to 11 per cent of the total planned investment in this area while €595 million will be invested through PPPs at third-level institutions. By 2008, 23 new post-primary schools, four new primary schools and 17 projects at third-level including the Cork School of Music are in the process of procurement as DBFM PPPs. This is a very significant figure and highlights the important role that PPPs will play in the future of Irish education. It also demonstrated that the DOES is, *"the leading force in the delivery of quality infrastructural projects under the Government's Public Private Partnership Programme"* (Minister for Education and Science, October 16th, 2007).

From their origins, the Irish school PPP model was influenced heavily by the U.K. school PPP model. As detailed earlier in this Chapter, it appears that the Irish Government and the DOES aims toward a situation where PPP occupies, just as in the U.K., a very important role within public school provision and management. This would have very significant consequences for the Irish public education system if the experiences of the Pilot Project were to be replicated in further PPPs developed.

In Ireland, as noted previously, school provision has historically been paid for by the state but delivered in many instances by not-for profit (private) religious and voluntary institutions. Rather than seeing the decline of the role of these institutions as an opportunity to develop a dedicated system for the public provision and management of schools, with the higher quality and more

equitable outcome that would entail, the Irish Government is instead following a neoliberal policy trajectory.

This trajectory is clear. The changes through PPP are, contrary to the claims of the Government, clearly, a form of privatisation. It is not happening all at once, as the Government is anxious to avoid the confrontations which have taken place between parents and private companies in other countries (Monbiot, 2000). But, nonetheless, the general process of the *neoliberalisation* of the school infrastructure in Ireland has been introduced through PPPs. The Grouped Schools PPP Project involved a transfer of a very substantial level of responsibility for the maintenance, management and control of school buildings and ancillary staff from the state and not-for profit private sector to the for-profit private sector. This can be described as nothing other than privatisation. This is further compounded by the evidence of many of the negative, neoliberal, aspects of privatisation outlined above.

In light of the evidence outlined in this Chapter, Irish government plans to expand PPP use for the delivery and maintenance of publicly-funded schools should be questioned. Rather, the positive experiences gained from the Pilot Grouped Schools Project, such as the 15 per cent increase in space and extra IT facilities, should be applied to all new traditionally-funded schools.

Table 6.1 Overall Evidence from the Grouped Schools Pilot PPP Project Research

School	Design	Building Quality	Equipment Quality	Maintenance	DOES Monitor	Third-Party School Use	Workers' Conditions	Impact on Principal
1	Excellent but: heating problems, poor acoustics in stage area. Lack of chemical extractors	Large, spacious, bright but P.E. hall has 15 leaks. Problems with building subsidence	Poor. Esp. metalwork. Machines unusable. Problems with woodwork dust extractor. IT problems	Very poor. Helpdesk delays	No evidence	Issue with vending machines. Poor community usage	Worsening of conditions for some staff	Increased workload
2	Excellent but: poor art room design Poor design of stage area. Designed according to teacher in class not school	Large, Spacious, bright but P.E. hall leaking	Mixed. Some very poor e.g. lathes. Art room paint substandard. Poor equipment for staff room	Not satisfactory. Helpdesk delays, gym equipment not fixed	No evidence	Issue with vending machines. Poor community usage	Worsening of conditions for some staff	Freed up time but not to extent DOES claimed
3	Excellent but lights have to be on all day in some classrooms. Poor design leading to heat loss. Poor acoustics in metalwork room	Large, spacious, bright	Mixed but poor woodwork and metalwork equipment	Very satisfactory *But* Not satisfactory & delays (acc. to teachers)	Poor	Issue with vending machines. Poor community usage	Worsening of conditions for some staff	Reduced workload. Very happy with it
4	Excellent but: dark corridor, lights have to be on all day in some classrooms, poor design of stage/assembly area. Heating problems. P.E. dressing rooms very small	Large, spacious, bright but P.E. hall roof leak. PE hall floor lifting. Bricks cracking.	Mixed. Poor metalwork & woodwork. Dust extractor problems. Poor PE equipment (English standard). IT problems.	Not satisfactory. Delays, Gym equipment not fixed	Poor	Issue with vending machines. Poor community usage	Worsening of conditions for some staff	Reduced workload but *"its not my school to manage, it's the private operator's"*
5	Excellent but: poor design of stage area, poor location of prayer room, poor acoustics of machine rooms, not enough natural light in tech drawing room	Large, spacious, bright but P.E. hall leaks in roof	Mixed. Metalwork equipment continuously breaking down. Problems with dust extractor. Motor burned out of sander after 3 weeks	Very Satisfactory (Acc. to principal) yet abandoned helpdesk system. Not Satisfactory (acc. to teachers)	Poor	Issue with vending machines. Good community usage	Worsening of conditions for some staff	Reduced workload but noted the contract needs to be tighter and enforced

Plate 6.1 Artificial Light Required on Bright Day in Corridor (School 4) (Photo with Flash)



Plate 6.2 Artificial Light Required on Bright Day in Corridor (School 4) (Photo with No Flash)



Plate 6.3 Artificial Lights Required on Bright Day in Classroom (School 4)

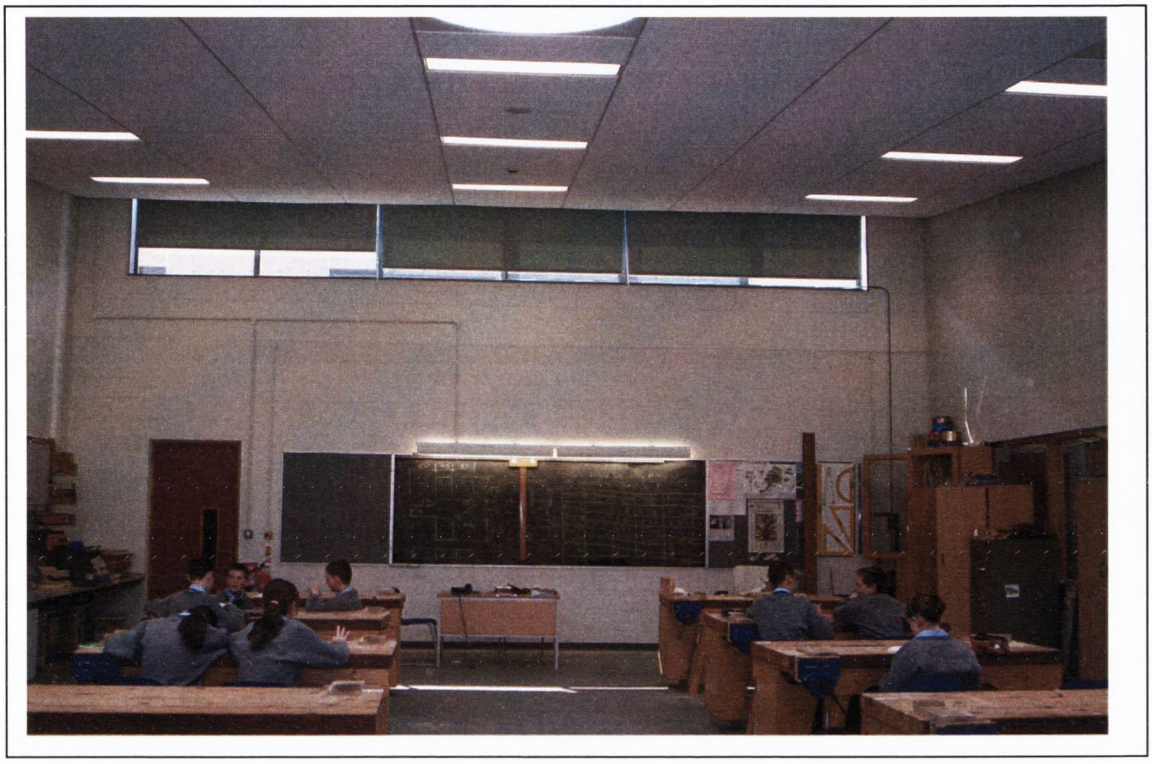

Plate 6.4 Artificial Lights Required on Bright Day in Classroom (School 4)



Plate 6.5 Stage Area and Dining Tables (School 4)

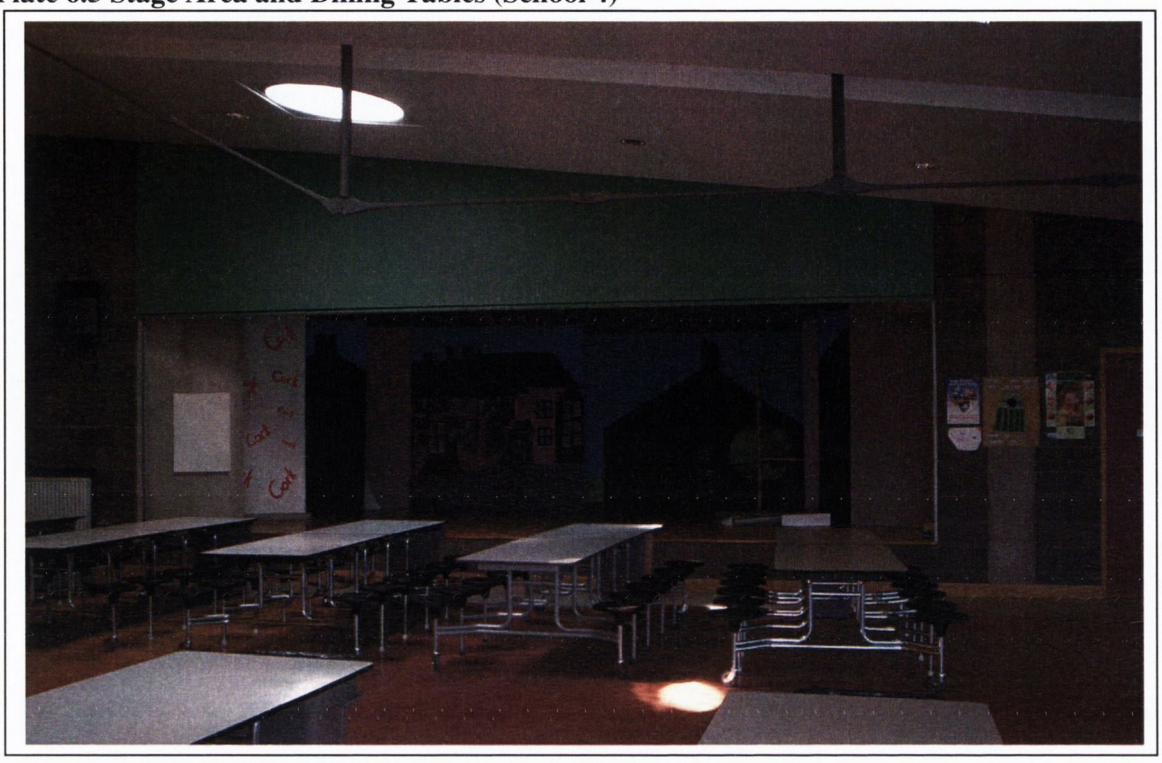

Plate 6.6 Stage Area and Dining Tables (School 4)

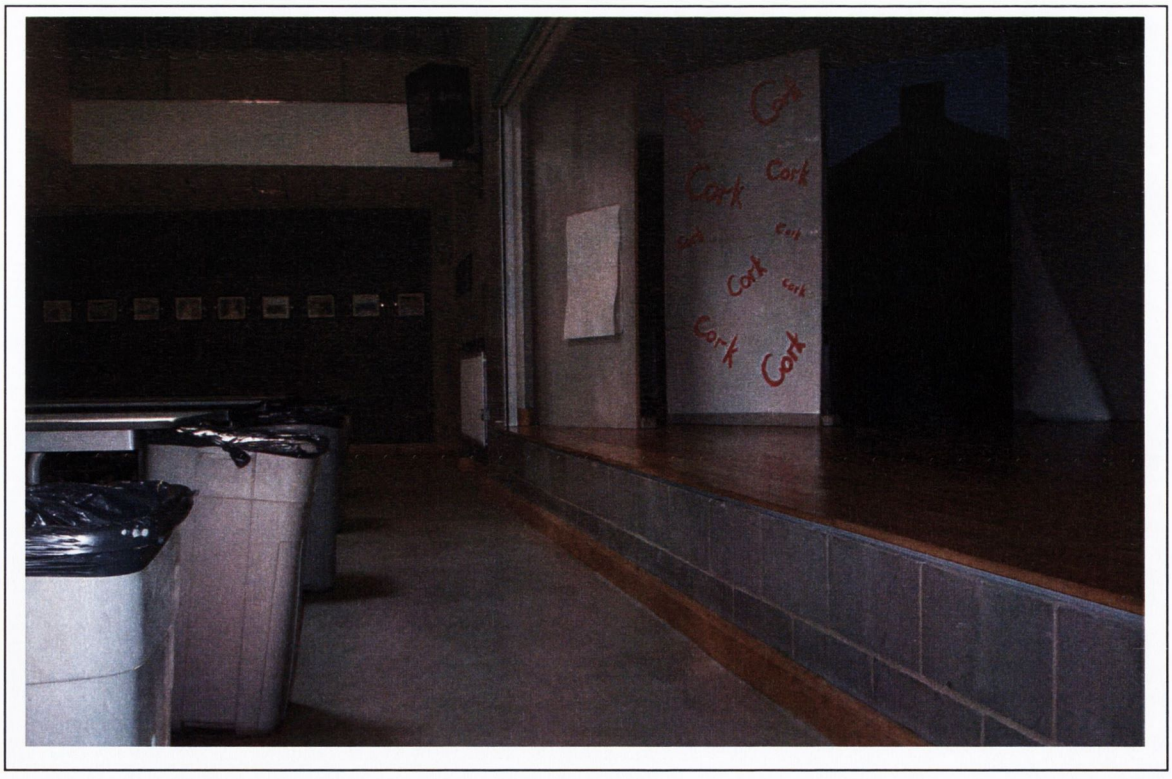

Plate 6.7 School Exterior (School 4)



Plate 6.8 School Exterior (School 4)



Plate 6.9 Classroom Floor Cracking (School 4)

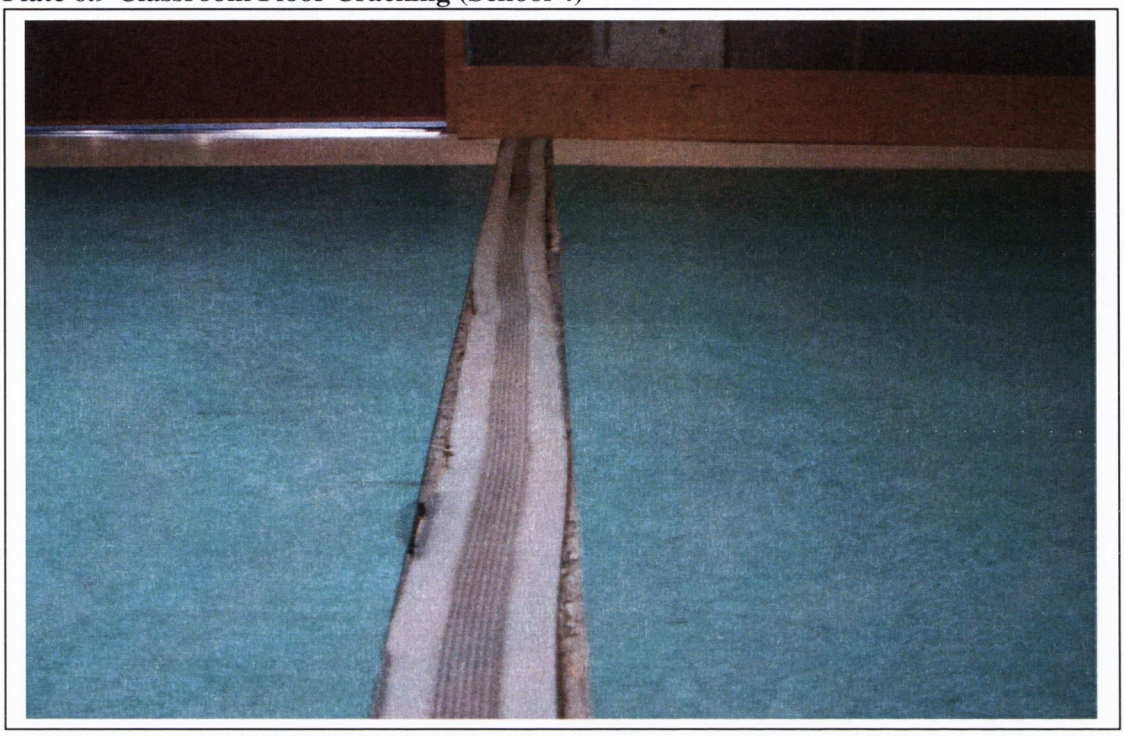

Plate 6.10 Damage in Quality of P.E. Hall Floor Due to Leaking From Roof (School 4)



Plate 6.11 Poor Structure Connection Between Wall and Floor in Classroom (School 4)



Plate 6.12 Cracks in Wall in Classroom (School 4)



Plate 6.13 Cracks in Wall in Classroom (School 4)



Plate 6.14 Cracks and Damp in Wall at Side (School 4)



Plate 6.15 Poor Safety Protection on Metalwork Machinery (School 4)

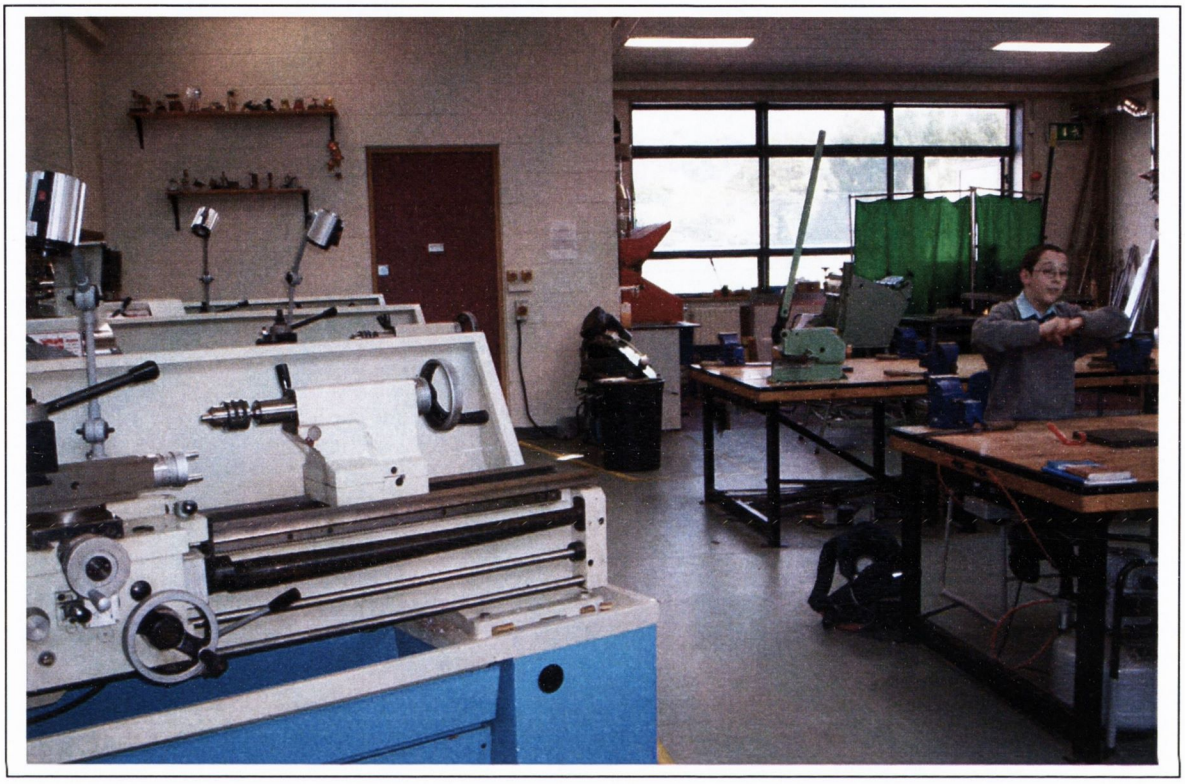

Plate 6.16 Content of Vending Machines (School 4)


Maltesers
Maltesers
Twix
Twix
Twix

Plate 6.17 Vending Machine in Dining Area (School 4)



Plate 6.18 Vending Machine at Entrance to P.E. Hall (School 4)



Plate 6.19 Vending Machine in Entrance to P.E. Hall (School 4)



7. Social Housing Regeneration PPP Projects

Introduction

This chapter provides an analysis of PPP Projects that have been implemented or proposed for the regeneration of ten Dublin City Council (DCC) inner-city flats complexes. The chapter outlines the extent to which PPPs facilitated the marketisation of these social-housing regeneration projects. The first section provides an overview of the reasons why the Irish State pursued PPPs in social-housing estate regeneration. It looks at how the central-government imposed requirement of 'zero state investment' meant that PPPs required the transfer of public land to the private sector. The negotiations in the PPP regeneration process are then outlined, with a focus on the level of community participation in and influence on key decision-making processes. The way in which the PPP model resulted in the maximisation of the market development potential of the estates and the minimisation of community gain and social housing in the regeneration plans is outlined. Other impacts of the PPP regeneration process on the existing community are analysed, with a focus on evidence relating to dispersal of the original communities and investment in the existing community through the provision of social regeneration plans. The impacts of the PPP projects on the Irish state's role in the provision and maintenance of social housing is also outlined. Finally, the collapse of a number of PPP projects in May 2008 is detailed and how that highlighted the danger of the market dependency that was inherent to these PPP projects.

Estate Profiles and Regeneration

The various community and tenant organisations on the case-study estates along with DCC had, since the late 1990s, sought significant physical and social regeneration involving complete demolition of the existing estates and the provision of new social housing and community facilities (Chapter Three). As noted in Chapter Three, many of the estates and individual dwellings within the flats complexes were in poor physical condition, principally because of inadequate upkeep and maintenance by DCC (St. ME CW 1, 2005; Dillon, 2004; Drudy and Punch, 2005). However, a number of other factors influenced the necessity of regeneration. For example, the estates had been built by Dublin Corporation in the 1940s, 1950s and 1960s to provide dwellings for families being moved from inner-city tenements (Table 7.1) and, as a result, the physical layout of the estates is unsuitable for modern day living. They have insufficient parking spaces, accessibility problems (there being no elevators or fire escapes in any of the estates), a lack of private open space (open staircases and deck access) and they tend to be isolated from surrounding neighbourhoods (most of the estates had only one drive-in entrance leading to an 'island' effect). The sewerage and drainage systems had experienced considerable problems causing overflows and odours within the flats complexes as they lacked the

capacity to cope with modern appliances such as washing machines and dishwashers. Furthermore, residents state that their flats are too small, particularly the living rooms and kitchens (Interview DCC Project Manager St. Theresa's Gardens, 2008, Dolphin House Block Groups, July 9th 2008).

The open plan design of the estates (see Plate 7.1 and Plate 7.28) and stairwells (see Plate 7.3 and Plate 7.4), according to the residents interviewed, DCC and independent architects, was a major contributory factor to an increase in persistent anti-social behaviour[38] such as drug dealing. This was exacerbated by the inadequate response of the Gardai and DCC (who's policy of de-tenanting left areas of the estates vacated and easily occupied and controlled by anti-social elements) (Interview DCC Project Manager Dolphin House, 2008; Dolphin House Block Groups, July 9th 2008). The large size of some of the estates, comprising between 400 and 200 social-housing units (see Plate 7.1, Plate 7.2 and Table 7.1), made it difficult to address these problems (Interview DCC Project Manager Dolphin House, 2008). There were also few community facilities in the flats complexes. For example, in Dolphin House the community and sporting facilities included a play-ground area, a poorly maintained all-weather football pitch and a porta-cabin structure which held the community centre and offices of the Dolphin House Community Development Association (DHCDA). As a result of these factors, the demand for regeneration from communities subsequently increased. Surveys in Dolphin House (2008) and St Theresa's Gardens (2007) indicated that a majority of residents on the estates desired complete demolition and regeneration.

> "*We need regeneration badly. There are the dreadful repairs, dreadful maintenance and dreadful anti-social behaviour regarding drugs, and the sewage is crawling out of the flats- it's reaching the second and third floors, there is a lot of structural poverty in it around here*" (Interview Dolphin House Residents' Representative 1, 2008).

In addition to community requests for physical regeneration, the high unemployment, poverty and drug addiction in the estates led to demands for social regeneration to form an equal part of the overall plans for the complexes. There were high economic dependency ratios amongst residents, with a concentration of lone parents, young children and the elderly. For example, in St. Theresa's Gardens out of a total population of 835, it was estimated in 2006 that in excess of 80 per cent of the working-age population depended on social welfare as their primary source of income, 72 per cent of the

[38] Some of the deeper causes of anti-social behaviour often lie in societal inequalities (Irish Penal Reform Trust, 2005).

Table 7.1 Case-Study Dublin City Council PPP Planned Regeneration Projects 2008

Case Study Estate	Fatima Mansions	St. Michael's Estate	O Devaney Gardens	Dominick St.	St. Theresa's Gardens	Croke Villas	Charlemont St.	Chamber St./ Weaver Court	Bridge-foot St.	Dolphin House
Year built	**1949**	**1970s**	**Late 1950s**	**1961/70**	**1952**	**1961**	**1959**	**Unknown**	**1964**	**1956**
Location (adjacent streets, landmark, postcode)	**Rialto, Herberton Luas stop, Dublin 8**	**Inchicore, Dublin 8**	**North Circular Road, Dublin 7**	**Parnell St, Dublin 1**	**Cork St, Coombe Hospital, Dublin 8**	**Croke Park, Dublin 3**	**Harcourt St, Dublin 2,**	**Cork St, Dublin 8**	**Guinness brewery Dublin 8**	**Rialto, South Circular Road, Royal Canal, Dublin 8**
No. of original units	**394 (270 1986)**	**346**	**278**	**198**	**346**	**87**	**181**	**60**	**143**	**436**

Source: *Interview Chair FGU (2008); Interview DCC Project Manager Dominick St. (2008); Interview O Devaney Gardens Residents' Representative 1 (2008); Interview St. ME CW 1 (2008)*

overall population was at or below the age of 35 and less than 0.5 per cent of the population was in third-level education, compared to a third-level progression rate of over 50 per cent in other wealthier areas of Dublin (Nurture, 2007). Similarly, Dolphin House had a very high economic dependency ratio of 48 per cent in 2007, with 381 persons in receipt of social welfare income and 263 persons in receipt of an employment income. There was only one person between the ages of 18 and 22 years in full-time education (DHCDA, 2007).

The Introduction of PPPs

As discussed in Chapter Three and Five, the Department of the Environment, Heritage and Local Government (DOEHLG) proposed that DCC undertake the regeneration of such social-housing estates through the PPP route in order to realise the market value of the land on the estates[39] and, therefore, provide regeneration at 'zero financial cost' to the Exchequer[40]:

> "*PPPs can capitalise ... on the escalation in the value of urban lands in public ownership...The housing projects at Fatima Mansions, O Devaney Gardens, Infirmary Road and St. Michael's are particularly attractive because these projects are financially neutral for the Exchequer, as the private sector is providing public housing in return for development rights on the remainder of the sites*" (Interview PPP Unit DOEHLG, 2006).

Traditionally, DCC used its capital budget and funding from the DOEHLG to replace and refurbish its housing stock. However, given the totality of the stock and its condition this was going to be a lengthy process if DCC relied on this method alone. Thus, DCC adopted the PPP model as the only method by which it could provide regeneration of a significant proportion of its existing housing stock in a short period of time (DCC Assistant City Manager for Housing and Residential Services, May 26th, 2008; Interview DCC Housing Project Management Unit, 2007).

> *"If we were to rely totally on funding from the Government it would take many years to achieve what is going on in the city at present. Traditional funding does not deliver the regeneration at the same rate as PPPs. The City Council currently has five complexes being regenerated using PPPs - this would not be*

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[39] The value of the sites on which these inner-city estates were situated has escalated considerably in the last decade as a result of the rising value of land in Dublin's inner city generally but also as a result of the high-value location of some of the estates next to LUAS stops (Fatima Mansions and St. Michael's Estate) and office and shopping districts (Charlemont St. and Dominick St.).

[40] It should be noted that, in fact, there was considerable state investment in these PPPs in the form of the transfer of highly valuable public land to private developers as is discussed in detail later in the Chapter (Kelly & MacLaran, 2004).

possible under traditional funding mechanisms. Funding is always an issue and PPP's have ensured the acceleration of delivery of redevelopments" (Interview DCC Housing Project Management Unit, 2007).

"*The PPP model was, given the strength of the economy and the strong demand for housing, considered the most appropriate mechanism to regenerate Dublin City Council's large mono-tenure flats complexes by utilising private expertise and capital...The Partnership model is based upon Dublin City Council optimising the use of its existing land holdings to leverage private finance. The developer in turn provides the local authority with an agreed number of social and/or affordable housing units and community facilities and funds the overall development in whole or in part from the sale of private housing units*" (DCC Assistant City Manager for Housing and Residential Services, May 26th 2008).

The added benefit of the PPP route would be the potential for extracting development gain from the projects for DCC. This could then be used to fund social regeneration plans and community facilities that traditionally state-funded regeneration did not, and would not, provide.

"*PPPs also allow the City Council to fund social agendas in the areas (community facilities and leisure facilities as well as providing money for education, employment and other programmes that benefit the existing communities), as physical regeneration is not enough to build sustainable communities*" (Interview DCC Housing Project Management Unit, 2007).

"Can you find another option which is zero cost? It's all about cost. What do the residents out there think? They only care about themselves: not about housing waiting lists. Why does dolphin house have to take on the troubles of all the waiting lists?" (Interview DCC Project Manager Dolphin House, 2007).

"*The housing is fifty years old and not fulfilling the purpose we need. We don't have the money to provide the housing ourselves. What are we going to do? Leave 50 year old housing there and just do patch-up work? In an ideal world we would come out and deliver quality replacement housing ourselves but the PPP is a good way and the only way to deliver the quality housing we want for our tenants*" (Interview DCC Project Manager St.Theresa's Gardens, 2008).

"What we are providing now is much better housing for our tenants. A lot of these flat complexes were built years and years ago and they are quite inadequate. They have very small bathrooms and very small kitchens and most residents here can't sit down at a table and chairs and have their dinner. They are sitting in the sitting room with a tray on their lap, so what this is providing is very adequate housing for existing tenants. We are also providing community facilities and play areas

> *on the land that in a lot of cases we don't have*" (Interview DCC Project Manager Dominick St, 2008).

Thus, PPPs would bring about 'a bright new future' for these estates, at a much quicker pace than direct state investment:

> "*In order to make a reality of better social housing, the Government will ensure that new housing is designed and planned on quality principles, includes an appropriate housing mix and provides necessary social infrastructure...PPP's have the potential to deliver housing in a faster period without compromising on quality and we will continue to encourage this approach where appropriate*" (An Taoiseach Bertie Ahern Speaking at the launch of the Dominick Street Flats Complex Regeneration PPP, 2006).

PPP offered the advantage of "less risk" for DCC as a local authority because there was no required input from it aside from the transfer of land and it was expected that the developer would take on the majority of the risk, liability and responsibility for the project.

> *"Our input is in terms of lands. In the traditional route you have the worry of dealing with contracts – you have to oversee the construction and be more hands on, basically you are the developer whereas the PPP way you are just a client*" (Interview DCC Project Manager Croke Villas, 2008).

Self-Financing of PPPs

The central-government stipulated requirement that PPP regeneration projects are to be economically "self-financing" (Interview DCC Project Manager Dolphin House, 2007; Interview PPP Unit DOEHLG, 2006) resulted in DCC designing the regeneration projects according to plans that would realise the maximum value of the land on which the estates were sited. This meant in practice, DCC developing studies and plans that identified ways in which the potential for private commercial uses of the sites, in any new regeneration redevelopment, could be maximised, in order to make the projects financially attractive to private developers. The necessary corollary of this was the requirement to minimise the community gain and quantity of social housing returned in the projects, as the greater quantity of social housing and community facilities in the proposed regeneration plan then the less potential for private development. This pointed to DCC being effectively bound by a central-government imposed *neoliberal straitjacket* (Hodkinson, 2008). However, applying Hodkinson's analysis to the relationship between DCC and central government is not completely accurate, in part, because local government is very powerless in Ireland relative to U.K. local government and, therefore, has little room for manoeuvre generally in developing policy that might be different from that of central government. In saying this though DCC did not oppose in any fashion the introduction

of PPPs and the evidence points to the fact that they agreed with the principle of it and had been pursuing such a policy trajectory for a number of years in different areas anyway. The overall result of this PPP 'self-financing' policy resulted in DCC developing regeneration plans that de-prioritised the requirements of the residents on the estates and the housing need of people on the local-authority housing waiting lists, in order to orientate the projects toward the requirements of private-developer and financial capital. The analysis of the implementation and outcomes of the case-study PPP projects in this chapter provides a clear illustration of how this process took place in practice. The following sections detail the outcomes and impacts of the PPP process at the local estate level, focusing in particular on the consultation process with local authority tenants.

Consultation, PPPs and DCC Housing Allocations Policy

Both the DOEHLG (Interview, 2006) and DCC were satisfied with the level of consultation taking place with local communities in the regeneration PPPs.

> "*Prior to the commencement of any Regeneration project, DCC undertakes a comprehensive public consultation process with the local community. All of the community are involved in this process including a range of community/voluntary organisations. This consultation normally results in the compilation of a community charter which is a broadly based agreement between DCC and the local community. It sets out the requirements and responsibilities of both parties for the proposed redevelopment. These requirements are then included in the RFP issued to the short-listed bidders, thus ensuring the needs of the local communities are met. Consultation continues through the regeneration process, organised by the individual project managers*" (Interview DCC Housing Project Management Unit, 2006).

However, the evidence from the case-study estates contradicted this statement and, in fact, highlighted the PPP 'consultation' processes involved DCC strongly impressing on the communities the necessity of reducing their aspirations in relation to the quantity of social housing and community gain provided in the regeneration plans. This was in order to ensure the economic viability, for private developers, of the PPP regeneration projects. It did this, in the first instance, by giving the communities little choice about the model of delivery for regeneration. Residents of the estates were informed that if they did not adopt the PPP model there would be little hope of regeneration as they would have to wait a long period of time for the DOEHLG to provide the finance directly for regeneration (Interview DCC Project Manager Dolphin House, 2008).

Despite all the communities' stated preference for state-funded regeneration and considerable opposition to the PPP model, they believed they could not oppose PPP because of their communities' need for regeneration. Therefore, another model of delivery other than PPP, even if it were more

favourable to the community, was not considered because of the central-government imposed requirement for regeneration projects to be 'economically viable'. For example, in February 2004, DCC initiated a "public-consultation process" with the residents of O Devaney Gardens in regard to a PPP regeneration plan even though residents expressed the desire for regeneration with state funding: "*We were told there was no alternative to PPP- it's just the way that regeneration is done now*" (Interview O Devaney Gardens Residents' Representative 1, 2007).

> "*Residents were saying; 'can you not just build a housing scheme for everyone in O Devaney? There is enough room.' DCC said they don't have the money for that and what you have to understand is if we don't go down this road (PPP) there is no money for O Devaney. So it meant we had no choice- it was get worse or go for a PPP*" (Interview O Devaney Gardens Residents' Representative 2, 2008).

DCC's stated position was that a regeneration project would only provide the quantity of social housing that met the required need of remaining tenants on the estate. Therefore, any reduction of tenancies on-site would mean fewer social units required and leave open greater potential for private development. Thus, it appeared that DCC was actively de-tenanting[41] the estates in order to minimise the number of public units that would be required in the project. This would increase the likelihood of a private developer undertaking the project. However, the deteriorated conditions, marked by anti-social behaviour and physical decay were worsened further by this de-tenanting process (Interview Chair FGU, 2008; Interview St. ME CW 2, 2008). This resulted in a weakening and de-stabilisation of the remaining communities which made it even more difficult for the communities and residents' representatives to assert themselves in the PPP negotiations (Interview St. ME CW 1, 2008). This disempowerment resulted in communities' accepting a less favourable deal for the community (and consequently more favourable to a private developer) than would otherwise have been the case at an earlier stage in the process with a fully-occupied complex and confident community (Interview St. ME CW 1, 2008).

The deteriorating conditions on the estates caused many tenants to leave (see discussion on de-tenanting later in this chapter) and, as a result, the remaining communities felt vulnerable and less able to contest DCC's PPP plans. This process also had the negative long-term impact of the original communities being, irreversibly, dislocated and dispersed. While it was typical of local authority estates to have a certain transient population (Redmond and Russell, 2008) the scale of both voluntary and DCC-encouraged de-tenanting that occurred over the period of the PPP process from 2000 to 2008 was unprecedented (see discussion on de-tenanting later in this chapter). A key factor in the

[41] DCC did this by stopping the allocation of new tenants when a tenant gave up their tenancy and encouraging existing tenants to give up their tenancy by offering them better quality dwellings off the estate.

deteriorating conditions was DCC's inadequate estate management of the flat complexes. This appeared to have been influenced by the low priority given by DCC to the retention of existing communities on the estates. DCC explicitly acknowledged that the community in an estate undergoing regeneration would not stay together and *"the best they can hope for"* was a majority of the community remaining on-site (DCC Assistant City Manager Housing and Residential Services, Dolphin House JRB, July 24th 2008). In fact, DCC made it clear that it desired a reduction in the number of existing tenancies which would result in more 'manageable' sized estates post-regeneration.

> *"The community break up is not an issue. The people who left wanted to leave. This gives DCC an opportunity to manage a complex more effectively instead of having high numbers and isolation now we are going to integrate and become part of the wider community. We are keeping the numbers of social housing in the clusters to an absolute minimum to suit our project"* (Interview DCC Project Manager St. Theresa's Gardens, 2008)

The overall result was a declining level of community activity and participation and intensifying anti-social behaviour problems on the estates. Thus, residents and their representatives felt pressured into accepting the PPP model by the worsening environmental conditions on the estates that occurred as a result of DCC's housing allocations policy and poor estate management. This reached such a low point that a number of community representatives hoped that PPP regeneration would result in some tenants involved in anti-social behaviour being forced to leave the estate. The circumstances also led the community representatives to adopt DCC's position that the de-tenanting 'de-generation' (Tenants First, 2005) process was actually beneficial as it reduced the quantity of social units required in the final deal (Interview Residents' Representatives Fatima Mansions, St Theresa's Gardens, Dolphin House, 2008). The experiences of the case-study estates that provided the most extensive information in relation to this process, Fatima Mansions, St. Michael's Estate, O Devaney Gardens, Charlemont St., St. Theresa's Gardens and Dolphin House, are now outlined and analysed.

PPP Regeneration Project 1. Fatima Mansions PPP Regeneration Project

Fatima Groups United[42] (FGU) and DCC engaged in discussions about the regeneration of Fatima Mansions in the late 1990s but in 1999 those negotiations broke down (FGU, 2006). FGU then worked on its own plan *Eleven Acres, Ten Steps* which put forward a regeneration plan based on retaining the land for the residents of Fatima, providing community estate management, employment opportunities, combating educational disadvantage and providing health, youth and cultural facilities (Fatima Groups United, 2006). In 2001, in response to the community plan, DCC produced a draft Master plan, *'Regeneration/Next Generation'*. Consultation between the local authority and the community resulted

[42] Fatima Groups United was created by the community in 1995 as an umbrella organisation for local groups with the aim of increasing the community's capacity to shape its own future (FGU, 2006).

in an agreed Master Plan in June 2002 which involved the demolition of the estate and its replacement by 220 social and 280 private housing units. The proceeds of the sale of the land for private development were to fund community/sports facilities and requirements for social regeneration, which the plan stated had to be of equal importance to physical regeneration. Other key principles included residents being central to the regeneration process and receiving support to take on this role and DCC being committed to improving the upkeep and maintenance of the flats (DCC, 2002). Thus, this plan was to be driven by the local authority and the process allowed for significant community input through local consultation. This was to be facilitated through a legally-constituted structure, the Fatima Regeneration Board, which was resourced through the provision of offices and dedicated staff and had an independent chairperson and involved all stakeholders with the community as the strongest stakeholders in the process (Table 7.2).

The planning application for the first phase of redevelopment was granted and DCC stopped allocating new tenants to the complex. In early 2003, the community was informed that funding for the project had been withdrawn by central Government and that regeneration would instead be delivered through a PPP. In addition, former DCC Assistant City Manager for Housing and Residential Services, Brendan Kenny, stated that the ideal DCC estate would comprise a mere 75 public units, in line DCC policy of phasing out large public-housing estates and introducing, instead, smaller estates with a 'social mix' of tenure types (Fatima Community Development Worker, 2008). DCC informed FGU that the social housing numbers in the original deal would have to be reduced by 70 and the private-units doubled in order to make the PPP project viable.

Table 7.2 Composition of the Fatima Mansions Regeneration Board

Number of Representatives	Group/Organisation
6	Fatima Groups United
2	Rialto Forum (a community forum for the wider Rialto area)
2	Rialto Residents' Association (a resident's group from the surrounding area)
2	Public Representatives
1	Police
2	DCC
1	Independent Chair

Source: *FGU (2006)*

The Chair of FGU, Joe O Donoghue, explained that the community was given little practical choice by DCC as to whether it could follow the PPP route or not as it was told that there was no money to

undertake the project in the traditional way (Interview Chair FGU, 2007). There was a fear that if the community opposed a PPP then no regeneration would take place.

> *"FGU management came to the conclusion that it did not think there was any other way out of it but to do a PPP. It was too big a thing to challenge. This was the way the Government were playing it and FGU did not feel it was a battle that could be won. There was a fear hanging over the community that if it did not follow PPP there would be no regeneration"* (Interview Fatima Community Development Worker, 2008).

Fatima Mansions had deteriorated in the late 1990s as large numbers of low-income families were left in an estate with few social supports, inadequate maintenance, a declining and destabilised community and an intensifying drugs crisis. As a result of the poor living conditions many of the residents sought to be transferred out of Fatima and left the estate if they could. As tenants left DCC boarded-up the flats and did not re-let them. Therefore, the population declined by 9.3 per cent between 1991 and 1996 and 20 per cent between 1996 and 2002. While in October 2001 has been 685 residents living in 270 flats, by January 2005 that number had fallen to 388 residents occupying just 147 flats. DCC continued to de-tenant residents. This resulted in a reduced quantity of social housing being required in the PPP as the agreement was only to provide new housing for those who remained on-site.

FGU adopted the perspective that the deciding factor in agreeing to the PPP method was whether it would deliver what the remaining residents required. Even though public investment in the Master Plan would have been its preference over a PPP, FGU believed that if it became embroiled in a prolonged battle against PPP's even more residents would have transferred out, which, from FGU's point of view would have been disastrous.

> *"The best way of doing a regeneration project, would be a traditional build that would have all the statutory agencies from education, health and employment involved, committing social programmes and money to it. That, however, requires state money to do it and this Government is never going to undertake that. If FGU could do it differently it would do it through a traditional build with State money"* (Interview Chair FGU, 2008).

The Fatima residents' representatives (Interview, 2008) explained that while residents felt disappointed with the number that left a smaller population meant it became easier for the community to stabilise and deal with a reduced level of social problems.

DCC offered the residents as part of the regeneration PPP project 150 new social units as there were only 150 occupied flats on the estate. FGU debated whether it should accept that or demand the

original agreement of 220 units. Residents felt there was an urgent need for regeneration and the wider issues of the loss of social housing units and the privatisation of public land were therefore de-prioritised by residents. The reduced number of residents on-site therefore made that PPP deal with DCC easier to agree on as there were fewer social units demanded. In this way the residents adopted, to a certain degree, the DCC perspective of minimising the number of social units in the regeneration project.

> *"The residents wanted new housing and better conditions, they were living in terrible conditions, with damp in their flats, poor maintenance and there was a lot of anti-social behaviour in one place within the complex. They wanted a better way of life and no one really believed it was going to happen"* (Interview Fatima Residents' Representative 1, 2008).

The residents' main concern, therefore, was getting regeneration to take place.

> *"I was not really concerned about the PPP because all we wanted was the houses- we did not care how or who was going to pay for it because the residents were after being told they were getting the development by us so we were going to get lambasted if it did not happen. I said I don't care who pays as long as the residents get what they wanted. We were lucky we had the Regeneration Board and the FAST Advisory team because we had planning permission already and the plans were agreed for the whole site and nothing could be changed unless it came through the Board and we then felt it was safe enough"* (Interview Fatima Residents' Representative 2, 2008).

The issue of arguing to retain public units simply did not relate to the residents' concerns at the time. The deterioration of conditions on the estate had the effect of residents lowering their expectations and demanding a deal to be delivered as soon as possible irrespective of the loss of public-sector units and land.

The principal focus of community work at the time was, in fact, trying to convince the existing residents to remain on the estate.

> *"That whole argument around the loss of public housing was lost within FGU in terms of having a wider political perspective on the wider housing waiting list. The loss of land was a big concern of mine. There were ideological differences on it within FGU but it was not a concern for residents. It was very very difficult and so the argument about the loss of public housing just did not make sense to people because they were living in such shit. At the launch of 11 Acres Ten Steps there was a great speech that this land is our land and the people would have felt that, but as long as the residents of Fatima got decent housing in the PPP - that was the important thing for FGU"* (Interview Fatima Community Development Worker, 2008).

In 2004, therefore, while FGU would have preferred 220 public units to be provided it agreed to 150 public units as part of a PPP regeneration project that was perceived to bring many significant benefits to the existing community beyond just the provision of new housing, including 70 affordable housing units, a large neighbourhood centre, employment and retail space. The affordable housing units would provide residents an opportunity to buy their house.

> *"Our view was to represent the residents here, that was our job, first and foremost, so the issue of the numbers of social housing became a secondary issue for the leadership in here, that was crystal clear, that was the reality, that was the negotiation that took place..that doesn't mean we are not conscious of the need for public housing in a general housing context, of course we support public housing, but we are looking after our project- the people we represent"* (Interview Chair FGU, 2008).

> *"The loss of public land and housing was a bigger issue and when you are on the ground there are lots of other issues...We only lost two and a half acres of land- when you look at our big neighbourhood centre and the football pitch, the crèche, the park area, and then what the residents gained. The loss of public land and PPP was bigger picture stuff- the people around here weren't thinking about land- they were thinking about the housing and what they were getting, they would not even dream of thinking about that once they were happy with what they're getting*" (Interview Fatima Residents' Representative 2, 2008).

While 70 public units were conceded as part of the overall deal, FGU believed the PPP deal was Fatima's best chance to turn around the chaos that previously dominated the community (FGU, 2006).

> *"The numbers game is hotly disputed, the numbers here were 220, other people say it was 360 but that's madness, that was when they were built in 1949, yet there was a block of flats demolished in 1986. People argue about that but we live in the real world here and the real world means if we did not do this we would have nobody living here, no body. How many are still living in St. Michael's Estate? It's gone down to 20 and there will be no one living there within a year or two. That's where it's heading. So it raises the question when you argue about numbers of public units being reduced that 'who are community development projects representing and what do you work for?' The real question in terms of public housing is at a bigger level and it's at an ideological level. It's a bigger political strategy and responsibility that is required in relation to public housing and it should not be on local communities like ourselves to have to say to local people we are going to let you continue to live in the squalor and in the shit on the basis of a wider need for public housing. You are there to represent people who live in that crap"* (Interview Chair FGU, 2008).

PPP Regeneration Project 2. St. Michael's Estate

A lengthy negotiation process, carried out through the St. Michael's Estate Task Force[43] between 2001 and 2003, resulted in a Master Plan for the regeneration of St. Michael's Estate based on the complete demolition of existing flats. The Master Plan included the development of 320 new housing units (170 were to be public units and 150 private, 70 market-rate and 80 affordable). The plan also included the development of community facilities along with clear commitments to address measures for social inclusion such as childcare and the recreational, employment, health, cultural and educational needs of the local community (Interview St. Michael's Estate Community Worker (St. ME CW) 1, 2007). However, given the absence of state funding, the St. Michael's Estate Task Force was directed in 2003 by DCC that the project would have to be pursued through a PPP route. DCC then engaged its own architects to produce a Draft Framework Plan without any community input. The Framework Plan reduced the social housing element from the originally agreed 170 units to just 80 and increased the private element to 550 units (330 market-rate and 220 affordable). The community vehemently opposed this reduction in the social housing units and launched a campaign for the re-instatement of the original plan.

Social Housing

The St. Michael's Estate residents and their community organisations demanded that the 14 acres (5.83 hectares) of St. Michael's should be kept in public ownership in order to address the local and city-wide local authority housing waiting lists, to keep the community together, and to use the land to address poverty and social issues. They stated that many residents of Dublin simply could not afford to access the private housing market and, as a result, there was a significant public housing waiting list which did not even include the underreported problems of overcrowding that existed within large estates like St. Michael's. They also outlined the duty of care and responsibility on the State to provide housing for people and that an advantage of public housing was that the stock could be rolled over to provide for more tenants once someone vacated a public unit. For example, the St. Michael's Estate Task Force vision document, *Past, Present and Future*, outlined that

> "*almost all (residents surveyed) suggested that the site should be used for Local Authority housing. No indication arose as to the respondents' wish that the site should either be sold off to a private developer for the building of private housing, or that it should continue to be used to provide anything other than the houses for the people already living on the estate who expressed a wish to stay*" (Morley, 1998, 45).

[43] The St. Michael's Estate task force was set up on the estate in 1997 which consulted tenants and negotiated with DCC on the estate's future. The Task Force involved tenants, residents from the wider area, DCC officials and councillors, community workers and statutory agencies.

The campaign successfully resulted in a majority of City Councillors voting in September 2004 to reject the Framework plan undertaken by DCC's Housing Unit. In new negotiations that took place throughout 2005 and 2006 DCC officials made it clear that any new plan would be restricted to what was possible within the confines of a PPP framework. However, the community continued to argue for the retention of the original number of public housing units.

> *"There were 346 units on this site. It was always a traditional local-authority site. We wanted to uphold as much of that as we could even though we were down 100 units to 246 we were trying to claw that back. We stated that this land was traditionally for housing people who could not afford to live to live in the city, so why could not they still be able to still have a home here? We wanted to keep it for people who could not afford to live in the city. It looked like the whole development was going to be private but we said no - people had the right to local-authority housing and they weren't delivering it in all the other policies of housing"* (Interview St. ME CW 3, 2008).

Furthermore, the St. Michael's Estate Regeneration Team[44] expressed its concern with new Government social-housing policy developments such as Part V and other "*deceptive arrangements*" where the State was looking to developers to deliver its housing as they did not "*deliver*" and address "*the huge housing waiting list in the city*" (St. ME CW 3, 2008). It believed that DCC was exploiting residents' problems with poor conditions on the estates as a justification to hand over public land to private developers and, in doing this, DCC was permanently removing the ability to address future generation's housing needs.

> *"We are holding the future generation to ransom based on current needs. What about people who want to live there? Where will the public housing be provided into the future?"* (Interview St. ME CW 1, 2008).

De-tenanting

Mirroring its assertion in Fatima, DCC made it clear that the PPP regeneration project would only provide the number of social units required to house the remaining residents (Interview St. ME CW 1, 2008). Over the preceding few years DCC progressively de-tenanted residents and conditions on the estate deteriorated resulting in a reduction from 270 occupied units in 1998 to approximately 40 in 2004. The residents explained that, despite their requests, DCC did not implement a strategy that could have kept residents on the estate over those years. Remaining residents lived in deteriorating conditions.

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[44] Set up in 2001 St. Michael's Estate Regeneration Team is a 'think tank' made up of residents and local community groups from St. Michael's Estate and the Inchicore area. It works with and on behalf of the residents in the regeneration process (St Michael's Estate Regeneration Team, 2008).

> *"If you were living in an eight-storey block of 57 flats and you end up with maybe 15 flats left after de-tenanting, imagine what it was like to live in the block like that. It was very difficult. As soon as someone transferred out off your landing or your neighbour or someone you had a good relationship with left, it impacted on the people around. The less that lived in a block the tougher and tougher it got to look after it. If you are the only one on the landing then people go into the landing and hang out as they know no-one is going to throw them off. It breaks the back of the people who are willing to stick it out and so every tenant that leaves impacts on people. It's devastating for me as a worker as I've seen lots of people and been hoping that they would stick it out but once they get any reasonable offer of housing from DCC at all they are gone"* (Interview St. ME CW 2, 2008).

The rejection by the DOEHLG of the first St. Michael's Estate plan in 2003 resulted in many residents who had worked on that plan to seek transfers out of the estate because they did not believe that DCC had the interest or capacity to regenerate the estate (St. ME CW 2, 2008). The destabilisation that resulted from the de-tenanting process and estate neglect forced residents' representatives to accept the state-imposed PPP demolition regeneration option which they had previously strongly opposed. Residents "*did not and could not win the political struggle over the macro framework of the PPP*". However, once that framework was established they began "*a new struggle over what could be achieved within that framework*" within the negotiations (Interview St. ME CW 1, 2008).

PPP Regeneration Project 3. St. Theresa's Gardens

Conditions on the estate of St. Theresa's Gardens similarly deteriorated prior to and following the commencement of the PPP process. The community which was strong and vibrant in recent decades had become demoralised and the level of community activity reduced (Interview Chair St. Theresa's Gardens Residents Association, 2008; Interview Sinn Fein Councillor, 2008). Many of the residents in 2008 just wanted to 'get away' from the terrible living conditions on the estate:

> "*I'm living 12 years in the flats. A lot of people would like to get out, just move off, and not go back even when they do build. I don't think it's going to change completely as you will still have the same unsociable behaviour. There are a few people there from 10 in the morning drinking and your children are coming back from school and they are watching them falling all over the place. If I could I'd like to get out and never go back*" (Interview St. Theresa's Gardens Resident 1, 2008).

The residents were very angry about the inaction and unfulfilled promises of DCC and the Gardai to evict families that were selling drugs and causing anti-social behaviour problems. The problems had escalated to the point that the break-up of the community through the regeneration process was viewed as an opportunity to remove 'anti-social' residents and therefore was quite a positive outcome.

> *"What we are trying to do is get the people who will be problematic in the future moved to where they would not be able to cause it. We are trying to get them decent housing somewhere where they won't be able to disrupt the whole community. Whether that is going to work out or not we don't know but the aim is to sort out all this before we move"* (Interview Chair St. Theresa's Gardens Residents Association, 2008).

> *"It's good to get some people who cause trouble out. In the summer time it's crazy. Everyone is out running everywhere and going mad. It's ok now the children are in but in summer they'll all be out on the blocks, you would have to be down here to realise what is going on"* (Interview St. Theresa's Gardens Resident 1, 2008).

Despite the promotion of homeownership and social mix by the Regeneration Board (that included DCC and the local residents' representatives) there was clearly a lack of understanding of the implications of the social housing reduction involved in the PPP. The desperation for regeneration, because of the deteriorated conditions, influenced residents to agree to a project before they considered the full implications.

> *"I don't think people have taken that in yet. You could always assume your daughter or son would get a flat within the same complex but they are only re-housing the main tenants in the plan so I've asked the City Council to put around a flyer stating that residents' 17 or 18 year old daughters who have already got babies and are living in the flat with them will not be getting re-housed in the new development and they will have to put their name on the housing list and wait. People haven't understood that so that will have to be pointed out again"* (Interview Chair St. Theresa's Gardens Residents Association, 2008).

Another resident explained the lack of awareness on their part of what was proposed in the PPP regeneration project:

> *"I know there isn't enough housing for everyone. There are 350 flats, I think, so I don't know where they are going to put 300 people, especially the ones like myself. I know people in two-bedroomed flats with 6 kids and I know they will get the houses before people like me do with less kids. So if you haven't that many points then you haven't a chance of getting an on-site house"* (Interview St. Theresa's Gardens Resident 1, 2008).

PPP Regeneration Project 4. Charlemont St.

In a similar manner, the residents of the Charlemont St. estate agreed to regeneration through a PPP because of the poor condition of the flats (Plate 7.3, 7.4, 7.5, 7.6. 7.7).

> *"We are one of 25th most deprived areas in the country. We want it knocked down. We want somewhere nice to live. We want our kids to be able to bring their friends from school here, to have somewhere decent to live. Everyone wants that and that's what's happening now with the regeneration...so we are not coming up the stairwells and there is beer cans and shit and urination everywhere"* (Interview Charlemont St. Residents Association, 2008).

According to residents DCC estates had been "*allowed run down*" so that DCC could "*move everyone out and then the land is theirs*" (Interview Charlemont St. Residents Association, 2008). As of April 2008, approximately 40 out of a total 181 flats in Charlemont St. were unoccupied and boarded- or steeled-up by DCC (see Plate 7.5 and Plate 7.6). This de-tenanting will, if the PPP follows the trend of other regeneration PPPs, lead to a reduction in the number of public units that will be required in the final plan (as in St. Theresa's Gardens the number of private units that will be part of the deal have not yet been determined) and, therefore, make the PPP deal more viable. One resident asserted that DCC was causing tenants to leave by,

> *"not addressing either how we are living and the anti-social problems. When they are offering tenants a way out the residents are running out and DCC have been doing it for a few years. There is no upkeep or maintenance being put into the flats. DCC are basically running the flats down...bit by bit they are breaking the community and the community spirit is broken, it is broken, there is no sense of community...The lights keep getting smashed in our landing and hall and the electrician doesn't come out for 4 days so you can't see in front of you walking in your hall way. The first two tenants in this hall are well into their 80s and they are intimidated. I am intimidated and I have family as back up in the flats but people in their 80s, how do they feel about what's going on when they have no family left? It's because DCC want people out"* (Interview Charlemont St. Resident 1, 2007).

The community accepted that private units were required to pay for the social housing provided in regeneration and that while it could have taken a position against private units being put on the estate, "*at the end of the day there has to be the private units*" because, "*Charlemont St has been left run down for decades...it's time now to move on and if private developers are going to do it well so be it*" (Interview Charlemont St. Residents Association, 2008). The residents stressed that they did want a significant quantity of social housing provided as part of the deal.

> "*For us this has to be to keep the community together, to keep people from the area in the area. It is important that DCC provides the social housing because there are people out there who can never afford to get on the property ladder, like myself. I can never afford to and I have always worked. I'm not working now because I have a two year old baby who has just started back at crèche, but I will be working soon. There is also a girl who has just had a baby and she lives with her mom and dad and*

younger sister in a two bed roomed flat. She should be allowed get a place here" (Interview Charlemont St. Residents Association, 2008).

PPP Regeneration Project 5. Dolphin House

In 2002, DCC approached the Dolphin House Community Development Association (DHCDA) about its intention to undertake a redevelopment of Dolphin House as part of the regeneration of the Liberties/Coombe area. In 2003, the architectural firm, Urban Design Ltd, was commissioned by DCC to develop regeneration proposals based on consultation with the community. That consultation revealed that residents' principal concerns were the maintenance of the living units on the site by DCC and anti-social behaviour issues (Urban Design, 2004). The majority view of residents was strongly against demolition-redevelopment and, reflecting this, Urban Design (2004) recommended regeneration options including refurbishment, infill buildings and partial demolition. However, the Urban Design proposals were dismissed by DCC, apparently because they as they did not suit DCC's PPP regeneration policy that required demolition of all the flats and other buildings on the estate. However, the delay did afford the community the space and time to assess the implications of PPP regeneration. A Joint Planning Committee (JPC) was set up as in 2005 to re-start negotiations on regeneration between DCC and the DHCDA. DCC stated its position was for a demolition PPP regeneration project while the DCHDA took a cautious approach toward PPP because of the negative effects on public-housing, insufficient guarantees that the local community would benefit from the resources generated out of the deal and private-sector profit rules that would inevitably mean higher density (DHCDA, 2006).

"Potentially there will be no public land left if they keep going with PPP. There will be no social housing- it seems pointless to me because the land is worth so much more –you will always have the land if you keep it - you will always have the land for something but if you sell it its gone end of story. PPP doesn't make sense in the long run" (Interview Dolphin House Residents Association 1, 2008).

The community requested the resources from DCC to identify preferred regeneration options which would not necessarily be PPPs. However, the residents' trust in DCC was reduced by a newspaper article published in June 2006. The article

"confirmed that a public-private partnership deal is being mooted for the redevelopment of Dolphin House. Residents of the flats are currently drawing up their views on a possible rejuvenation of the complex and elements they would like to see included in it. Their views are due to be submitted by the end of the month. Depending on the feedback, the local authority will then merge those ideas with some of their own and a feasibility study will be undertaken on the future development options on the site" (Sunday Business Post, June 4th 2006).

The residents were unaware that the community was drawing up its views on future plans and it was the first it had heard that a PPP Feasibility Study was planned (Dolphin House Joint Planning Committee, September 2006). DCC officially informed the community in September 2006 of its intention to commission a feasibility study on a number of PPP redevelopment options and it also sought the development of a community charter. Brendan Kenny, the Assistant City Manager for Housing and Residential Services at the time, reaffirmed that PPP was "*the only game in town*" for the regeneration of Dolphin House (Dolphin House Joint Planning Committee, September 2006). Agreement on a charter was deferred by the DHCDA, aware that a charter would hold little guarantee for a community and would allow DCC officially to begin the PPP process, according to the PPP procedure outlined in DCC's Gantt Chart (Figure 7.1). However, the poor conditions on the estate led to demands from greater numbers of residents for demolition and regeneration, which meant that while the DHCDA remained unconvinced about the potential of PPPs to deliver the best future for the community,

> *"if this is the model to be imposed we will work to maximise community interests within it for as long as current government policy dictates this approach for regeneration"* (DHCDA, 2006, 5).

The DHCDA, therefore, reluctantly agreed to the Feasibility Study on the basis that it would receive the necessary resources to develop an alternative development option. DHCDA wanted to look at "*better ways*" to provide regeneration other than PPP including, for example, partial demolition and refurbishment and non-PPP options (funded by partial land transfer or Government funding over a phased basis) that would focus on maximising community gain (Interview Chair DCHDA, 2008).

Feasibility Study and Social Mix

The 'Principles of Development' for the Feasibility Study, carried out on behalf of DCC by the private architectural firm MCO Architects, outlined that the priorities underlining DCC's introduction of PPPs were focused on providing a 'social mix' of residential and commercial development aimed at maximising the development potential of the estate. The principles included "*examining the extent to which housing of mixed tenure could be developed within the area*" (Rose, 2006). The Dolphin House site had, according to DCC's Senior Planner Kieran Rose (2006), "*great potential to provide a very attractive and dense mixed-use new city quarter with a significant number of sustainable new homes*" (Rose, 2006, 1). The "*vibrant mix of uses*" in the new estate would be biased toward income-generating uses such as private residential, commercial retail, offices, recreation (leisure, hotels) education (private third-level college) uses (Rose, 2006, 2).

Figure 7.1 Gantt Chart; DCC's Social-Housing Regeneration PPP Process

Stage of Process	Commencement date	Completion date
Archaeological, utilities and soil analysis studies	Sept 2006	Dec 2006
Feasibility study to ascertain the possible yield from the site proposed for redevelopment	Oct 2006	Dec 2006
Risk assessment	25 Dec 2006	18 Jan 2007
Community consultation – Identify community groups Complete and sign off community charter	Oct 2006	04 Jan 2007
Procurement process start & advertising		26 Dec 2006
Project Board (incl. DOEHLG) approval for Framework Plan and PPP Feasibility study.		07 Feb 2007
Advertise project on OJEU and at least one national newspaper		
Issue Request for Qualifications (RFQ)		09 Feb 2007
Answer RFQ[45] clarifications		12 Feb 2007 16 feb 2007
Closing Date for RFQ		19 Feb 2007
Organise Assessment panel meeting to compile shortlist of bidders in line with published criteria		05 March 2007
Notify Bidders of Shortlist		12 April 2007
Issue tender document, Request for Proposals (RFP) to short-listed bidders		01 May 2007
Closing for receipt of RFP Submissions		01 June 2007
Seek clarification on RFPs		11 June 2007
Evaluation meeting. Assessment panel meeting	18 June 2007	10 Aug 2007
Preferred bidder selected		13 Aug 2007
Project board approval of preferred bidder		14 Aug
Notify bidders of selection		15 Aug
Community consultation	15 Aug	26 Sept 2007
Community approval received		26 Sept 2007
Contract negotiations –architectural contract, financial contract, legal contract	17 Aug 2007	08 Nov 2007
Contract signing	09 Nov	23 Nov
Arrange P.R. coverage		16 Nov 2007
Contracts signed		23 Nov
Prepare planning application, submit planning		17 March 2008
Planning process	18 March 08	01 Sept 08
Planning approval		02 Sept 08
Phase 1 construction completion	03 Oct 2008	28 Oct 2009
Demolition – De-tenant site as above	01 Jun 2009	30 Jun 2009
Construction completion		25 Nov 2010

Source: Adapted from *DCC (2006) unpublished*

[45] The RFQ is a tendering document released by DCC which seeks expressions of interest from developers in the described project. It outlines briefly the project which the local authority would like a private developer to undertake. The document seeks 'expressions of interest' from developers who will do so by submitting information relating to the criteria for qualification (e.g. annual financial turnover of the developer/consortium) (Kelly and Punch, 2005).

Other aspects of the site that could facilitate developers to realise the market value of the land included its location beside the potentially value-enhancing feature of the Royal Canal in the case of Dolphin House.

> *"The Canal is a major potential resource but currently is very much under-used in this general area. There is the possibility of creating a new harbour or series of them, perhaps even a marina. This would be a great amenity for the area and the wider city. The presence of water significantly increases property values. This could be a destination point with cafes etc and also an amenity to attract office uses and higher-income groups...the creation of a 'Mini-docklands', major hotel or an entertainment centre, should also be considered"* (Rose, 2006, 3).

It was difficult to imagine the extent to which the existing residents in Dolphin House would benefit from a marina or mini-docklands. The residents were aware though that the location and size of their public-housing estate lent significant potential for re-development for private redevelopment and this underlay DCC's impetus to undertake a PPP regeneration project on the estate.

> "*There is a land bank out front and a big land bank at the back of the estate. Look at the width of the grass areas between the blocks. You could build a massive amount on that site at the rate they are building today. Some days I would stop and look up the Canal. It's a beautiful place- you could paint it, it's that lovely. But DCC see us as a load of basically junk sitting in a prime spot and loads of land - in a prime area and that's why they are going to offload this site by hook or by crook*" (Dolphin House residents' representative 1, 2008).

The stated purpose of DCC's Feasibility Study was to advise DCC on a framework that "*developers and their architects could work within, if and when Dolphin House goes for developer competition*" (MCO, 2007, 1). Other development potentials included 'synergies' between redevelopment in estates such as Dolphin House and surrounding private developments.

> "*Developers interested in pitching for the public private partnership (Dolphin House) will have additional land-banking opportunities on sites immediately adjoining the flat complex*" (Sunday Business Post, 4th June 2006).

Clearly, DCC had been highlighting the potential of the estates to developers. Furthermore, given that DCC stated that it was in regular discussion with developers (DCC Project Manger Dolphin House, 2008) it would be surprising if a developer had not already expressed interest in the sites linking to other developments in the surrounding areas, even before they officially entered the PPP route.

Joint Redevelopment Board

The Joint Planning Process was formalised in November 2007 with the establishment of a Joint Redevelopment Board (JRB), the terms of reference of which, noted that,

> *"The JRB will facilitate a local understanding of DCC's feasibility study and other redevelopment plans, to explore them in the context of other redevelopment options and communicate these to the community so the community can make an informed decision about the future of their estate"* and that *"DCC will provide the necessary resources to the community to undertake this process"* (JRB Terms of Reference, 2007, 1).

DCC informed the community that if residents opposed PPP regeneration there would not be a major regeneration project and Dolphin House would "*miss the boat*" in terms of opportunities for regeneration because of insufficient finance for any other model.

> "*Any other options have to be viable. It has to be self-financing to pay for the community facilities etc. The bottom line is DCC don't have the money and the Government are not willing to put in the money. The only way to generate the needed income is through PPP*" (Interview DCC Project Manager Dolphin House, 2007).

DCC told the community that if it did not agree to a PPP there would be no funding available to enable the residents to participate adequately within the process or for community requirements such as social regeneration.

> *"Every time you ask the question around what can be delivered in relation to the social plan the only answer seems to be coming back from DCC is if there is no PPP then there is no money to be accrued for the social plan...from day one DCC stated quite clearly that they are not prepared to negotiate under any other system and they constantly use that it's the only game in town"* (Interview Chair Dolphin House Residents Association, 2008).

> "*I think DCC are looking to reduce the amount of the houses they have, they say they want lovely communities for all the people, but I don't know- they want apartments and as little social housing as possible, that's the feeling I am getting, they don't have any social conscience for what is happening here-they say there is no money to do all the social things unless its PPP and that's it*" (Interview Dolphin House Residents Association 2, 2008).

The constant pressure on the community from DCC, within the JRB and other negotiating structures, to accept the PPP route meant the DCHDA narrowed the perceived potential to develop a non-PPP

regeneration model. There was a fear that there would be no funding available if it went outside the framework of PPP.

> *"Theoretically I'm against selling off public land–on the other hand if DCC give us the best deal then you are going to go for it and that's that– I would not be for PPP, as such, then–I don't think it's a good thing- if it could be done another way then that would be great but if it cant we'll just have to swallow our pride and go for it- you have to think what's best for everybody-you can't just say no PPP and that's it - in my head it probably is going to happening. I don't think the PPP itself is a good idea"* (Interview Dolphin House Residents Association 2, 2008).

As evidenced in other estates, the worsening conditions of anti-social behaviour, DCC's inadequate response to maintenance issues, a severe sewerage problem and the lack of community facilities added to pressure on residents and the DHCDA to reach some sort of regeneration deal rapidly, irrespective of its long-term impact. The residents' representatives were concerned, similar to those in St. Michael's Estate, that DCC, by neglecting estate management, exploited residents' urgent need for improved conditions and, therefore, forced residents to accept a less favourable deal in the PPP regeneration project.

> *"At the present time if you were to ask people in the second, fourth, first and possibly that last block- that's four out of six blocks - they would say 'pull these flats down now no matter what DCC offer as anything is better than what we have.' Social housing flat complexes are being run-down deliberately as DCC want the land to develop it. They need the land to feed the developer to provide the social housing number but also it's a double edged sword. They know that the community is under pressure and if they offer any sort of attractive social housing units to this community I believe they would bite and take it and I think DCC play on that.....At the moment they could present hovels and people would accept them"* (Interview Chair Dolphin House Residents Association, 2008).

The declining conditions on the estate eroded residents' hope for the future leading some to leave, others wanting to leave as soon as possible, and the majority wanting the estate demolished. This left the residents' representatives further disempowered as DCC's offer of a new PPP development gained support.

> *"DCC are letting the place go to bits- If they don't do the maintenance and they don't do the anti social - people are just going to say ' ah here knock the place down do what you like'-there is people like that already. People feel whatever DCC want they are going to get, that's the attitude around here, they don't think they have any power over the situation, they say just build me something new and give me a house away from here and then they don't care what you do"* (Interview Dolphin House Residents Association 2, 2008).

However, the DHCDA ensured that, unlike other estates starting the PPP process, no de-tenanting would take place and the allocation of vacant flats would continue for the near future and until agreed otherwise by the community (Joint Planning Committee, April 2006). This gave the DHCDA the power to withhold community consent for the process at the feasibility stage (Figure 7.1). The DCHDA argued that as DCC's Feasibility study was only based on a PPP the community would have to have the opportunity to carry out its own Feasibility Study to ascertain if PPP was, in fact, the best option for regeneration. DCC reluctantly agreed to this as the only way it could get the regeneration process started with the consent of the community.

Overall Outcome of DCC's Allocation and Estate Management Policies

The evidence from the case-study estates suggested once DCC identified an estate for regeneration, conditions on the estate deteriorated at an even faster pace than previously. This resulted, in the main, from a combination of poor estate management and the impacts of de-tenanting. DCC appeared to be trying to remove residents from the estates with little regard for the impact on the existing communities. This suggested that the primary goal for DCC appeared to ensuring the sites were available for redevelopment according to a developer's potential requirements. The residents of Chamber St./Weaver Court believed that DCC imposed the process of estate neglect and de-tenanting in order *"to deliberately break up communities for developers to make a lot of money – I don't see it any other way"* (Interview Chamber St./Weaver Court Regeneration Team Representative, 2008).

> *"They stopped doing maintenance –you could not walk up the stairs with people shitting and pissing on the stairs. Kids started gathering, drinking and selling drugs and DCC refused to clean the place. We had to call meeting and force them into it but they came along and said we cleaned it such a day but the only reason that happened was because we called meetings not because they were concerned and because I threatened them with health and safety"* (Interview Chamber St./Weaver Court Regeneration Team Representative, 2008).

The Dublin City Councillor explained that the tenants of estates, where PPP regeneration had been agreed by the local residents, were automatically placed on a 'high priority' transfer list for a new flat or house off the estate. DCC, the councillor claimed, was using these lists to offer residents the opportunity to leave the estates, despite the objections from some residents' representatives. Residents, who normally would not have qualified for transfer to new accommodation elsewhere, were prioritised and received transfers. In St. Theresa's Gardens, for example, DCC encouraged residents to transfer out through paying for removal of their belongings and offering the tenants much sought-after houses. This suggested that DCC was trying to de-tenant the maximum number of flats on the estates, clearly, in order to reduce the quantity of new social-housing units required in the PPP regeneration project.

This process resulted in the dispersal, further de-stabilisation, relocation, and break-up of the existing communities on some of the case-study estates. It has had similar impacts on these communities to the 1980s 'surrender grant' as the tenants that have left (and generally do not return) were often very good community activists. The residents that remained were generally the more impoverished and disadvantaged residents (the elderly, lone parents, single men) who had no choice but to stay (Interview St. ME CW 3, 2008; Interview Sinn Fein Councillor, 2008).

PPPs and Community Consultation

DCC's 'Gantt Chart' (Figure 7.1), which was used internally within the DCC PPP Project Unit and only provided to the communities in error (Interview St. ME CW 1, 2008), revealed that communities had very little meaningful input into the official DCC-outlined PPP procurement process aside from the community charter and a short period of consultation after the preferred bidder was selected by DCC. While DCC did not follow this process for the first two proposed PPPs, Fatima Mansions and St. Michaels Estate, DCC successfully implemented this process as outlined in the Gantt Chart in the other estates. Table 7.3 (see below) outlines how no community had any substantial input into the PPP Feasibility Studies which DCC carried out and initiated the PPP Process (Interview St. ME CW 1, 2008). This indicated again how little choice the communities had about whether or not the PPP process was to be used for the regeneration of their estate and community.

Community Charter and *Request for Qualifications(RFQ)*

According to the process outlined in the Gantt Chart (Figure 7.1) the community consultation and community charter were to be completed before the RFQ was released. However, in Fatima Mansions and O Devaney Gardens the RFQ was released without any consultation with the community (Table 7.3). For PPP projects after 2005, DCC did engage in consultation before issuing the RFQ. For these later projects, the community charter, which included an outline of the social housing and community facilities required, was agreed between DCC and the community before the RFQ was released. For DCC, the signing of the community charter was taken as community consent for DCC to initiate the PPP projects through the RFQ, even though no community had direct input into the RFQ.

The community charters included the agreement that the regeneration plans would be provided and paid for through a PPP. Section 5.5.1 of the St. Theresa's Gardens' community charter, for example, stated:

> *"In order to wholly or partly fund all of the above, Dublin City Council will enter an agreement with a private partner, on the basis that that private partner is prepared to commit to principles contained herein (Section 5.4 and Section 5.5), to provide for extensive private development on this site including residential housing, retail, commercial and enterprise space"* (Nurture, 2007, 37).

The charters stated, however, that the private numbers were only indicative and that developers would be open to make proposals for "*extensive private development*" (Nurture, 2007, 37). Therefore, within the PPP process, the communities' influence and input was restricted to a small proportion of what happened with their estates (i.e. defining the number of social units and community facilities). The developers were then empowered with defining how the social units would be provided, where they would be provided and what happened on the remainder of the site. Each community, in its charter, had to sign up to a broad outline of a PPP before it even knew what the PPP would entail because it was only at the Request For Proposals[46] (RFP) and choosing of the final bidder that the main characteristics of the PPP were decided, such as the numbers of private units, social, community facilities, green areas etc. The Gantt Chart revealed that there were no mechanisms for community involvement in the RFP process. Furthermore, the power of any structures that could have provided community input was minimised. For example, the Regeneration Board in O Devaney Gardens, despite community requests, was given no legal basis for a substantial period of the consultation, effectively undermining its influence. In addition, the Regeneration Board was not chaired independently and was effectively an informal mechanism for community participation as it lacked a defined role in the regeneration process unlike the structure that existed in the Fatima case (Punch & Kelly, 2005).

> *"The regeneration board does not have much power. It has no legal structure and could disband tomorrow. We are going to get legal status but we had to fight for it and are still fighting for it"* (Interview O Devaney Gardens Residents' Representative 1, 2007).

Furthermore, because of PPP's reliance on market opportunities which were reducing rapidly through 2007, DCC sought to minimise the length of time spent on community consultation and community input.

> *"Its important in the context of consultation to remember that - and not be fooled by the 'oh we have to talk about this thing and we have to talk about that' but we had Fatima on the go at the time, and the information we were gaining from there was telling us that if you don't set timetables then you are going to over run on everything and if you overrun on everything like what is happening today you now have the building industry going into a tailspin, what's going to happen now?"* (Interview DCC Project Manager St. Theresa's Gardens, 2008).

[46] The Request for Proposals is the legal tendering document between the local authority and the short-listed developers (Punch & Kelly, 2005).

The downward trend in property prices that was becoming apparent in 2007 also led to an increased urgency to embark on the PPP process in Charlemont St. This resulted in the community charter being signed without adequate consultation. The community was expected to sign the charter without an indication of what could be planned on the part of the site allocated to private development (Interview Charlemont St. Residents Association, 2008). This would leave the maximum development potential open when the PPP project would be released to tender. The location of the site in Dublin 2 could provide for a significant number of office, retail or residential commercial uses (see offices in centre ground of Plate 7.8). The charter was put to the community for agreement through a meeting with all residents and door-to-door consultation. However, a resident explained that DCC had asked people at a residents' meeting in March 2007 to sign an attendance sheet which residents only subsequently discovered had in fact also stated that the residents agreed with the proposed community charter.

> *"They did not tell people that when they were sending it around to sign it; they asked people to sign to say they attended the meeting, but at the end of the meeting they said we have all your signatures and that's for the charter"* (Interview Charlemont St. Resident 1, 2007).

At a residents' meeting, held in the community centre in the estate in April 2007, which the author attended by invitation from a resident concerned with the content of the project, private consultant architects gave a presentation about what the public-sector units would be like in the new development but gave no indication as to what would happen on the rest of the site. The author asked a number of questions about the PPP and the loss of public units that was involved in the deal but was told to leave the meeting by a DCC Official as it was '*a residents-only meeting*.' A number of residents then attempted to ask questions about the proposed project but were told that they could only ask questions individually at the end of the meeting. This meant there was no space for a collective discussion amongst the residents and, as a result, residents felt intimidated from asking questions. The residents described it as "*a very intimidating meeting*" and that they "*did not feel they got a chance to openly talk about what was going on with the project*" (Interview Charlemont St. Resident 1, 2007).

RFP

An Assessment Panel that decided on a shortlist of (usually) five qualifying developers was set up following receipt of RFQ submissions. There was no community input into this stage. That was followed by the issuing of the RFP. In general, the input of communities into the RFP comprised only the inclusion of the community charter. However, in both Fatima Mansions and St. Michael's Estate, the communities demanded a much greater input into the drafting of the RFP and, in the case of St. Michael's Estate, independent architectural expertise was given by DCC to the community to analyse the RFP before it was issued (Table 7.3).

Changes, of which the communities were not made aware, were made by the short-listed developers and DCC to the contents of the proposed PPP projects throughout the tendering and selection process and right up to the contract being signed, (St. ME CW 1, 2008; Interview Chair FGU, 2008). For example, on comparing the RFP to the Master Plan, the Fatima residents' representatives found that significant differences existed between the two documents. The community development worker in Fatima believed that the changes were deliberately made by DCC to give the developer more scope for developing the plan beyond what was outlined in the Master Plan. This had significant long-term impacts for Fatima residents. For example, DCC included in the RFP that the leisure centre would be privately operated although that was not even discussed by the community.

> *"There were loads of things that came into the PPP when they put the RFP out to tender that hadn't even been discussed so sometimes we did not even realise the implications of it, for example, when the leisure centre comes on board in relation to the health initiative, we are thinking what will be the implications for local access. It was not top of the agenda in the negotiations with the priority being on housing and peoples' lives getting sorted but it shows how there are lots of decisions made right through the PPP that effect you down the line"* (Interview Fatima Community Development Worker, 2008).

This outlined the power of the private developer within the process. For example, a community representative in St. Michael's Estate stated that the community invested a lot of time into developing the RFP that was given to the preferred bidders but the developers still came back with quite different interpretations of it. The community managed to identify 51 things it was not happy with which the developers had to change (Interview St. ME CW 1, 2008).

Selection of Preferred Bidder

After the release of the RFP to the five short-listed developers, they then had about ten weeks to design an outline plan of what their vision of the development was to comprise. There was again correspondence and clarification between DCC and the short-listed bidders over the contents of the RFP. An Assessment Panel[47] selected the preferred bidder according to defined criteria. Community representatives in all the projects were initially excluded from this key decision-making process as DCC stated that it would breach confidentiality clauses agreed with the private bidders if the community was present. However, after exerting considerable pressure the St. Michael's Estate Regeneration Team managed in 2006 to get DCC to allow a local community worker and a resident to

[47] The Assessment Panel was made up of two representatives from St Michael's Estate Regeneration Board, DCC and the National Development Finance Authority (St. Michael's Estate Regeneration Team, 2008).

sit on the Assessment Panel (Table 7.3). This gave the Regeneration Team access to important information that had previously been withheld from both the community and the wider public.

> *"We were going to be effectively excluded from the assessment process. We would have seen the chosen bid but not all of bids. We had to fight for 18 months just to get on to the Assessment Panel and see the bids. DCC told us it was only for professional experts and, furthermore, its officials would not be on it, yet the officials were present at the meetings"* (Interview St. ME CW 1, 2007).

Residents' representatives involved in the St. Theresa's Gardens Regeneration Board felt excluded from the tendering process.

> *"There is no access to the bidders or the tender process. The community don't have any input into the tendering process or the selection of bidders. DCC state that they have to keep it confidential and that is a weakness in it. In St Theresa's Gardens the Regeneration Board haven't a clue who the shortlist of bidders is. DCC will select the bidders and announce it shortly who are the four bidders. There will be one person on the assessment panel but we had to fight for that. DCC were hoping it would not come up but it did come up. You need a resident in there who knows the area, who's acting on behalf of the residents and who's not afraid to stand up to DCC"* (Interview Sinn Fein Councillor, 2008).

The residents of Dominick St. and O Devaney Gardens were also excluded from the selection panel for the final bidder and instead had a representative from Community Technical Aid[48] that sat on the panel on their behalf. There was no community representative on any of the other assessment panels (Table 7.3). This demonstrated how the confidentiality clauses in the PPP process further excluded community participation.

PPP contract negotiations

The PPP contract is a legal agreement signed between the local authority and the private developer (or consortium) and was largely based on the details contained in the RFP. This is a legally-binding contract and sets out the legal, financial and planning considerations that must be adhered to by both parties (Punch & Kelly, 2005). Once the preferred bidder is chosen, negotiations arise over the content of the contract. Community representatives' input to this stage was restricted to discussions at the regeneration board level where DCC provided the details on the direct discussions that it was holding with the preferred bidder, from which the community representatives were excluded. This meant the

[48] Community Technical Aid provides technical support to local communities and projects as well as carrying out work on a contract basis for statutory, community and partnership organisations (Community Technical Aid, 2008).

community was excluded from some of the most critical parts of the process, leaving it effectively disempowered in relation to the overall outcomes of the projects.

> *"We are not dealing with the private developer we are only dealing with DCC. It is PPP without the C (community). What we did not win and what other communities should do is to get to that stage, get into that room where they are negotiating with the developer because that is where all the decisions are made"* (Interview St. ME CW 3, 2008).

PPP Negotiations and Outcomes

The evidence outlined thus far demonstrates how the majority of the PPP procurement process from the release of the RFQ up to the selection of the preferred bidder and to the signing of the contract agreement was 'developer-led' and focussed on maximising the developer's influence and input while that of the community was minimised. The PPP consultation process organised by DCC had the effect that the potential arenas for the expression of demands for community gain were minimised while the principal arena of negotiations, that over the contract, apparently prioritised the expression of the private developer's potential gain. The structure of the negotiations process demonstrated that DCC prioritised the financial viability of the projects and thus the private developer's objectives and criteria within the PPP regeneration process. The following section provides evidence of the various community demands that the PPP excluded from realisation because they were not 'financially viable.' It revealed clearly how the PPP model enforced a minimisation of the community demands for appropriate levels of community gain and social housing within the regeneration redevelopments and how the Irish State both colluded with and enforced, on behalf of private developers, such outcomes.

St. Michael's Estate

The experience of St. Michael's Estate demonstrates clearly that the private developer consortia's potential gain (profit requirement) from the PPP regeneration project was the key factor that determined what the level of provision of social housing and community gain would be within the regeneration projects. PPP created a direct dependency of the provision of social housing on the potential profitability of the private property market.

> *"The whole regeneration process has been based on the prospective sale of private apartments over the next few years. The state is exploiting the current economic situation. They are hugely lucrative sites. The whole process is market driven as everything is funded on the profit from the sale of private apartments. There is no state funding. This means the PPP mechanism is very restrictive, constraining and so tightly wound you cannot move once inside it. It is claustrophobic within the boundary: every proposal put forward from the community has to be based on the basis of 'no state*

investment.' They say no to a suggestion if it brings the project into deficit" (Interview St. ME CW 1, 2008).

Each public-housing unit and community facility requested by the community could only be provided according to the potential profit from the sale of private units:

> *"It was a direct correlation in the economic sense: If public housing cost X –then they can only be delivered if X (x10) is made from the sale of the private units. We were told that every public unit we wanted takes €200,000 out of the PPP and it would be usual for a developer to get €80,000 profit per unit. It is a very crude cost versus benefit model and is always lopsided on what can generate profit"* (Interview St. ME CW 1, 2008).

This calculation, the risk assessment of profit possibilities, according to the St. Michael's Estate Community Worker 1, who sat on the St. Michael's Estate Assessment Panel, was given the most weight in deciding what would be provided for on the estate in any new deal.

> *"The dependency on the market and capital to fund the social infrastructure meant there had to be 450 private units. What can generate profit within the PPP has more overall value which makes sense from a developer's perspective. This is the economic logic underpinning the PPP: that the project had to come out even with no investment from the State. That has been the logic all the way through, that the PPP framework ultimately involves public infrastructure and housing being provided on the basis of a balance sheet of risk that developers assess from what can be made on the sale of private residential units"* (Interview St. ME CW 1, 2008).

DCC, as outlined earlier, supported the position of the developer in arguing for fewer public units so that the regeneration projects would be economically viable. Therefore, it was a "*struggle*" and "*became very difficult*" for the communities in the negotiations to ensure the prioritisation of public housing and community gain (Interview St. ME CW 1, 2008). While the St. Michael's Estate community "*fought tooth and nail against the PPP framework*" (Interview St. ME CW 1, 2007) and held the position to maximise the number of public units on-site for as long as possible the negotiations wore residents down to the point where they concentrated on just getting an appropriate deal for the remaining tenants.

> *"As time went on residents made sure, first and foremost, that they, not just as individuals but as a community got what they needed"* (Interview St. ME CW 2, 2008).

DCC stated that the PPP would provide 165 public and 555 private (75 affordable and 455 private market-rate) units. The proposal was reluctantly accepted by the community "*in order to meet the*

housing needs of those still living on the estate" (St. Michael's Estate community worker, 2008). The community highlighted that this was a doubling of the numbers of public units proposed by DCC in its second framework plan and therefore, in the context of the constraints that PPP imposed represented a significant achievement for public housing by the community of St. Michael's Estate (Interview St. ME CW 1, 2008; Interview St. ME CW 3, 2008).

In the final negotiations up to contract close in the final quarter of 2007 and first few months of 2008, the community and indeed DCC became, to an even greater degree than in previous stages, dependent on the developer. They were increasingly desperate for regeneration and faced considerable losses in terms of time, cost and community spirit if the developer withdrew at that late stage. The developer would also own any plans that were developed and these would not be available to the community for future use if negotiations broke down despite the level of community and DCC input that went into them. This circumstance further empowered the private developer.

> *"The developer has the upper hand because we really want them to take the job - we almost don't want to lose the developer now as we are two years down the road with negotiations with him. If the negotiations with him (the preferred bidder) doesn't work out we have to go back to the start again to the second placed bidder and go through another series of negotiations, which could take another two years. This puts the developer in a very powerful position because it means the community are likely to give way on things now because no one wants to lose the developer and the developer is very aware of this"* (Interview St. ME CW 2, 2008).

> *"The pressure from the 28 families left, some of whom are sitting at the negotiating table, would mean they would sign tomorrow even if DCC said it would only be building 100 rather than 150 social units and the cash offer was reduced. This is because we know if we lose the developer's interest and they walk away what would we be left with then? There is a bit of that threat there all the time. We have to, therefore, try to keep the developer happy"* (Interview St. ME CW 3, 2008).

O Devaney Gardens

The minimisation of community gain within the PPP process was also apparent in O Devaney Gardens where the community was informed by DCC that the delivery of its proposed community centre, which it had spent months working on with architects, was dependent on its financial implications. This, in the community's view, meant that

> *"the community probably won't be getting it because DCC is only willing to put so much into O Devaney. At the end of the day like with St. Michael's or O Devaney they don't give a damn about O Devaney or what we are living in. DCC just want to bring the developer in and do what DCC needs*

to do, in order to make sure its costs are at a minimum" (Interview O Devaney Gardens Residents' Representative 1, 2008).

Market circumstances meant the community was pressurised by DCC and the developer to sign the contract even though it was not informed if its proposed changes to the contract had been included. The community could not take the time it needed to analyse the final agreement because there was a threat that the developer would "*pull out at any moment*" (Interview O Devaney Gardens Residents' Representative 1, 2008). There was also, similar to other communities' experience, a considerable information deficit for the community as to what the developer and DCC were negotiating in relation to the project.

"We are only on a need-to-know basis. All we are getting is the basic information The Regeneration Board has been looking at the different plans but they were mostly based on the O Devaney Gardens social element and they had nothing regarding the private element. In relation to the private apartments they only drip feed us what is happening – they say its nothing to do with us; you are getting what you want as a community" (Interview O Devaney Gardens Residents' Representative 1, 2007).

The contract was signed, as far as the community was aware, on February 12th 2007 between the developer and DCC. However, in early May 2008 the residents were informed by DCC that negotiations were still ongoing with the developer but the community was unaware of the content of this and was very worried for the future of the project.

"We don't know what the developer is pushing for - whether it's less social units or more financial gain for him. We don't know, we are really in the dark. DCC say to us that it's the developer holding things up. The developer says the council is holding it up. We can't contact the developer. The Regeneration Board did write to McNamara (the developer) at the last. Meeting in March of this year and he hadn't the respect to answer us. All we know is there was a meeting with the developer in regard to all the projects" (Interview O Devaney Gardens Residents' Representative 2, 2008).

The priority partner for DCC in this regeneration project was clearly the private developer rather than the community. The residents explained that the developer was "*in the driving seat*" in negotiations as

"the only changes they made during the consultation were the ones put in from private residents living in surrounding areas outside the estate. They moved the community centre to suit the private tenants because of the noise and they moved it beside the social housing" (Interview O Devaney Gardens Residents' Representative 2, 2008).

Fatima Mansions

FGU had a more positive experience in getting the community voice heard in the final contract negotiations. This was, to a large part, because FGU insisted that if the PPP arrangement was to happen, it had to deliver the terms of the Master plan or better (FGU, 2006). This was monitored tightly as any changes had to go through the Fatima Regeneration Board structures, which provided a forum for renegotiating some aspects of the plan before the Board signed-off on the final plan. The result was that the developer consulted with FGU over many issues (Interview Chair FGU, 2008). However, the Fatima community development worker (Interview, 2008) highlighted that the lack of public obligation on the part of the developer, given that its only obligation was to make money out of the project for its shareholders, did have some negative impacts.

> *"There is no public accountability for the developer. He links into DCC who link into the Board where the accountability supposedly happens, so if the developer does something, it's not a process where they are accountable on a monthly basis by the community on the Board ...All the negotiations happened between the Regeneration Board, FGU and DCC directly and then the developer is over there away from it and yet the developer is the one who is driving the development."*

The community had, therefore, to be a 'watchdog' on everything such as the negotiations with the developer, or on how things were built and carried out from the negotiations. Fatima did, in as far as a marginalised community could, develop a leadership that did its best to sit at the negotiating table and demand to be an equal partner in the process. However,

> *"in reality you will never be an equal partner, because the developer is in control of the physical side, for example, the neighbourhood centre, was originally designed by an architect with the community which is fantastic and probably will be. But we pushed for a green building and a whole range of things, and just it came out by chance at a meeting a year and a half ago that that had all been scrapped by DCC for financial reasons and they felt they had a right to that because it was the physical aspect of the PPP"* (Interview Fatima Community Development Worker, 2008).

Resourcing Community Involvement

The PPP projects were very complex contract and negotiations processes which left the communities at a severe disadvantage in terms of their influence and, therefore, effectively disempowered within the regeneration process if they were not resourced adequately. DCC and the developers were much more familiar with the PPP process and had amongst other professionals, architects, surveyors and solicitors working for them and were, therefore, in a position to maximise their outcomes from the process. Thus, because of their complex nature PPPs minimised the communities' potential to maximise their outcome from the process because of their disadvantage in terms of their ability and

capacity to engage as equal partners in the negotiations. For example, the community workers from Fatima and St. Michael's Estate explained that no-one from in the communities had any experience or knowledge of PPP when it was proposed initially. Residents of the estates found the issues, jargon, documents and processes being discussed at the negotiations "*very difficult*" to understand (Interview St. ME CW 3, 2008; Interview Fatima Residents' Representatives, 2008; Interview Dolphin House Residents Association 2, 2008). The lack of knowledge on the part of residents about PPPs was both a reflection of and a contributory factor to the lack of power of residents within the PPP process and contributed to a minimisation of community gain and maximisation of developer gain in the regeneration projects.

> *"Within the process it is about the knowledge the community has which gives them the power to exert an influence. But they have to have the capacity to get that knowledge. They are being told if they don't accept the PPP deal on offer they won't get anything. There is a huge inequality of resources between the state, developer and the communities. Residents did not really know what PPP meant. The detail of what PPP meant was never explained coherently to anybody. It was only towards the latter stage of PPP that we accidentally got our hands on a Gantt Chart for PPP. The City Council was avidly following that timetable step-by-step but the community in St. Michael's had absolutely no knowledge of that even though we had been given presentations in St. Michael's estate about the PPP process and we were supposed to be partners yet we had, in reality, only been given a general outline of PPP. The specifics of PPP were never explained to us"* (Interview St. ME CW 1, 2007).

The amount of work that needed to be undertaken during the PPP process far outweighed the resources available to the O Devaney Gardens community.

> *"When you are going to a meeting like the Board meetings, week-in and week-out and remember the majority of us in the blocks committees were new to that sort of thing –it took us a long time to build up our confidence even to speak at meetings. It's only when you leave the meeting and you think 'that did not sound right' and then you go back the following week and you have to argue over wording because what looked in theory right in fact had get-outs for DCC and the developer everywhere in it"* (Interview O Devaney Gardens Residents' Representative 3, 2008).

The PPP model's economic necessity to maximise private developer gain meant that DCC prioritised the developer's requirements and issues such as good community consultation practice that would ensure the longer-term sustainability of the communities were de-prioritised. For example, the level of resources given to each community to enable it to participate in the PPP process was minimised by DCC and appeared to be only allocated according to the value DCC estimated it would have in supporting the development of the PPP process itself (Interview, Sinn Fein Councillor, 2008).

Significant resources were provided to the Fatima Mansions community to participate within the negotiations process, including administrative support, capacity-building supports, a development worker and on-site premises. No other community received such a level of support. Community representatives highlighted that this was probably because DCC wanted to ensure, at all cost, that the community did not in any way delay or disagree with the PPP process (St. ME CW 1, 2008). Thus DCC could use Fatima as a positive PPP example that would encourage other communities to consent to the PPP model that DCC planned for their estates. The St. Michael's Estate community was also granted the resources for technical assistance after exerting considerable pressure on DCC. Dominick St., St. Theresa's Gardens and O Devaney Gardens did not receive such a level of support but did obtain capacity-building training, consultation, and technical support. Whether this was to empower or incorporate residents is debateable. What was clear was that DCC pursued a policy that

> *"if a community did not ask for resources they weren't going to get it. DCC are not going to tell you 'you should be getting independent advice"* (Interview Sinn Fein Councillor, 2008).

The Dolphin House Community Development Association (DHCDA) spent over three years attempting to convince DCC of the merit and necessity of funding independent community expertise, in particular providing the resources for a regeneration worker during PPP negotiations. DCC, however, stated that it would not fund a full-time regeneration worker until a regeneration project was agreed to by the residents. The community, aware that it was requesting resources that no other community had received at such an early stage in the PPP regeneration process, still persisted and brought the negotiation process to a halt on the basis that it was not resourced adequately to engage with it. In November 2007, the DHCDA again requested DCC to fund community (independent) expertise (architectural, planning and financial) that the Dolphin House residents required in order to analyse DCC's PPP Feasibility Study and develop alternative 'viable' options. It appeared that it was only when faced with the possibility of the community turning down the PPP regeneration proposal for Dolphin House did DCC grant in March 2008 the funding for independent expertise and a part-time regeneration worker. It should also be noted that the necessity of such independent resources were not necessary in traditional projects and thus constitute an additional expense in the PPP process.

PPP Deal Outcomes

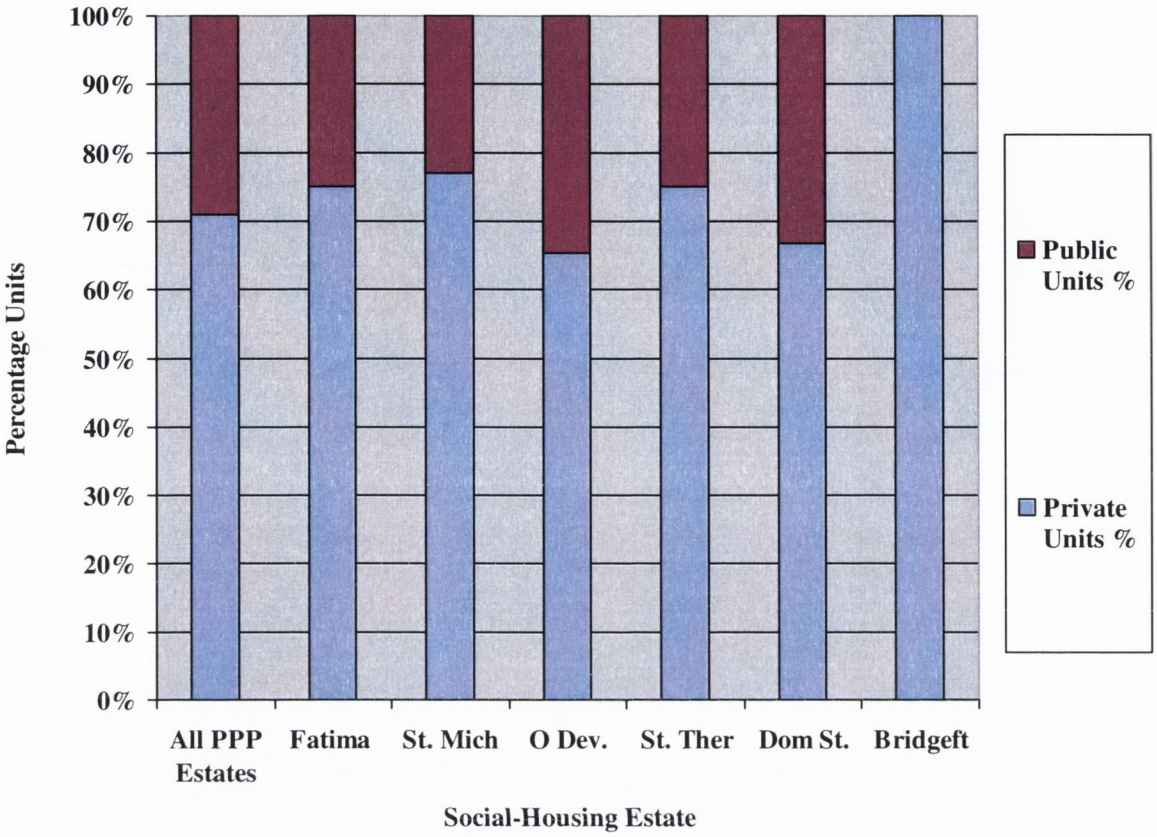
Privatisation of public-housing estates

As noted already the PPP model's necessitation of the maximisation of the developers' requirements and the minimisation of social housing and community gain resulted in an inadequate level of community participation within the PPP negotiations process (Interview, St. ME CW 1, 2008; Kelly and Punch, 2005). It is clear, from the evidence in the case-study PPP regeneration projects that

reached the latter stages of the PPP process, that the PPP model did achieve the practical outcome of the minimisation of social housing and community gain. For example, that the total amount of new private units in the case-study PPP projects on completion would be 2,580 units which would convert private ownership into the majority tenure (71 per cent) of the residential units in the regenerated estates (Figure 7.2). For example, the private residential units (including affordable dwellings) comprised almost 75 per cent of the total new residential units in the Fatima Mansions PPP regeneration project. Furthermore, as part of the Fatima agreement, all of the existing Fatima residents housed in public housing had the option of buying under the Super Affordable Housing Scheme and the National Tenant Purchase Scheme. As of July 2008, 12 tenants had bought their dwellings under the Super Affordable arrangement.

The planned private units will comprise 77 per cent of all final units in the regenerated St. Michael's Estate, 65.8 per cent of units in O Devaney Gardens, 66.7 per cent of Dominick St., 75 per cent in St. Theresa's Gardens and 100 per cent in Bridgefoot St. DCC's Feasibility Study for Dolphin House proposed that 64 per cent of the final units will be private development (DHCDA, 2008). Overall, the PPP regeneration projects when completed will have facilitated the privatisation of over two thirds of the existing public land that had previously been used for housing low-income families.

Figure 7.2 Public Private Proportion per PPP Estate



Source: *Interview Chair FGU (2008); Interview DCC Project Manager Dominick St. (2008); Interview O Devaney Gardens Residents' Representative 1 (2008); Interview St. ME CW 1 (2008)*

Table 7.4 Private and Public Units in DCC's PPP Regeneration Projects

Estate	Fatima Mansions	St. Michael's Estate	O Devaney Gardens	Dominick St	St. Theresas Gardens	Croke Villas	Charlemont St.	Chamber Weaver Court	Bridgefoot St	Total
Original	**394**	**346**	**278**	**198**	**346**	**87**	**181**	**60**	**143**	2033
New public	**150**	**165**	**281**	**120**	**150**	**38**	**155**	**62**	**0**	1121
Public lost	**244**	**181**	**+3**	**78**	**196**	**49**	**26**	**+2**	**143**	912
Total new private	**465**	**555**	**542**	**240**	**450**	**110**	**200**	**33**	**200**	2795
Private Affordable	**70**	**75**	**250**	**47**	**150**	**NA**	**20**	**3**	**60**	(675)
Total	**615**	**720**	**823**	**360**	**600**	**148**	**355**	**95**	**200**	3916
Social Mix: Private % Public %	**75.5%** **24.5%**	**77%** **23%**	**65.8%** **34.2%**	**66.7%** **33.3%**	**75%** **25%**	**74%** **26%**	**56%** **44%**	**35%** **65%**	**100%**	71% 29%

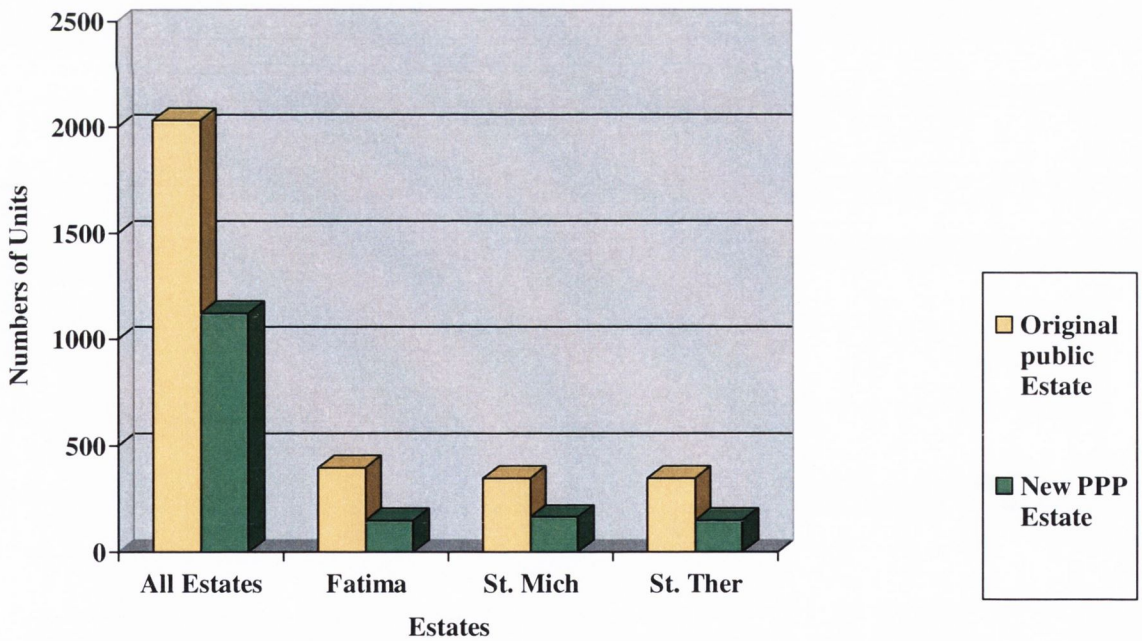
Source: *Interview Chair FGU (2008); Interview St. ME CW 1 (2008)*

Through the PPP mechanism, therefore, regeneration has meant the redevelopment of public housing estates according to the principal objective of the profit requirements of private developers. The majority of the public housing estates are being transferred to a private developer (privatised) and redeveloped according to the principles of maximising the commercial use (income-generating private residential and retail uses) of the site.

Minimisation of public housing

Table 7.4 above reveals clearly the reduction in social housing provision that resulted from the PPP projects both planned and underway. Once those PPP deals are completed there will be an overall net loss of 912 public units, reducing by 45 per cent the number of public units. In Fatima, for example, there were only 150 new social units provided in the new estate, which comprised a mere 38 per cent of the original 394 units. Similarly in St. Michael's Estate, there will be only 165 new public units comprising just under half (48 per cent) of the original 346 public units, while in St. Theresa's Gardens it will only be 150 (43 per cent) in comparison to 346 originally (Table 7.4).

Figure 7.3 Public Units in Original and PPP Estates



Source: *Interview Chair FGU (2008); Interview O Devaney Gardens Residents' Representative 1 (2008); Interview St. ME CW 1 (2008)*

However, according to the DCC's Project Management Unit (Interview, 2007) and regeneration Project Managers (Interview, 2008) this loss of local-authority land and reduction in social-housing

units will not impact negatively on DCC's ability to provide more local-authority housing in the future and address the social housing crisis. This privatisation of public land was an acceptable "*negative*" side of PPP.

> *"It is one of the negatives that public land will be gone but there is always a negative. The positives outweigh the negatives...but there are other means of delivering social housing into the future such as planned Part V provision of social housing...Time will tell if it's going to be good or not"* (Interview DCC Project Manager St. Theresa's Gardens, 2008).

However, Part V was not in fact that reliable as noted earlier (see Chapter Three). Furthermore, DCC was relying on the provision of Part V social units from the Bailey Gibson private redevelopment adjacent to St. Theresa's Gardens to facilitate a reduction in the social housing units required in the St. Theresa's Gardens PPP regeneration plan as any extra social units required to meet the deficit between the 150 planned units in the regeneration plan and the requirements of the existing 300 tenants would be provided in the Part V section. An Bord Pleanala ruled that the number of units permitted on the Bailey Gibson development was significantly fewer than the developers had applied for. Therefore, fewer Part V units will be returned in the final deal, which meant DCC's reliance on Part V could mean it will not be able to meet even the social housing demand from existing residents of St Theresa's Gardens. Following the experience of other estates the solution is likely to be the further de-tenanting of St. Theresa's Gardens with all the associated problems that will entail.

As noted earlier, in relation to the PPP negotiations, DCC not only accepted the 'price' of the PPP method as the loss of public land and public housing but actively pursued a policy of convincing communities to accept the minimum amount of social housing required to meet the need of the remaining tenants on the estates and it created the reality of that requirement through its housing allocation de-tenanting policies. In an apparent effort to hide from communities the reduction in public units taking place, DCC informed residents' representatives that the total number of existing public units on-site would be replaced in the regeneration project. However, the residents discovered that what DCC had failed to state was that anything up to half of the social units provided would be off-site (Interview Sinn Fein Councillor, 2008; Interview DHCDA, 2008).

Overall the evidence from these case-study PPP regeneration projects demonstrates that, on completion of the regeneration of DCC's existing social housing estates, there will be a very significant reduction in public-housing units on the case-study estates. This reduction of social housing units in PPPs will add to the overall trend towards the diminution of the public housing stock in Dublin's inner city. It will, therefore, in the context of DCC's adoption of neoliberal policy in the

area of social housing provision, make it increasingly probable that the housing needs of many people on DCC's social housing waiting list will remain unaddressed for the foreseeable future.

Density and Height

The subject of density demonstrated how the commercial imperatives of PPP contradicted with the stated wishes of the existing communities. The PPP regeneration projects required a substantial increase in density from what existed originally on the estates in order to facilitate the maximum potential private residential commercial uses. Most of the estates originally contained low-rise buildings ranging from 2 to 4 storeys in height and generous open public space. In order to increase the potential for private units DCC and the developers submitted plans that included significant increases in densities (see Table 7.5 and Figure 7.4). The planned PPP redevelopment on the six estates for which figures were available involved a significant increase in the density on the estates up to the point of a doubling of the density in some instances (Figure, 7.4). Fatima Mansions increased from 33 units per acre to 56 units per acre, St. Michael's Estate from 25 to 51 and St. Theresa's Gardens 36 to 63 units per acre. The average density on the six estates will increase from 35.5 to 66.8 units per acre. The increase in density came about as a result of DCC policy's of intensification (Rose, 2006) and the requirement to provide a large quantity of private units in the regenerated estates which would provide the finance for any new social housing and community facilities.

The impact of the increased density was difficult to ascertain given that only one project (Fatima Mansions) had commenced and was not due to be completed until 2009. It was difficult, therefore, to get a full impression of the overall physical design of the new Fatima (see Plate 7.9). However the contrast between the height of the apartments under construction and the surrounding public houses was apparent leading to unease amongst some residents of being 'towered over' and 'overshadowed' by the private apartments. This is visible in Plate 7.9 where the apartments under construction are in the foreground and the completed social housing units are in the background, in Plate 7.10 where the social housing units are in the right foreground and the apartments under construction are in the left centre of the picture and in Plate 7.11 where the social housing units are in the left foreground and the apartments under construction are in the right foreground.

> *"Residents are quite shocked with the height of the private apartments. People weren't thinking they would be so high and that there would be so many of them- there was huge consultation and still people are shocked"* (Interview Fatima Community Development Worker, 2008)

Table 7.5 Increase in Density in PPP Projects

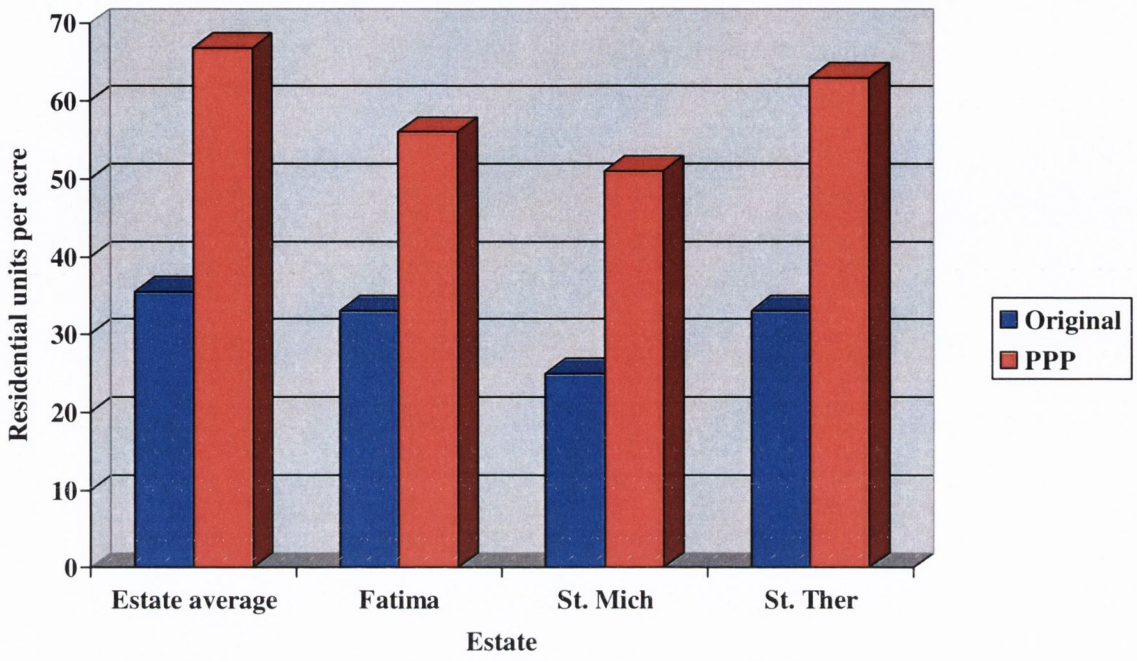
Estate	Fatima Mansions	St. Michael's Estate	O Devaney Gardens	Dominick St	St. Theresa's Gardens	Dolphin House	
	Density Units per acre/ per hectare						Average Density
Original	33 / **81.5**	25 / **62**	29 / **49**	**66/ 159**	**36/ 88**	**24/ 61.4**	35.5/ 83.5
PPP	**56/ 138**	**51 / 128**	**57/ 144**	**120/ 290**	**63/ 153**	**54/ 133**	66.8/ 164.3

Source: *Interview Chair FGU (2008); Interview O Devaney Gardens Residents' Representative 1 (2008); Interview St. ME CW 1 (2008)*

There is very little open public green space, in comparison to the old Fatima and the social-housing units are quite densely packed beside one another (see Plate 7.10 and Plate 7.11). The communities in St. Michael's Estate, O Devaney Gardens and Dolphin House expressed fears about the negative impacts of the proposed increases in density such as the community/public housing part being "squashed" into the least attractive corner of the estates, a reduced potential for low-rise development, the loss of highly-valued community space, particularly for children's play areas and concerns about the reduction in light quality due to high-rise buildings. The residents of St. Michael's Estate were successful in their demands for a lower density than what was proposed in their project (Interview St. ME CW 1, 2008). The community in O Devaney Gardens was very disappointed that the planned private apartments will be 8 storeys in height and this was worsened by the fact that, in relation to the designs the community had seen, all the public units were located on the periphery of the planned development. It was also concerned about the loss of public space. Similar concerns were expressed by the residents of Dolphin House.

> *"What will the people get out of it? What land will be given to them? You won't see the DCC tenants living along the canal. That will be prime land. How much land are they going to get back out of this? Where will the green space be for the kids? They will be taking the football pitch away. You can't live today without green space. DCC don't think of the land or the environment but you can't do it like that - a lot of thought has to go into it"* (Interview Dolphin House Residents Association 1, 2008).

Figure 7.4 Number of Housing Units Per Acre in Original and PPP Estates



Source: *Interview Chair FGU (2008); Interview O Devaney Gardens Residents' Representative 1 (2008); Interview St. ME CW 1 (2008)*

The community of Dolphin House expressed a wish for low-density and low-rise development to be provided in regeneration but DCC stated that because of the PPP's necessity for higher density there would not be such a development provided (DCC Assistant City Manager Housing and Residential Services, Dolphin House JRB, July 24th 2008).

> *"They've told us there's no housing, it's PPP and that's it. They know the community don't want that but it's their policy and they are sticking to it so far anyway"* (Interview Dolphin House Residents Association 2, 2008).

The increased densities were accompanied by an increase in heights of planned buildings in the projects (Table 7.4). The Fatima Mansions, St. Michael's Estate and O Devaney Gardens planned PPPs involved an increase in height from a pre-PPP estate maximum of four-storeys to a maximum of eight-storeys in the redevelopments. The Dominick St. project included eight- to 14-storeys high-rise buildings and high-rise was proposed for St. Theresa's Gardens (eight- to ten-storeys), Chamber Weaver Court (16-storeys building) and Dolphin House (12 storeys). This made the feasibility of the regeneration projects much more dependent on a relatively-high risk planning planning process that was subject to considerable risk such as public appeals, decisions by An Bord Pleanala etc. compared

to traditional low-rise regeneration projects. In the case of St. Theresa's Gardens, delays were experienced in the project because DCC linked the height requirement and social units returned in the project with the two nearby developments of Players Wills and Bailey Gibson. What was permitted by An Bord Pleanala to be developed on those two sites influenced what was possible on the St Theresa's site. This meant delaying the regeneration process to await the outcome of the An Bord Pleanala hearing into the two aforementioned sites. There was some concern on the part of St. Theresa's Interview DCC Project Manager that planning officials would not grant permission for the eight- to ten-storey private apartment blocks that were required to make the St Theresa's Garden's Project financially viable (Interview DCC Project Manager St.Theresa's Gardens, 2008).

Social mix

A principal justification, as identified earlier, for the adoption of PPPs was to implement Government policy of achieving a greater social mix of housing types (social, affordable, private, etc) in any given area as a key method of reducing social exclusion (Interview DCC Housing Project Management Unit, 2007; Redmond & Russell, 2008). For example, a solution to poverty in Dolphin House, which had one of the highest concentrations of disadvantage in Ireland was, according to Kieran Rose, DCC's Senior Planner (2006), to attract mixed-income groups into the new regeneration developments. PPPs provided this as they had

> "*the added advantage of having a better mix of private, social and affordable housing at the location in question is as a mixed tenure estate there will be more improved facilities both retail/commercial and recreational*" (Interview DCC Project Manager Dolphin House, 2008).

"*Real community gain*" would be achieved also in the new St. Theresa's Gardens PPP development, according to DCC, for "*the current residents*" of the estate through "*a greater mix of financial profiles, and tenure options*" which PPP provided (Nurture, 2007, 25). Providing these tenure 'options' justified PPP's use for regeneration as it provided "*as much choice as possible to people who are seeking a new home; with attractive and affordable rental and purchase options as standard*" (Nurture, 2007, 25). One of the principles of the St. Theresa's Gardens Regeneration Project was the promotion of

> "*homeownership, alongside social housing and viable rental options. Homeownership, going forward, will be promoted by providing a range of tenure options, including private, affordable, and super affordable purchase schemes*" (Nurture, 2007, 24).

Table 7.6 Increase in Height in PPP Projects

Estate	Fatima Mansions	St. Michael's Estate	O Devaney Gardens	Dominick St	St. Theresa's Gardens	Dolphin House
Original height (storey)	**3-4**	**3-4**	**3-4**	**3-4**	**3-4**	**4**
PPP Height (storey)	**2-8**	**6-7**	**2-8**	**3-14**	**8-10**	**3-12**

Source: *Interview Chair FGU (2008); Interview DCC Project Manager Dominick St. (2008); Interview O Devaney Gardens Residents' Representative 1 (2008); Interview St. ME CW 1 (2008)*

Given that the development was at such an early stage in the Fatima project, it was difficult to ascertain whether DCC's assertion that improving the social mix, its theoretical philosophy that justified and underpinned PPP, improved the living standards of existing public-housing tenants. However, the community workers did not believe that it would have the impact DCC hoped because the structural, class and poverty issues will remain.

> *"The local authority tenants will still be the working class, and those who may come in will be upper working class or it will be a middle class. I don't see how it will improve unless you do fantastic work with tenants. It will always be one looking down on the other and I don't know how you would change that...It gives other people power over us. It gives them more power than they ever had in their lives to be giving about 'them over there' or if they are in your block, they will be saying 'I've bought my apartment and your kids are running up and down here,' it will increase power to those who have always had power. I don't think the class thing is going to change that much"* (Interview St. ME CW3, 2008).

The Fatima worker explained that it if DCC provided sufficient quantities of social and affordable housing which allowed them provide for most people who required social and affordable housing then the social mix could be improved that way,

> *"then the State would not have to create this artificial, what they call, 'social mix'. We would have also argued that just because you have people buying places, that doesn't create a better class of people. We just believed that Fatima had a long history of being dumped on with bad allocations policies, and people who were really caught in probably the worst end of the poverty trap were left in*

here and were totally neglected. Therefore, to move from that to integration with private ownership is just such a big leap" (Interview Fatima Community Development Worker, 2008)

This highlighted that the underlying reason for the social-mix policy was much less about addressing the poverty issues of existing residents and more about providing a justification for the privatisation of public land through the development of private market-sector units. DCC hoped that this privatisation would realise the land value required to make the projects 'economically viable' and fund the provision of new social housing units and community facilities while also fulfilling the DCC objective to reduce its local-authority estates to a more 'manageable' size (Redmond and Russell, 2008). The outcome of DCC's policy objective of social mix is, as demonstrated by the regeneration case-studies, the conversion of public-housing estates into areas where private market ownership is now the majority tenure.

Furthermore, the new residents in the regenerated estates are unlikely to bring in a 'wealthy' mix of residents but would more likely be first time buyers, low white collar or skilled working class, or residents in receipt of the Social Welfare Allowance. For example, FGU hoped that the development would promote owner-occupied family living rather than investors who would buy the private apartments and then rent them out to more transient tenants. However, according to the Sinn Fein Councillor (2008) two investors bought ten to 18 apartments each, which would in all probability be let on the private rental market in the new private section of Fatima Mansions. Furthermore, the Fatima developer has made an arrangement with a third-level college to rent a block of the private apartments for student-use (Interview, Chair FGU, 2008).

Value-For-Money

A full value-for-money (VFM) analysis of the PPP projects would have demonstrated the extent to which the private sector benefited from the PPP deals. However, as noted in Chapter Four, such an assessment was made difficult to calculate accurately as the PSB was not made available for this research. What was apparent in DCC's response to the Freedom of Information request was that DCC itself did not know whether or not the regeneration deals provided VFM. DCC stated that under Section 10 (1) (a) of the Freedom of Information Act 2003, the PSB for St Theresa's Gardens and Charlemont St. was not available. Section 10 of the Act referred to situations where "*no such document exists for the relevant projects*" (Freedom of Information Unit, DCC, 2008, see Appendix 3). A PSB is supposed to be carried out *before* a public authority enters the PPP route (Central PPP Unit, 2006b). Yet both Charlemont St. and St. Theresa's Gardens had already gone out to tender as PPPs. It appears that, in line with the Fatima PPP (Kelly & MacLaran, 2004), DCC had not undertaken a basic value-for-money appraisal or valuation of the land to justify the original decision to pursue a

PPP in these projects. The fact that the suggested numbers of social-housing units and community facilities for the sites were put out to developers before a financial assessment had been undertaken demonstrated poor practice and a disregard for the value of the public land to residents and the tax-payer.

Furthermore, the DCC Assistant City Manager for Housing and Residential Services stated that he would not provide Dublin City Councillors with financial information on the PPP projects, such as the financial negotiations or potential penalty clauses involved because "*the bidder puts in his correspondence that it's commercially sensitive*" (DCC Assistant City Manager for Housing and Residential Services, July 24th 2008). The communities also sought access to the financial details involved in their regeneration projects, but were unsuccessful. For example, O Devaney Gardens community representatives wanted to find out whether or not the financial arrangements in the Project indicated a social dividend would be potentially available for the community. However, they

> *"got nothing on the budget for social regeneration plan. DCC won't show us the financial end. They just refuse to give us figures. They put up legalities in front of us when we try to ask about it"* (Interview O Devaney Gardens Residents' Representative 1, 2008).

The Chair of FGU (Interview, 2007) also expressed 'serious questions' about the economics of the Fatima PPP project:

> *"Is the developer getting extra costs from DCC? What happens when developer has increased costs?"*

The lack of financial details because of private-sector competition confidentiality clauses in the PPP process led to a situation whereby DCC, the state authority responsible for the PPP projects, was unclear as to the extent to which the private developers were profiting from the deals and ultimately, whether the deals, in fact, represented value for money or not.

> *"Questions remain unanswered at the completion of the PPP whether the State got a good deal or VFM from it. We could not estimate the profit margins and value for money that the developer got because the various developers who made bids offered bids with very different components which made comparison with the final bid difficult. It is a difficulty with PPPs that you can't compare the final bid to the different potential scenarios. Furthermore, you don't have the full PPP in place when you invite tenders as you don't want to confine the potential of what the bids could offer. You state how many social units you want but it is not accurate enough because you can't estimate what the PPP bidder is going to get from his part of the site. The State can't value what the developer is*

getting. The extra money earned in the Project has tended to go to the developer and not to the State" (DCC Dublin 8 Area Manager, Dolphin House Joint Redevelopment Board, June 2008).

A comparison of the value of the public land transferred to private developers with their cost of providing social housing and community facilities in PPP regeneration projects demonstrated that the state provided a gain of €330 million for the PPP developers from public land (Table 7.7). For example, the private developers gained in the case of Fatima Mansions 63 per cent of the total value of the public land at a loss of €69.5 million to the State. In the case of St. Michael's Estate the developer gained 57 per cent at a loss of €93 million to the State. When the outcomes for six of the estates for which figures were available were collated it demonstrated that public land worth €545 million was transferred to private development PPP consortia in return for social housing and community facilities worth €214 million, leaving a net gain of €330 million by the developers (Table 7.7). One development company, Michael McNamara and Co. stood to make an estimated net gain of €178 million from the transfer of public land. As noted already the absence of accurate figures in the public domain combined with the refusal of DCC to provide the relevant information despite Freedom of Information requests meant that these figures were guided estimations. Even still they represent a startling level of privatisation of public assets through the process of local authority estate 'regeneration[49].'

In addition, despite the Government claims that PPPs would be 'zero cost' to the exchequer (Interview PPP Unit DOEHLG, 2006), DCC spent €20 million on the Fatima Mansions project (Interview Chair FGU, 2008) and €6.1 million to date on the five McNamara PPP projects with €2.6 million spent on St. Michael's Estate alone (Joe Costello, Dail Eireann, July 2008). There was also the cost of the State's decision not to carry out social and physical regeneration on the estates through the direct-exchequer route as outlined in the original plans in 2001 and 2002. Based on the evidence from the PPPs analysed in this research, there is a strong indication that it would have been less expensive if the state had undertaken the projects itself. The finance would have been cheaper as the state can borrow at much lower interest rates than private developers and it could have avoided the considerable legal, consultancy, private architect and consultation and other fees associated with the PPP route (Comptroller and Auditor General, 2004). Furthermore, it could have avoided the considerable expense, to the tax payer and to the tenants and communities, required on interim measures to address the deteriorating living conditions on the estates where PPP, has to date, failed to provide projects, such as St. Michael's Estate and O Devaney Gardens. Overall then the research demonstrated that

[49] Kelly & MacLaran (2004) also noted that DCC would have achieved better VFM if it had sold the land at Fatima Mansions and received, under part V of the Planning Act 2000, 20 per cent of the development returned as social housing.

these PPP projects did not represent good VFM for the taxpayer and the local communities, one of the principle reasons for introducing PPP.

Table 7.7 Estimated Value of Public Land Transferred to Private Developer

	Fatima €M	St. Michael's Estate €M	O Devaney Gardens €M	Dominick St. €M	St. Theresa's Gardens €M	Croke Villas €M	Total €M
Cost of providing new public units	**23**	**33**	**56**	**24**	**30**	**7.6**	
Social dividend	**6.5**	**6**	**0**	**0**	**0**	**0**	
Demolition cost	**3**	**3**	**3**	**1**	**3**	**1**	
Neighbourhood centre & facilities	**8**	**5**	2				
Total social costs €M	**40.5**	**47**	**60**	**25**	**33**	**8.6**	**214.1**
Value of land (est. €M)	**110**	**140**	**140**	**30**	**95**	**30**	**545**
Transfer to developer €M	**69.5**	**93**	**80**	**5**	**62**	**21.4**	**330.9**

These figures are based on an estimated cost of provision per social unit of €200,000 and an estimated land value of €10 million per acre (€24 million per hectare). These estimations and the associated demolition and social facilities costs were ascertained from interviews and secondary sources (Interview Chair FGU, 2008; Interview O Devaney Gardens Residents' Representative 1, 2008; Interview St. ME CW 1, 2008; Dublin Inner City Partnership, 2008; Joe Costello, Dail Eireann, July 2008; Kelly & MacLaran, 2004).

Community Gain

The value-for-money analysis demonstrated that the developer gained significantly financially from the PPP regeneration projects. The overall gain for the communities in the projects that had reached contract closure and/or signing, at which stage the community gain was apparent, was variable (Table 7.8). The community in Fatima Mansions gained the most positive deal with a €6.5 million financial social dividend that provided a defined budget for social regeneration aspects of the plan, a large amount of community facilities (e.g. crèches, community enterprise space etc), community employment, and the provision of tenant purchase schemes. The next best deal was that achieved by St. Michael's Estate, which was promised a €6 million dividend and facilities, while there was no social dividend allocated in the O Devaney Gardens or Dominick St projects. The other estates

engaged in the PPP planning stage were promised a range of community facilities including community/civic centres, crèches, retail units, realignment of roads and streetscape strategies, football pitches and playgrounds. It should be noted that such facilities would, in all likelihood, be used by all the residents, both private and public, in the new estates and would be of minor cost to the developers in comparison to the overall costs of the redevelopment projects.

Table 7.8 PPP Community Gain

	Fatima Mansions	St. Michael's Estate	O Devaney Gardens	Dominick St
Social dividend	**€6.5M**	**€6M**	**None**	**None**
Community facilities	**3,500 sq. metre neighbourhood centre including: community centre, 500 sq. metre community enterprise units, large creche (75 places), all-weather pitch, private leisure centre. 3,400 sq m private retail.**	**6,500 sq. metre community centre including a library, parish centre, three creches, youth centre, family resource centre, healthcare centre, two football pitches, play areas and new square. Significant retail.**	2000 sq. metre community centre, childcare, leisure, rooftop football pitch, 3 designated play areas.	**Community centre, retail, childcare.**

Source: *Interview Chair FGU (2008); Interview DCC Project Manager Dominick St. (2008); Interview O Devaney Gardens Residents' Representative 1 (2008); Interview St. ME CW 1 (2008)*

It is also likely that Fatima Mansions had obtained a favourable deal given its position as the first PPP project underway and, therefore, the more positive the deal was from a community perspective the more useful the project would be for DCC to promote it to convince other communities to adopt the PPP model for regeneration. Indeed, at a Tenants First Public Meeting in November 2007 residents' representatives from St. Michael's Estate, St. Theresa's Gardens, Dolphin House and indeed other estates beginning the regeneration process in Limerick stated that the positive outcome of the Fatima PPP influenced them towards viewing PPP as a potentially positive model. The communities identified that a key reason why they accepted the PPP model was its promise of the provision of

community facilities and a social regeneration budget like Fatima had received, in contrast, to traditional methods where no such budget was, or would be, provided.

The other contributory factors to Fatima's positive deal was the fact that the Fatima Mansions community already had a Master Plan outlining what it required in the social regeneration plan prior to the PPP's being enforced and the Regeneration Board's being set up as a legal entity, from which DCC was unable to withdraw its commitments (Interview Chair FGU, 2008). Finally, the Project was closed at the height of the Irish property boom when the potential returns for the developer appeared substantial.

In St. Michael's Estate, there was no final agreement on a social regeneration budget. The community sought €9 million but it was agreed that it possibly would get €6 million and a guarantee that DCC would provide it an extra €3 million. The importance of the social budget was underlined by the community representatives who stated that addressing the poverty issues and the inequalities in St. Michael's Estate and the surrounding area would require huge social investment in the social regeneration plan because the issues and attitudes to be addressed were deeply entrenched on the estate.

> *"It's a lot of hard work into the future because I don't believe that just because they build houses and lovely places that that other level - that level of embedded oppression - that that goes away because if you look at Emmet Crescent*[50] *- at least out of the 51 houses maybe 42 have some form of drugs affecting them in some way. They might have nice new houses but behind the doors they still have problems that have to be dealt with"* (Interview St. ME CW 3, 2008).

Furthermore, the community in O Devaney Gardens was informed that there was no funding available for a social regeneration plan because their social dividend was the full replacement of all public housing units on-site.

> *"The only social regeneration is what we are trying to do ourselves. We don't have €6 million for a social agenda like Fatima. When we ask for some social regeneration dividend DCC says 'you got your social housing.' But we already have social housing here. Exactly what will this community be left with after this PPP?"* (Interview O Devaney Gardens Residents' Representative 2, 2008).

> *"There is no real community gain. The only good thing the plan is giving the community is the community centre. We all have homes and we are entitled to homes – the only thing we have not got is facilities for our children"* (Interview O Devaney Gardens Residents' Representative 4, 2008).

[50] A newly built social housing estate located adjacent to St. Michael's Estate.

Furthermore, the community and social housing gain outcome from the PPPs was dependent, to a certain degree, on the extent to which the community on an individual estate was organised, had the capacity and was supported to articulate its demands. For example, the communities of Fatima Mansions, St Michaels Estate, and Dolphin House had a number of decades of experience of community development work with support from local voluntary and community organisations. These communities, with varying level of intensity, also took a position to resist the PPP as much as possible and only to make agreements on the guarantee of maximum community gain. The residents and their representatives in these communities asserted themselves strongly within the process and, as a result, won the highest levels of community gain. This included considerable resources to support residents to participate within the PPP process (as noted earlier), representation on the Assessment Panel in the case of St. Michael's Estate, establishing a legal regeneration board in the case of Fatima and, in the case of Dolphin House, for the first time for any estate, the resources to outline a community regeneration option before PPP regeneration was agreed to. There was no social dividend in O Devaney Gardens or Dominick St, the two communities with the weaker community infrastructure of the four estates. However, it should be noted that the comparison was subject to other factors such as the relative value of the land on the estates. For example, the price per hectare of land in Charlemont St in Dublin 2 where the community was set to receive close to the original number of public units returned was considerably higher than St. Michael's Estate. It was however, clear that where communities had little or no community support infrastructure, such as Chamber St./Weaver Court, Croke Villas, Bridgefoot St etc., and were not involved with the cross-city community experiences through organisations such as Tenants First, they fared far worse in the PPP process from a social housing and community-gain perspective. Had there been weak community infrastructure in areas such as St. Michael's Estate, the PPP could possibly have returned a mere 80 public-units, as originally proposed by DCC. The only reason it contained any semblance of community gain was because of the articulation by the community, in contrast to both DCC's and the developers' pursuance of the minimisation of social housing and community gain, of the importance of public housing, community infrastructure, social services, health and education (Interview St. ME CW 1, 2008).

Fatima's Social Regeneration

> *"If you asked me if I was to start out now what would our preference be? It would be for us to deal with the State exclusively and to ensure the State was going to commit the resources to do what we are trying to do here now. But do you think they would have given us an €8 and a half million neighbourhood building? Do you think they would have given us €6 and a half million for social regeneration? Do you think they would have let people buy their houses at rock bottom prices? Do*

you think they would have got all the jobs out of here and all the other measures we have got? I don't think so. The big challenge in any traditional build regeneration is the lack of social State money being invested into the programmes because they just don't do it" (Interview Chair FGU, 2008).

The PPP approach was commended by the Fatima community as having the advantage of financing its comprehensive and ground-breaking social regeneration plan that included funding for a safe and sustainable community, education, health and well-being, employment, training and enterprise, and arts and culture (Fatima Regeneration Board, 2005). This social plan, in particular, the local jobs provided and the funding of community workers in the areas of health, education, sports, arts and community development, had a very positive impact in improving the quality of life for both the residents of Fatima and the wider Rialto area (Interview Chair DHCDA, 2008; Interview Chair FGU, 2008).

The community successfully managed to keep and help improve the lives of most of the original tenants that were on the estate at the start of the PPP redevelopment in 2004, in large part due to the social regeneration services funded from the PPP but also due to the prospect of the provision of new houses and a newly redeveloped Fatima Mansions. The new 110 public housing units were all occupied by original tenants while the 40 units coming on stream in phase two will house the remainder of the tenants that were housed in private apartments on James' St. during redevelopment. The most important area that regeneration impacted for locals was the provision of employment opportunities. This was vital because, although unemployment generally has been at a low level in recent years, communities such as Fatima have not benefited from the employment and economic opportunities that have existed over the last decade (Interview Chair FGU, 2008). The PPP Master Plan estimated that the construction phases of the development would generate construction employment directly on-site, amounting to some 100–150 (estimated) persons at any one period during the phased development (Fatima Regeneration Board, 2005). The developer for the regeneration of Fatima, Maplewood Elliott, committed to employing up to 75 local people under the local labour clause for general operative positions over the lifespan of the redevelopment. The clause meant that if FGU presented trained local people for work then DCC and the developer would provide jobs for them. This clause was not binding, however, and was reliant on the good-will of the developer and DCC. The Chair of FGU explained that FGU was happy that it secured over 40 jobs and apprenticeships on the site but in order to get that it had to exert substantial pressure on the developer and DCC (Interview Chair FGU, 2007). This, according to FGU, was

"a major achievement. And from a social point of view was the most important component of this development. The apprenticeships have been a really important development in breaking the cycle of long-term unemployment" (Interview Chair FGU, 2008).

"There are 12 young people on apprenticeships that would not have made it if it was not for the apprenticeship jobs. There are families that people did not want to live beside and now they are there with their kids like everyone else. People have changed for the better definitely around it" (Interview Fatima Residents' Representative 2, 2008).

There was a concern, however, on the part of the community that there were insufficient jobs available that would exist beyond the life of the project. It was hoped that the retail and other non-residential uses would increase the employment opportunities for local people. For example, of the 3,400 sq m planned retail space 500 sq. metres will be available for community enterprise (e.g. a community launderette, crèche and café).

The Super Affordable tenant-purchase scheme that was offered as part of the PPP was also an important component of community gain from FGU's perspective. Indeed, it became an incentive for residents to engage in training for employment so they could purchase their new home (Interview Chair FGU, 2008). As of 2008, 12 tenants had bought their new public-sector houses under the arrangement and 12 locals had put their names down to buy an affordable unit. FGU did not believe this purchase of public housing would have an impact similar to the 1980s 'surrender' grant as the residents were buying with a view to staying in the area so it was expected to have a positive stabilising effect on the community (Interview Chair FGU, 2008).

It was believed that the overall regeneration project had, to date, improved anti-social behaviour although it was still a problem on the estate. The reasons for this were complex and included, amongst others, the removal of a number of families persistently involved in anti-social behaviour off the estate, the generally positive and hopeful atmosphere in the community associated with the redevelopment, increased employment opportunities and the support given to a number of particularly chaotic and disadvantaged families. The social dividend was used to provide local community-health workers, digital support workers and the provision of after-school education support for local children.

"We went back ten years one night at the residents panel meeting and the things people are looking at now is dirty streets or graffiti rather than people dying or banging up on your stairs and syringes everywhere"(Interview Fatima Residents' Representatives 1, 2008).

> *"When I started to work here Fatima was a ghetto but I don't feel that it is now. The deep poverty levels are still there and there are very chaotic and vulnerable families that have an impact on the estate still. There is a legacy of generations of poverty. But there is a whole shift in the residents seeing opportunities and feeling they have a right to those opportunities. That's the work of community development, and regeneration has offered that"* (Interview Fatima Community Development Worker, 2008).

However, as a result of the phasing and de-tenanting aspect to the PPP regeneration there was a group of tenants who were due to be housed on-site by mid-2008 in phase two but that deadline was delayed. These tenants were being housed in apartments a distance away from the estate and, as a result, a number of them felt quite isolated because of their distance away from the community (Interview Fatima Community Development Worker, 2008).

It was also expected that the leisure centre would be of great benefit locally although concerns were expressed by the Fatima Community Worker about the implications of this such as potential restrictions on local community use and the impact of this on particularly, children and local youth projects (Interview Fatima Community Development Worker, 2008).

Physical Design of PPPs

Fatima Physical Design and Social Housing

According to FGU, the physical layout of the new development was "very good" as it followed the principles of integration of the private and social apartments. The design of the private apartment blocks prohibited gated-entrances that have been a feature of private apartments in recent years. It is an open-flow layout, in contrast to the 'island' nature of the pre-regeneration estate, with new streets providing a corridor between Rialto and the LUAS line which it is hoped will lead to a through-flow of pedestrian traffic serving to integrate the redeveloped estate with the surrounding area. The physical design of the redeveloped estate would provide for the creation of public and private spaces that will be attractive, defensible and secure and the existence of a mixture of housing tenures that were integrated with the surrounding area will mean an end to the Fatima 'ghetto' (Fatima Regeneration Board, 2005). The neighbourhood centre was located in the middle of the development so that, according to the residents, "*hopefully people will use it and will integrate in that way.*"

> *"The design of the new neighbourhood spaces (public space) presents huge possibilities...it will be fantastic with the new streets, a play area, neighbourhood centre, crèches, shops but it has to be designed in a way to lead to people of different parts of the development mixing. Not everyone has to*

be involved in the community but we have to create a space if people do want to" (Interview Chair FGU, 2007)

At the start of the process, it was proposed to mix the public and private dwellings together around the site but the Fatima residents wanted to be located together in one area. So the plan was designed to reflect that with the 150 public-housing units located together in one part of the site. This is not the 'pepper-potting' style similar to the 20 per cent Part V social housing units provided within private developments but is 'clustered' in line with the desire of "*local working-class people who prefer to be clustered together for community and social support networks*" (Interview St. ME CW 1, 2008)[51]. The important design and integration aspects included designing the public units in a similar design to the private units so one could not walk in to the estate and clearly identify which are the social and which are private. This was achieved to a certain extent as, is visible in Plate 7.11, the new low-rise social housing (in the left foreground and right centre of the picture) is similar to the private low-rise housing (in the centre background) on a nearby street. However, there is a clear contrast between the low-rise social houses and social apartments and the private apartments. This is visible in that the private apartments appear to be better designed with more expensive features such as glass frontages and wood panelling and its balconies are inset with a roof above them, whereas the social apartments are quite plain and the balconies are unsheltered. Furthermore, as noted earlier, the social housing units appear 'cramped', as if they are fit together in a space that is smaller than the buildings require, while there appears more landscaped space on the outside surrounding the private section.

Construction Quality

All the old flats have been demolished and the majority of residents have been housed in "beautifully-designed houses on new streets" (Plate 7.10, 7.12, 7.13) (FGU, 2006, 9). The first phase of 110 social houses and duplex apartments was completed by the end of 2005 as set out in the Master plan targets. The final handing over of the units was completed in March 2006. The housing was of very high physical quality with the fit-out (furnishings and fittings) beyond the traditional fit-out of public housing units. The residents achieved this because they went the 'PPP way', were guaranteed the outcomes through the Regeneration Board and used the threat of protest to ensure they got a good deal.

"So the residents got a lot more than they would have if we had have gone the other way, they really benefited in it, we were even surprised with how well it went, because we were involved so much we built up a good relationship ourselves with the developer, he knew he was never going to get away

[51] Similarly the plan for St. Michael's Estate included 3 clusters of 30 social units spread around the development.

with anything, because the Board was there so they could not, we always threatened him with 200 tracksuits (a protest) on the street if we did not get what we wanted" (Interview Fatima Residents' Representative 2, 2008).

In order to prevent residents getting into debt to pay for new furnishings, FGU secured an agreement with DCC on a furniture package which was offered whereby tenants could buy furniture and the City Council would put the cost of this onto the tenant's rent. Residents have a real sense of pride in their new houses and new environment (FGU, 2006; Interview Fatima Residents' Representative 1, 2008). However, some residents feel that the new Fatima is less of a community. They miss the open space and the balcony-life of the old flats:

"A lot of people still miss the flats and especially a lot of kids miss the flats. I miss them terribly. It was just the space, you are more confined now. Years ago you could go look off your balcony and you would always see something going on but now there is just the quietness of your house, and at night time especially its unbelievably quiet" (Interview Fatima Residents' Representatives, 2008).

"Yes some people feel more isolated, more so in the apartments on the top, as they have to come down a flight of stairs so they don't communicate with anyone during the day. They just go in and shut their door. They found that a bit hard with the door up high but some of them love it" (Interview Fatima Residents' Representatives, 2008).

"The physical houses are really nice and that's a huge thing but balanced with that is people miss the balcony culture –the feeling that your neighbours are close. Even though the old Fatima was very unsafe people feel unsafe now in their houses because they are so singular" (Interview Fatima Community Development Worker, 2008).

Profit Motive in Fatima and St. Michael's Estate

There was several construction quality problems in the Fatima regeneration project which could be attributed to cost-saving measures by the developer. The PPP process also left the community, rather than DCC, responsible for ensuring the houses were fully snagged[52] before they were signed over to the residents.

"I'm basically a plumber now, it was tough at the start because there were a lot of problems but it happens on any new building site. It was just a nightmare at the start. The City Council just gave us all the contractors' numbers so I had to try and get them to fix what was wrong with all the houses. It

[52] Snagging is a term used in the building construction industry. On completion of construction of a building a 'snag list' of unfinished or sub-standard aspects is compiled and given to the builder to complete before final hand-over of the building to the purchaser of the building.

was awful chaos but it's after settling down now" (Interview Fatima Residents' Representative 1, 2008).

There remained a problem with the boilers which were not fit-for-purpose. It had to be negotiated with the developer and the Council as to who would change them but the residents were not worried because they have refused to sign over the houses until that is solved. That, according to the residents, was their guarantee that the problems will be solved. The residents do report, however, that the developer debated with the residents about whether the snagging problems were caused by wear-and-tear from residents or faults that existed before residents moved in. If it were wear-and-tear, the developer would not be liable. It was through structures such as the Regeneration Board that the developer was held to account and things were resolved which might otherwise not have been undertaken (Interview Fatima Residents' Representatives, 2008).

Similar concerns were expressed by the community in St. Michael's Estate about the practice of developers' using cheaper construction methods and materials. For example, the community strongly opposed the developer's proposed building styles and methods. The developer (McNamara) stated that it would not use the community-preferred traditional brick on the front of the new public units and instead would use the cheaper pre-cast 'pods' and a 'g-brick' frontage (Interview St. ME CW 1, 2008). In fact these new 'pod' construction models for St. Michael's Estate appeared to replicate in an "*uncanny manner*" the old balance` system-built construction method that was imported from France and used in the original towers in St. Michael's Estate (Interview St. ME CW 1, 2008).

"The key objective in the use of those pod structures was that they gave you a 15% cost reduction in the use of the materials. The heating systems were under-floor sections and the air and electricity travelled throughout the blocks which slotted together. But when you look at the pod idea it seems to me that it's like the same process in the same place as before" (Interview St. ME CW 1, 2008).

Furthermore, during the St. Michael's Estate PPP negotiations, the community organisations and tenants requested the highest possible energy rating for the new public houses as an essential anti-poverty measure (the higher the energy rating of the new houses the lower the cost that tenants would have to pay for electricity into the future). The problem, however, in the negotiations was that the economic aspect of the project over-ruled the application of these standards so that the first phase of the project in St. Michael's Estate was planned to have a higher energy sustainability rating than the second phase of the project (the larger phase).

> *"We don't know if McNamara is going to say that he can't sustain such a high energy rating like the first phase given the current economic conditions. This is the problem within PPP. The application of really high standards for housing which would have benefits, which the State says it wants to achieve such as recycling and energy sustainability, does not happen in practice because the State and developer in a PPP say 'no, the cost or price is the most significant variable within the project in terms of whether you get that or not'"* (Interview St. ME CW 1, 2008).

Monitoring of the Developer

The monitoring of PPP contract implementation was a key aspect to ensure developer compliance with the social aspects of the regeneration projects (Interview Chair FGU, 2008). DCC stated that the full-time DCC Project Manager and its team, including technical staff, would monitor the delivery of the contract specifications in the PPP deals by being on-site all of the time and meeting the developer's on-site team regularly.

> *"DCC monitors on an ongoing basis the actual construction itself to ensure that it complies with what was agreed in the Contract (contract). We have structures in place to deal with matters concerning the developer. Finally, checks are made before DCC signs off and take possession of the dwellings"* (Interview DCC Housing Project Management Unit, 2007).

The DOEHLG was also satisfied with the monitoring arrangements in place which would ensure the optimal PPP model existed where private sector returns were linked to service outcomes as,

> *"the (developer) consortium must first provide the social element of the scheme before it is given a licence to develop the rest of the site"* (Interview PPP Unit DOEHLG, 2006).

However, the Chair of FGU (Interview, 2007) explained that it was difficult to gain access to information relating to the construction quality of the buildings as it was dependent on trusting the word of the City Council as to whether or not the developer fulfilled the contract agreement. Furthermore, there was no evidence that DCC was implementing the penalty clause on the developer for poor performance and, in fact, it was difficult to see such a situation arising whereby DCC would penalise the private partner for not fulfilling aspects of the contract because it could jeopardise the developer's commitment to the project (Interview Chair FGU, 2008). This further highlighted how the PPP made the state authority, DCC, more dependent on the developer to deliver the project, which resulted in the Council's abdicating its responsibility to ensure quality public housing was returned to its tenants (Interview Chair FGU, 2008). This also highlighted the difficulty of applying the PPP theory that a PPP would ensure high-quality service delivery through the incentivisation mechanism where the private partner would face penalties for poor provision. For example, DCC was criticised

for not enforcing standards in the Fatima project, particularly during demolition and construction in relation to dust and noise levels.

> *"There is an ambiguity in its (DCC's) role in relation to enforcement. Residents had to put up a picket when the developer was in breach of working hours, which has led to a tension between locals and the developer but no one wants to upset the developer...Are the Council's standards being compromised? How does the penalty fine system work to ensure the developer complies with the standards?"* (Interview Chair FGU, 2008).

The Chair of FGU noted that it was the State, ironically, that was clearly afraid of being penalised by the developer and this led to residents losing out. For example,

> *"The last residents were moving out of the old flats and the DCC Project Manager was out on the canal moving the furniture out of their houses. He was desperate to get them out. We had a big row over that as we weren't happy because the new places weren't snagged and we had to pressure the families to move. We got an agreement with DCC that if there were any problems they were responsible, but we learned subsequently the reason he was putting us under such pressure was because of the penalty points system that DCC did not want to incur penalties from the developer for delaying the next phase"* (Interview Chair FGU, 2008).

Privatisation Impacts of PPP

While DCC was implementing the PPP Projects it also initiated a debate on the possibility of the transfer of the maintenance and management of its housing stock to the private and voluntary sector.

> *"We believe that the City Council should retain its core housing responsibilities. It is not however, vital that we directly provide and manage social housing at the level and quantity that we have done up to now"* (John Fitzgerald, former DCC Assistant City Manager Housing and Residential Manager quoted in, Cornerstone, 2004).

DCC attempted, in O Devaney Gardens and other estates proposed for regeneration, to implement this policy of removing itself from housing management into practice. This policy direction was also used as a justification by DCC in making the case for fewer public-housing units and consequently more private units as part of the PPP projects. It is clear that DCC's aim is to develop smaller estates that are more easily managed. Smaller estates are also easier to transfer to private or voluntary housing associations (Interview, St. ME CW 1, 2008).

> *"DCC wants to get away from public housing management. The former Assistant City Manager said to us in the negotiations: 'Why should Inchicore take any more social housing? This area has its fair*

> *share of social housing so why are you imposing that on Inchicore?' You have enough around here- why are you imposing that kind of families and that kind of problems on the area?"* (Interview St. ME CW 2, 2008).

It also conformed with the justification underlying the 'social mix' theory which postulated that large public-housing estates did not function and therefore were not good policy practice (DCC Assistant City Manager Housing and Residential Services, 2008). In the O Devaney Gardens project, as noted above, DCC revealed most clearly its intention to withdraw from public housing management and maintenance. It included in the community charter a proposal that different options in relation to tenancy and maintenance and management arrangements would be considered during the PPP regeneration process and that residents could choose to remain with tenants of DCC if they wished (Punch & Kelly, 2005). Throughout the charter negotiation process, DCC "*used every opportunity they could get to get rid of us as tenants*" (Interview O Devaney Gardens Residents' Representative 1, 2008). The residents, however, opposed DCC's proposals to hand over management of the public-housing units to private management companies and successfully achieved the insertion in the charter of the statement that DCC would remain as their landlord.

The residents and their representatives in O Devaney Gardens, St. Michael's Estate, Fatima Mansions and Dolphin House explained that their preference was for DCC to remain as landlord because the residents feared that if they were transferred to a private or voluntary management company there could be potential rent increases and it would be more difficult to assert tenants' rights and make the private provider accountable when tenants had problems. A local-authority housing provider was seen as more accountable and answerable to local political representatives. This meant that tenants could get a local councillor to raise an issue on their behalf with the City Council officials.

> *"We wanted it straight out that O Devaney Gardens Tenants will remain as DCC tenants...We still feel that the long term plan of DCC is to off-load public housing not just in O Devaney but across the city. We put in the question in the survey to find out what people wanted-did they want a private management company or DCC? Only one tenant went for the private management company"* (Interview O Devaney Gardens Residents' Representative 1, 2007)

For the other projects in St. Michael's Estate, Dominick St., St. Theresa's Gardens and Charlemont St., DCC stated, as a result of the residents pressure and preferences, that it would remain as landlord for the public units. However, the experience of Fatima suggested that, due to the practical arrangements in a PPP of private and public space management, DCC would in all probability transfer

the management of the public spaces, in the first instance, to the private sector or to the community itself (Interview Chair FGU, 2008).

Estate Management and Maintenance in Fatima

In Fatima, the community requested that DCC continue to manage the estate and housing as,

> *"DCC are accountable and the State is responsible. We explored the voluntary housing option and, even though DCC's track record of maintenance is not great we want them to manage it"* (Interview Chair FGU, 2008).

While DCC was retaining responsibility for the maintenance of the inside of the public housing units, the residents reported that DCC was not providing an adequate service in this regard as DCC had stated that as they were new units they would did not require maintenance support (Interview Fatima Residents' Representative 1, 2008).

The responsibility for management of the new estate was not yet established and it appeared that DCC was trying to avoid taking responsibility for this, as was evident in its change of decision on the management and funding of the neighbourhood centre. The developer and DCC were looking at a long-term 'sustainable' relationship incorporating a community enterprise strategy to manage the estate. This could involve a private maintenance management company being responsible for the private communal areas and the community, rather than DCC, managing the public communal areas (Interview Chair FGU, 2008). The development of the neighbourhood centre (worth €8.5 million) for residents living in Fatima and the wider area would, it was hoped, create a vital hub of social, cultural and recreational activity for people of all ages (Fatima Regeneration Board, 2005). DCC indicated very clearly in 2005 that it would manage, resource, staff and maintain at the estimated at a cost of €500,000 per year the new centre. However, DCC stated in 2007 that there was a change of policy in that neighbourhood centres would, from then on, be handed back to communities to run and manage.

> *"A key element to the social plan is DCC's commitment to run the neighbourhood centre. If not it's just going to be a white elephant. Many Community Employment schemes are funding the running of community buildings but they are not sustainable in the long run - so who will pay for it? We need to have a plan that ties DCC into running and providing facilities- that is important"* (Interview Chair FGU, 2008).

In a further sign of DCC withdrawal, DCC's Fatima office was due to close in 2009, but the community opposed this, in particular due to the level of support from DCC that would be required to

deal with anti-social behaviour issues. In relation to O Devaney Gardens, St. Michael's Estate and Dominick St., the overall maintenance of the public and private parts of the estate had not been discussed yet. DCC stated that it

> *"will still have our caretakers to cleanse and take the bins out for the public. There will not be management companies for our part"* (Interview DCC Project Manager Dominick St., 2008).

However, the experience of Fatima suggested that PPP would convert large public estates into smaller units that were more suitable for private management, as evidenced in Part V social units, where the social units and public area were managed by private management companies. This was also in line with Government Policy outlined in the NDP 2007-13 which stated that PPPs would be introduced to allow social housing to be provided by private companies which would be *"responsible for the design, construction and maintenance of units, often in co-operation with the voluntary and co-operative sector"* (Government of Ireland, 2007, 212). If this trend continued, which was likely, given Government policy and DCC's preference to relinquish responsibility for this area, PPPs could facilitate the transfer of formerly public-housing estates into private ownership and management. This would take place against the wishes of the local-authority tenants who repeatedly stated their preference and social need for state management and provision of public-housing estates.

PPP Contract Difficulties

In late 2007 and through into 2008, Irish property prices decreased substantially on previous years as the property market boom came to an end due to domestic market factors but also influenced by the US and UK property market situations. The decline in the sale price of property meant that the estimated potential profit margins for developers from the future sale of the private residential and commercial units upon which the economic viability of the PPP regeneration projects was based narrowed considerably. Therefore, the regeneration projects that reached contract award and sign stage in 2007 and early 2008 had become very high 'risk' investments for the private developer consortia such as Castlethorn/McNamara (which was involved with five PPP projects). The reality facing some of the most impoverished people in Irish society, the residents living on these local-authority estates, was that they were no longer living on high-value sites that had initiated the PPP model. Now their estate's regeneration had become too risky for the private sector to undertake. The private development consortia began to look for ways in which they could transfer the risk (and cost) of the project back on to the State and ultimately, the community. For example, the Regeneration Board of St. Michael's Estate signed off on the contract, as it understood it, in January 2008. However, over the subsequent months it became apparent that the preferred bidder, Castlethorn/McNamara, was reluctant to sign the contract with DCC. The developer has started to raise a number of problems with the

financial composition of the project in late 2007, such as the cost of applying DCC's increased apartment size guidelines (€7.5million), increased construction costs, increased interest charges on loan repayments to the bank (€1million), and soil de-contamination costs (Interview St. ME CW 1, 2008). DCC was restricted by the PPP process in what it could do to address the financial situation as the RFP stated that the developer was responsible for decontamination costs. For example, that meant that if DCC gave McNamara funding towards those costs it would leave DCC open to a legal challenge on the basis of unfair competition from the other developers who had failed in their bids for the PPP project as it would have substantially changed the terms of what had been stipulated in tender documents and negotiations (DCC Assistant City Manager for Housing and Residential Services, 26th May 2008).

The negotiations at that final contract signing and negotiations stage of the process revealed the power and control of the developer to determine the project outcome as the developer at this late stage attempted to retract some of what it originally stated it would provide. The community, desperate for an agreement, was increasingly powerlessness to defend the little gains that had been achieved from two years of painstaking negotiations, planning and compromise. The concern, amongst residents in St. Michael's Estate and O Devaney Garden's at this stage was that DCC and the developers, which were negotiating the contract changes amongst themselves with community representatives excluded, would suggest a new PPP proposal that would include a further reduction in the number of social units and community gain in order to reduce the financial burden on the developer in the context of the worsening economic climate (Interview O Devaney Gardens Residents' Representative 1, 2008). The longer the negotiation process continued at this stage the harder it was for the residents to oppose this agenda of narrowing the social gain that had been fought for.

> *"If they come back to us and say there is a reduction in the social to 220 units we have to go back to the residents and they have to make the choice. They are waiting so long for regeneration...Firstly they will say 'are we getting bigger units? Are there enough units for everyone?' If there is they will say 'yes we will accept that.' They are not thinking like us about the bigger picture and public units. They are not thinking about the future. They are thinking about the here and now- they are thinking about getting a bigger flat now. It will be only five years after when their son or daughter won't be able to afford a mortgage on a house and there will be no social units left. But then it will be too late so it's going to be a big problem. It's a no win decision for us as workers and residents representatives because if they say yes-in five years they will realise there is no more social units and if they say no to it and in five years they are still sitting here they are going to blame us"* (Interview O Devaney Gardens Residents' Representative 2,2008).

In March 2008, the potential impact of the slow-down in the housing and property market was influencing DCC's negotiations with the developers but the project managers were still hopeful that their projects would still go ahead.

> *"The slow down? I don't know, I'd say it will affect it now at the moment because it is slowing down quite rapidly at the moment and because the developers are not going to get into it if they can't sell them, they are there to make money as well...I don't think that (social aspect) has changed but whether he will slow it down starting it I don't know. We still don't have it signed yet, so until we get it signed and sealed we won't really know. Then we still have to get planning and there might be objections. But where we are is a prime location anyway so I'd say we'll be ok, but as regards any other PPP starting it could affect them big time"* (Interview DCC Project Manager Dominick St., 2008).

By April 2008, the affected communities were very concerned about the future of their projects and realised that their project's fate had become intricately bound to the conditions in the Irish property market and, to an extent, to the global financial situation.

> *"The contract is still not signed. There is a Regeneration Board meeting tomorrow in St. Michael's Estate. All this is taking place in the context of the down-turn in the market, the credit crunch, the sub-prime lending crisis, all that stuff has happened, it has really put it back to the St. Michael's Estate people and, particularly, the residents how dependent the project is on a mechanism which is dependent on the market, which, if it changes, you are completely at the mercy of. So that has been going on for the last four or five months and we are now in a position tomorrow to see effectively if the agreement is going to be signed or not. The rationale behind the meeting tomorrow is that if McNamara's are not ready to sign the contract then the project is off and that is the ultimatum that the Board and the City Council have given the developer"*(Interview St. ME CW 1, 2008).

On May 19th 2008, DCC announced that negotiations with developer, Michael McNamara and Co., in relation to the PPP regeneration projects of St. Michael's Estate, O' Devaney and Dominick St. and the affordable housing PPP projects in Infirmary Road and Convent Lands had collapsed. It emerged that contracts had been signed between DCC and the developer only for the O Devaney Gardens, Infirmary Road and Convent Lands projects (DCC Assistant City Manager for Housing and Residential Services, May 26th, 2008). The residents on the estates of O Devaney Garden's, St. Michael's Estate and Dominick St. were shocked and disappointed. After being involved in the regeneration process for ten years it was the community of St. Michael's Estate's third regeneration plan to have collapsed.

> *"Residents are devastated, particularly, the active ones who gave up so much of their time voluntarily. We had won them to the idea of the need for social regeneration and we have just completed a social plan and at a residents meeting last night the residents just wanted their houses. Yet if there is no social plan, and the active tenants agree with this, there might be new houses but it will be back like a ghetto again in five years time"* (Interview St. ME CW 2, 2008).

The collapse of the PPP projects starkly revealed the dependent relationship that the PPP had created between the provision of vital social-protection infrastructure, in this case public housing, and the market. The PPPs were essentially a gamble with public assets. The outcomes in the PPP deals were based on a developer's risk assessment of the potential value of the sale of private apartments built on land transferred to it from DCC and, ultimately, the market forces that influenced that risk. The collapse revealed the power and responsibility handed over to the private sector in the provision of public-housing regeneration. The developer, Michael McNamara and Co. made this clear in its letter to DCC on May 19th 2008.

> *"The adversely changed circumstances of the current private housing market to that of 2005/6 when the bids were submitted, along with significant additional costs of increased apartment sizes and new energy regulations have rendered the whole concept of using the sale of private housing units to fund Social and Affordable housing and Community Services, along with a balancing site purchase figure, unsustainable in the current market, despite the best efforts of everyone involved"* (Bernard McNamara, May 19th, 2008).

DCC was left in a situation where McNamara was only obliged to continue with the O Devaney Gardens and Infirmary Road Projects as they were the only two projects for which a contract was signed and therefore penalty clauses could apply if McNamara withdrew and DCC could show that the terms of the deal had remained the same (DCC Assistant City Manager for Housing and Residential Services, May 26th 2008). However, St. Michael's Estate and Dominick St. were abandoned by the developer.

The legalities of the PPP process, as referred to earlier, meant that DCC was restricted to what it could negotiate with McNamara and it was, therefore, unsure what action it could take in relation to St. Michael's Estate and Dominick St. (DCC Assistant City Manager for Housing and Residential Services, May 26th 2008). It was an unprecedented situation facing DCC and the State. Neither the DOEHLG nor DCC had any alternative contingency plans ready or considered for a situation where a developer withdrew from a project. This demonstrated the lack of safeguards built into the PPP model by the State to protect the interests of the City Council and residents. An emergency meeting was held by DCC on May 26th to address the issue. Protests were held by the residents from the affected estates

outside this and subsequent DCC meetings (see Plate 7.14, 7.15. 7.16). In relation to St. Michael's Estate, DCC suggested the possibility of inviting McNamara to develop Phase One of the regeneration plan immediately where there was already planning permission for 138 new public housing units (DCC Assistant City Manager for Housing and Residential Services, May 26th, 2008). The community opposed this and demanded that the whole project be undertaken (Interview St. ME CW 1, 2008). This was again indicative of how the PPP process in regeneration projects, which were centred on the State's refusal to commit any investment aside from its site ownership, placed communities in a very vulnerable situation. Ironically, even communities which had strongly opposed PPPs, such as St. Michael's Estate, ended up demanding the implementation of a PPP project. Rather than the collapse of PPP marking liberation from an undesired PPP route, it was marked by the communities as the "*death of communities' dreams*" (Interview St. ME CW 3, 2008). At a Tenants First steering group meeting on May 22nd 2008, residents' representatives from the affected estates met and expressed their anger and sense of powerlessness at being excluded from the negotiating process which was determining the fate of their communities. The residents had "*always assumed*" they were a partner, but in fact the PPP collapse showed that they

> *"weren't at all...DCC knew about the collapse on Friday but they did not even contact the Chair of the Board. There was no dialogue with other communities about the projects being dropped. It was all rumours. DCC knew something but they did not say it. What kind of partnership is that? You can't build equitable sustainable communities like this"* (Interview O Devaney Gardens Residents' Representative 1, 2008).

Another protest was held by the communities at the DCC meeting on June 9th 2008 as no substantive progress had been made by DCC to resolve the issues. The residents brought a coffin to symbolise the death of their dreams in the collapse of their plans (see Plate 7.16). DCC stated that, in relation to O Devaney Gardens, there had been meaningful negotiations with McNamara in relation to the outstanding issues of increased apartment sizes and energy ratings but other issues on purported additional fees had to be worked out (DCC Assistant City Manager for Housing and Residential Services, June 9th, 2008). DCC could not proceed with the Infirmary Road project and McNamara's proposal was rejected as not coming within the procurement process and the developer, according to DCC, was in breach of the contract because €13 million due to the City Council had not been paid. DCC stated it was formally writing to McNamara and Co. to ask it to withdraw from the St. Michael's Estate and Dominick St. Projects so that DCC could then enter negotiations with the second bidders[53].

[53] These projects were procured using the *Negotiated* method of procurement, which includes two principal stages, as outlined earlier in this Chapter, the Request for Qualifications and the Request for Proposals (RFP). At the RFP stage the bids of the short-listed developers are assessed and the most economic advantageous tender is chosen as the *preferred bidder*. The unsuccessful bidders are ranked as to which is the second most

DCC wanted to "*avoid lengthy legal processes*" and would therefore "*enter into mediation with McNamara's if necessary*" (DCC Assistant City Manager for Housing and Residential Services, June 9th 2008). DCC also announced that it had, as a result of the collapse, set up a dedicated multidisciplinary team in the Housing Project Management Unit to focus on and deal with these projects as a priority, including examining all options with regard to the future regeneration of these areas. It was intended to bring a report to the City Council on the options and recommended proposals before the end of 2008 (DCC Assistant City Manager for Housing and Residential Services June 9th 2008; Minister for the Environment, Dail Eireann, July 8th 2008). Legal implications meant that DCC was further delayed until July 2008 in writing to McNamara formally to request it to withdraw its bids, so DCC could approach the second bidder. In September 2008, it was finally agreed that DCC and McNamara and Co. would mutually disengage from the regeneration projects and that the developer would facilitate DCC by immediately releasing the relevant sites back to the Council, providing to DCC a licence to the designs for the proposed developments and paying a contribution of €1.5 million towards the costs incurred by the Council (The Irish Times, 2008e). Renegotiations with the second bidder did not appear to offer much hope given that DCC had already been in negotiations with a developer for over a year in relation to the financial component of the projects. For example, at a Dominick St. Regeneration Board meeting in June 2008, the DCC Assistant City Manager for Housing and Residential Services informed residents that it was highly unlikely, given the economic situation, that the second bidder would take over the project and, therefore, DCC would have to carry out the Dominick St. Project in phases over a longer period of time (Interview ICON Community Worker, 2008).

The real risk of PPPs

The community of St. Michael's Estate was very concerned that its social regeneration budget would be reduced considerably in any deal agreed with a second bidder as there were "*tens of millions*" of euro in the difference in the "*cash offer*" between McNamara's bid and the second bidder's offer (Interview St. ME CW 1, 2008). It appeared that McNamara had submitted a bid that was substantially more expensive than the other bids which guaranteed it the St. Michaels project but, in doing so, put itself at a financial risk. However, it became apparent to the community and DCC during the negotiations that the developer planned to regain the cost of the offer over time by reducing the community gain (Interview St. ME CW 1, 2008). The PPP process facilitated this outcome as the overall criteria that weighted the different developers' bids gave the greatest weight to the amount of finance invested in the deal compared, for example, to design and, therefore, favoured the developer that took the most risk and put in the largest financial bid. Obviously, the developer who was prepared

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advantageous tender, the third, fourth and so on. The second most advantageous tender is referred to as the *second bidder* (DCC Assistant City Manager Housing and Residential Services, May 26th, 2008).

to gamble most by putting in the largest financial bid, was more likely to win the contract. Given that McNamara was selected as preferred bidder in all five of the contracts it might be speculated that it was made aware of this by some state official (Interview St. ME CW, 2008). The overall result was that when the property market was booming, the PPP could financially cover the risk but if the property market turned down, as it did, the developer found it impossible to finance the deal and the projects collapsed. The Croke Villa's PPP regeneration project was also stalled as the preferred bidder had informed DCC in May 2008 that it had to seek finance from a bank to fund the project. It was reported that the bidder was not successful in getting finance from a bank, reportedly due to the worsening financial crisis that resulted in increased difficulty in accessing private finance (Interview ICON Community Worker, 2008; The Sunday Tribune, 2008b). DCC informed the bidder that if it was not successful in getting finance by June 2008 it would have to withdraw from the project. However by September 2008 the community was still not aware of any further development on the project.

When the property market was at the height of the boom, PPP was viewed by the State as a way of realising the increased market value of what it termed 'underutilised' public land to pay for regeneration of local authority estates at 'zero cost' to the Exchequer. The collapse and delays in the PPP regeneration projects revealed the Irish State's vulnerability and reliance on developers and the market. This demonstrated the short-sighted nature of the State policy given that markets are inherently cyclical (Harvey, 1989). So while PPP could provide regeneration when property values were inflated, as the market went down so too the attractiveness of PPP to the private sector diminished. Clearly, therefore, the PPP model could only work when the property market was experiencing substantial growth rates for developers. The State's dependency on PPPs meant that as soon as property market growth began to slow down considerably the profit margins of the private sector narrowed and, as a result, the public and affordable housing and regeneration projects were delayed significantly or cancelled outright.

> *"To me that is ludicrous public policy- absolutely ludicrous. In St. Michael's Estate there were days where you could explode with rage at the way people lives have been ruined. At very specific moments where there are very significant things have happened to them and now this is another very significant thing in St. Michael's Estate in the same context. So how we've ended up there is beyond me –given that for €63 million the first plan could have been built and done and the people could be living in those houses now. Yet here we find ourselves five years on after the rejection of that plan with the possibility that - because the market has changed - and it was because the market had changed in 2003 that St. Michael's Estate were told that the Exchequer would not invest in it- PPP is not even a goer any more which was supposed to be the ultimate protection for us. So how much*

more bizarre can you get than that? I really don't know. I just don't know" (Interview St. ME CW 1, 2008).

The Fatima Mansions PPP project commenced only because the residential property market was experiencing a boom of high land values and the reduction in social housing units as part of the regeneration project meant that the developers' prospective profits at the time were very high. That was the only circumstance that PPP could function,

"because it is all based on economics, it is all based on how much the developer can get and how much the City Council can get in return" (Interview Chair FGU, 2008).

Now in the circumstance of a property market experiencing decline,

"if I was working elsewhere I would be very conscious that the market is driving this process and therefore the chances of a successful outcome for local people, for people who are suffering in public housing are very limited, I am very clear about that...This PPP is the only deal that is going to happen. The other deals are not going to happen like this way, they are screwed. The PPP process only works in a very bubbly economy where builders are making loads of money" (Interview Chair FGU, 2008).

This highlighted the fact that one of the original justifications for the use of PPPs, the transfer of risk to the private sector, was market-dependent and in the current residential housing market the private sector left the state with the risk. The market principle central to PPP theory, the transfer of risk to the private sector, was demonstrated not to materialise in practice. Michael McNamara and Co. was supposed to take the risk and potentially gain over €300 million from its regeneration projects. PPP and market theory stated that if that €300 million did not materialise from the sale of private apartments and commercial development on the site then the developer would take the loss. However, in fact, the State actually took the loss when the risk materialised and McNamara had to pay only €1.5 million when it withdrew from the projects. The state, and consequentially the communities, and more broadly the tax-payer, in fact, took on the risk, not the developer.

"Do you think the developer would have signed the contract agreement in 2004 under the current climate? He would not. His economic cash cow is sinking, it's collapsed - he has no way of making the same money that he envisaged in making in 2004 because of the market. It's back to the same thing about the market, and that's why McNamara and the rest of them bastards are not signing contracts in other areas because they are not making enough profit, they are not getting enough of the cream off the cake" (Interview Chair FGU, 2008).

Community Impact of PPP Delays

The length of time that the PPP process took in St. Michael's Estate, O Devaney Gardens and Dominick St undermined both the DOEHLG's and DCC's justification for imposing PPPs on the communities (i.e. PPPs would be a much 'speedier' process of provision of regeneration than the direct, state-funded, method). In St. Michael's Estate, as of 2008, it was five years since the PPP

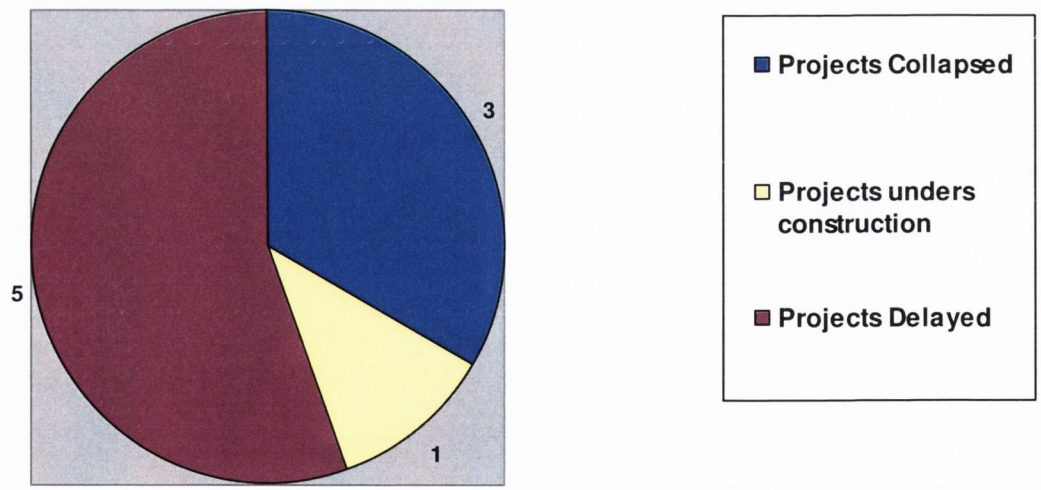
process was initiated, four years in O Devaney Gardens and two years for Dominick St, and none of these projects had commenced (see Table 7.9 and Figure 7.5). For every case-study estate, except Fatima, the PPP process involved considerable delay and the initial expectation and Government assertion of speedy regeneration was not fulfilled.

Table 7.9 PPP Projects Status, August 2008

Estate	Fatima Mansions	St. Michael's Estate	O Devaney Gardens	Dominick St.	St. Theresa's Gardens	Croke Villas	Charlemont St.	Chamber St./Weaver Court	Bridgefoot St.
Status	**110 social units provided in 2005 Completion expected 2009**	**Preferred bidder withdrew. Approaching second bidder**	**Preferred bidder withdrew. Approaching second bidder**	**Preferred bidder withdrew. Approaching second bidder**	**Issuing RFP to short-list of bidders**	**Awaiting developer finance**	**Issuing RFP to short-list of bidders**	**No development**	**Demolished Jan 06. No development.**
Overall Status	**In construction**	**Collapsed**	**Collapsed**	**Collapsed**	**Delayed**	**Delayed**	**Delayed**	**Delayed**	**Delayed**

Source: *Dublin City Council Assistant City Manager Housing and Residential Services (July 2008); Interview DCC Project Manager St. Theresa's Gardens (2008); Interview ICON Community Worker (2008)*

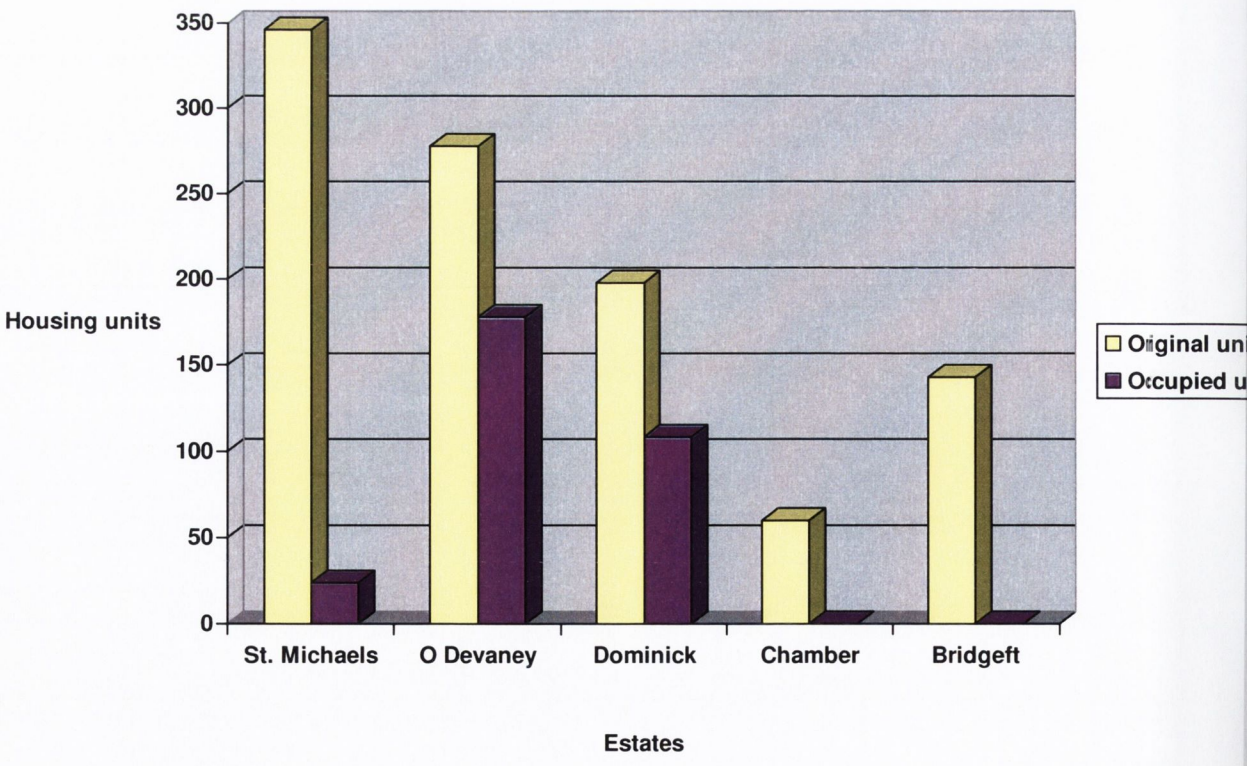
Figure 7.5 PPP Project Status August 2008



Source: *Dublin City Council Assistant City Manager Housing and Residential Services (July 2008); Interview DCC Project Manager St. Theresa's Gardens (2008); Interview ICON Community Worker (2008)*

The most significant impact of the delays and ultimate collapse of PPP was the deterioration of conditions on the estates with the resultant intensification of the process of community break-up and dispersal as residents were de-tenanted off the estates by DCC. Many residents, that would not otherwise have left, became disillusioned with the ever-lengthening time-scale for regeneration, the necessary work in negotiations, the stress and environmental conditions and, as a result, took up DCC's transfer offers and left the estates. In some cases, the PPP process resulted in all the residents on the estate being relocated elsewhere, such as Chamber St. /Weaver Court and Bridgefoot St., with those communities being irreversibly dissolved as a result. St. Michael's Estate had, in August 2008, only 14 units left occupied (a mere four per cent of the original units on-site) while O Devaney Gardens, which had been a full complex just over a year previously, had only 178 occupied flats (64 per cent of the original number). In Dominick St., one block of 60 flats was de-tenanted and demolished in summer 2006 in preparation for regeneration. That left only 120 flats tenanted on the estate and in April 2008 only 108 flats were tenanted (55 per cent of the original units). Overall, only 931 of the 2,033 original public units were occupied as of August 2008 (see Figure 7.6 and Table 7.10).

Figure 7.6 Community Break-up and De-tenanting on the PPP Estates



Source: *Interview DCC Project Manager Dominick St. (2008); Interview DCC Project Manager St. Theresa's*

Gardens (2008); Interview O Devaney Gardens Residents' Representative 1 (2008); Interview St. ME CW 1 (2008);

The problem with this process was, in the first instance, that the overwhelming majority of those who left the estates would probably never return (Interview St. ME CW 3, 2008) and therefore the original communities were irreversibly dislocated. Secondly, the de-tenanting process hastened the cycle of decline and decay of the estates. Finally, the reduced number of residents meant a reduced number of social housing units required to be provided in the final deal. From DCC's perspective, however, the community's being broken up during these phases of de-tenanting was not significant and, in fact, the communities would get stronger in this process.

> "*The residents that want to stay are getting more involved because they have to say what they want in the new development. The ones that did want to go– we just kind of got rid of them- well we can't get rid of them- we did reallocate them, the community has got a lot stronger, they know exactly what they want*" (Interview DCC Project Manager Dominick St., 2008).

In Croke Villas de-tenanting was underway for approximately a year and, as a result, there were only 38 tenants left on the site. Residents were very angry about the lack of progress on regeneration according to a residents' representative (Interview ICON Community Worker, 2008).

> "*Now with the credit crunch we have complexes like Croke Villas partly de-tenanted and people living in sub-standard accommodation requiring new windows, central heating, inadequate bedrooms etc. One senior citizen is in a block on his own leaving him in a very vulnerable position*" (Interview DCC Project Manager Croke Villas, 2008).

The DCC Project Manager for the Croke Villa's PPP project was also the project manager for the Poplar Row (DOEHLG-funded) regeneration project and he offered an interesting comparative insight between the PPP and traditional-funded processes of regeneration. The Poplar Row model had the advantage of DCC's being sure that it would proceed *"rather than a PPP, particularly in the current economic climate*" (Interview DCC Project Manager Croke Villas, 2008). In the DOEHLG-funded route however "*there is more time constraint and bureaucracy –it's a longer process, or it can be a longer process.*" The advantage of that though was *"it is in done in phasing so there is the option of staying on site for people unlike the PPPs where there is de-tenanting*" (Interview DCC Project Manager Croke Villas, 2008).

Table 7.10 PPP Projects Numbers of Occupied and De-tenanted Tenancies, July 2008

Estate	Fatima Mansions	St. Michael's Estate	O Devaney Gardens	Dominick St.	St. Theresa's Gardens	Croke Villas	Charle-mont St.	Chamber St./ Weaver Court	Bridge-foot St.
Original	**394**	**346**	**278**	**198**	**346**	**87**	**181**	**60**	**143**
De-tenanted	**244**	**332**	**100**	**88**	**46**	**49**	**40**	**All**	**All**
Remaining	**150**	**14**	**178**	**108**	**300**	**38**	**141**	**2**	**0**

Source: *Interview DCC Project Manager Dominick St. (2008); Interview DCC Project Manager St. Theresa's Gardens (2008); Interview O Devaney Gardens Residents' Representative 1 (2008); Interview St. ME CW 1 (2008);*

O Devaney Gardens

When interviewed in mid-2007, the O Devaney Gardens community representative explained that the community had been waiting for re-development since 2002 but at that point it was no nearer to a clear indication of when re-development would start. She expressed frustration at the delays which the PPP process was supposed to avoid: "*It's anyone's guess when it will start- the PPP process hasn't speeded things up- I can't see it*" (Interview O Devaney Gardens Residents' Representative 1, 2007). Throughout 2007 and 2008 the residents' representatives witnessed a significant increase in the number of people who wanted to leave O Devaney Gardens because the area had deteriorated substantially (see Plate 7.17, 7.18, 7.19, 7.20, 7.21, 7.22). The residents explained their frustration with the conditions on the estate, the delays in the project, and their lack of involvement in the on-going negotiations over the future of the project:

> "*We are getting nothing, we are ten years waiting now and the people are still living in this terrible state. We are not in the loop at all with what's going on with the project. We know it does take this long but imagine you are a tenant. I remember the Estate Manager about four years ago telling a tenant who was going to get her bathroom tiled and he said to her 'don't get it done, no it's not worth your while as you are going soon' – she is still here with an undone bathroom*" (Interview O Devaney Gardens Residents' Representative 4, 2008).

In relation to community break-up as a result of the delays in the project one resident explained:

> "*1999 was the first time redevelopment was talked about for O Devaney and we were told then the project would be up and running within three to five years. The community has really been broken up from all this. 12 months ago my block was a great block and 90% would have stayed in it and out of 8*

flats I'm the only one who wants to stay now. I'd be gone tomorrow only for my kids. One girl is on her own there and she said 'you cannot believe how much I hate these flats.' I love the people on my hall, because we get out and move the gangs off the hall" (Interview O Devaney Gardens Residents' Representative 2, 2008).

In mid-2007, 60 units (four blocks) were identified for de-tenanting and demolition under phase one of the regeneration and, of the tenants in those 60 units, 25 wanted to be housed off the site and only five wished to be housed on-site in the new development. They identified the lack of progress on regeneration plans, anti-social behaviour problems and the fact that, over the years, DCC had left conditions in the flats complex deteriorate as the cause of residents leaving. This meant the break-up of the community.

"I am worried about the displacement of the community. There is going to be a big break up of the community. By giving people an opportunity who want to move off the site a chance to move off its effect is like the surrender grant: people who are able to move will move" (Interview O Devaney Gardens Residents' Representative 1, 2007).

The negative impacts of de-tenanting were explained by the residents:

"When this started there was not one empty flat in O Devaney, there was actually a waiting list, and that in itself says it all. The more they let the flats run down the more you get disheartened. I met a block Group member the other day and she was embarrassed to bring her cousins from the country up the stairs- she said I would love if they could close their eyes going up the stairs with the state of the place. She said they are judging us before they know the people" (Interview O Devaney Gardens Residents' Representative 4, 2008).

The process of de-tenanting and selective transfer was a process that the Council was using to 'wipe the community clean and start afresh'

"From day one they knew if they divided the community they would conquer us and they are dividing the community and they will conquer because the more residents you see moving out the more you can see the community goes down. The ones that are left are trying to keep a community spirit up" (Interview O Devaney Gardens Residents' Representative 3, 2008).

"You just have to be in here. It's torture to live in here with the dirt, the kids are running amok. Dublin City Council don't care about the place. A lot of people are just giving up. We don't have anything to offer people. We just don't know what's happening. We have the problem that young

teenagers from the surrounding area with a lot of problems are coming into the estate and causing anti-social problems" (Interview O Devaney Gardens Residents' Representative 3, 2008).

The four boarded-up blocks that were de-tenanted in preparation for demolition caused considerable problems as an area for people to engage in anti-social behaviour through the summer of 2008 (Plate 7.19 and Plate 7.20). Residents feared also that if the blocks were demolished it would give DCC the opportunity to argue that the deal would include fewer social units than agreed.

A subgroup of the Regeneration Board that included DCC, residents and Garda representatives was set up to address the anti-social behaviour problems but the residents felt "really let down" over its lack of effectiveness. Each time the residents attempted to raise such issues at the Regeneration Board meetings they were *"being brushed aside because of the bigger picture stuff about whether the development happens or not"* (Interview O Devaney Gardens Residents' Representative 3, 2008).

As of July 2008, the residents had not seen a revised plan taking account of the DCC apartment size changes and had no information on where negotiations were at with the developer, McNamara, despite DCC promises (Interview O Devaney Gardens Residents' Representative 1, 2008). O Devaney Gardens residents demanded immediate intervention to address the deteriorating conditions on the estate.

"We do not accept the downturn in the property market as an excuse for the non-realisation of the Regeneration of the Community. It is unacceptable that the neglect this community has endured over the last decade and the conditions that people have been subjected to live in...We will continue to lobby for and demand major social investment to overcome the atrocious conditions that residents are being forced to live in while awaiting a regeneration project" (Interview O Devaney Gardens Residents' Representative 3, 2008).

Of 48 tenants surveyed in July 2008 in a block of flats within O Devaney, only two were willing to stay in O Devaney because of the run-down conditions and anti-social behaviour. Throughout August 2008, conditions on the estate deteriorated further with serious violent antisocial behaviour, including a riot taking place within the complex. The four derelict blocks were partly blamed for adding to the problems.

"Tensions have risen in the complex since it missed out on regeneration earlier this year when a PPP collapsed, with residents saying they are "living in fear" of gangs that gather to drink in the area most nights" (The Irish Times, August 8th 2008).

St. Michael's Estate

When the residents and community workers of St. Michael's Estate were informed that the preferred bidder was chosen in early 2007 they believed

> *"in our naivety, that things would happen very quickly after that. But now it's a year and a half down the road later and the developer that was chosen a year and a half ago has still not signed an agreement. That has been extremely frustrating. No-one would have anticipated such a time delay between the different stages. We are still thinking once the contract is signed things will start pretty quickly but in O Devaney the contract is signed and there is still a delay in getting to the stage where you would see a plan going for planning permission"* (Interview St. ME CW 2, 2008).

Meanwhile, living conditions on the estate, as in O Devaney Gardens, deteriorated and remained very difficult (Plate 7.23, 7.24, 7.25, 7.26, 7.27, 7.28). At a regeneration board meeting, as recently as April 2008, the residents were very upset about the conditions of their homes, what they had to put up with on the estate and the delays in the process. Cars were left burning around the flats, even the flats were being set alight on a regular basis, the crèche was burned and drug dealing was getting worse (Interview St. ME CW 3, 2008).

The community was worried, particularly if the project collapsed again, that there would not be anyone from St. Michael's Estate left to move into the new development, that it would be mainly a private estate with the quantity of public housing minimised even further and with no community infrastructure, because the residents could not tolerate the delays. The community workers were worried that if DCC offered the remaining 23 families good houses elsewhere, at that stage in the process, the residents would transfer out despite all the work the residents themselves had put into the plans.

> *"Now we are nearly at the finish line if we hear this week that something bad has happened with the project I guarantee people will say 'I'm out of here' because they won't believe that we as community workers or the Council will ever deliver anything"* (Interview St. ME CW 2, 2008).

Conclusion

> *"Since 2003 we have been working in a PPP process that was not alone forced on us but has to date not laid one brick. Now we have families at breaking point not knowing what is going to happen with their homes and locals crying out for community amenities in an area which is hugely deprived. While the rest of the country enjoyed investment during the boom years we have been struggling with PPP. We are exhausted and extremely angry with the whole PPP process"* (Interview St. ME CW 3, 2008).

PPPs were being pursued by the State both centrally and at a local level in the regeneration of social housing estates because it offered an apparent solution to the 'problem' of large inner-city local authority flats complexes, at no direct cost to the Exchequer. Therefore, significant regeneration could be undertaken while the policy of fiscal conservatism that aimed to reduce public spending and the funding of local government could continue unhindered. The PPP policy also sat neatly with the local urban governance trajectory of an increased reliance on and involvement of the private sector in social- housing provision and regeneration.

The research found that the result of the Government's neoliberal policy of refusing to fund large-scale local-authority social-housing regeneration plans encouraged DCC to implement neoliberalism on a local level by using its assets (local-authority land) as leverage with private developers. The outcomes of this process support the analysis undertaken into the UK experience of PPPs in regeneration of local-authority estates (Hodkinson, 2008). The neoliberal 'self-financing' PPP model implemented by the Irish Government and DCC resulted in a whole-scale reliance on the private property market for regeneration with the result that when the private property market was economically healthy PPP was a viable option. In this instance the PPP funded the regeneration of Fatima Mansions and produced interesting results depending on which perspective one takes. Remaining residents view it as a very positive experience given that they have new homes and a regenerated estate, however, it did involve the privatisation of large parts of the estate which reduced the amount of social housing available in the area and overall did not appear to provide value-for-money for the tax-payer. However when the market turned down the potential for the PPP model to deliver other regeneration project appeared to dissipate. The property market slow-down left the State, along with the most vulnerable citizens it was responsible to house and look after, with few options to provide essential physical and social regeneration. The property market slow-down and the resultant withdrawal of Michael McNamara and Co. from a number of high-profile PPP projects brought into question the viability of PPP as a model for local-authority estate regeneration. After six years of the PPP process being used in the provision of social-housing regeneration only one out of ten planned projects had actually commenced construction. Furthermore, if DCC implements its policy of providing social housing units only for those remaining on the case-study estates (excluding Dolphin House) it will result in a loss of at least 1,071 social units with only 931 social units being provided in the regenerated estates, a mere 46 per cent of the original number. PPPs, therefore, could be described as having a very poor outcome from a public-policy and social-equity perspective.

The outcomes of PPPs raised complex questions about the uneven power relations and location of decision-making authority within the PPP process. The realignment of control away from the community and the state in PPPs towards market forces was very apparent. The key decisions and

negotiations about the composition of the regeneration redevelopment plans were not made in an open manner, nor were they open to any form of wider community or public input or participation (Interview St. ME CW 1, 2008).

The orientation of DCC on the market requirements of private developers was also highlighted in the extent to which DCC undertook market soundings involving approaches to a small number of developers and construction companies for the purpose of ascertaining interest in a particular location for regeneration prior to any approach to the community. For example, DCC held a PPP information evening in December 2006 for eight of DCC's housing estates that were identified for PPP. There were information stands with documents available relating to the individual estates' history and the process to date. Developers, financiers and interested groups were invited to attend to meet DCC project managers and NDFA and other DCC Housing Project Management Unit staff to discuss the PPP process and development potentials for the sites. The communities in some of the advertised estates were not aware they were planned for PPP and, interestingly, no representatives from the communities were in attendance.

The experiences from some of the existing PPP projects provided clear lessons for other communities facing the possibility of PPP regeneration:

> *"DCC want to maximise the numbers of units on the site. It will come at a huge cost. The green spaces will be gone, there will be a big increase in the height. There is no say on who will end up living in the private sector. There are delays in delivering on the PPP from the start to the finish. If a community goes for PPP DCC will start de-tenanting the blocks bit-by-bit to clear up the space and then you will have people living isolated on a block. The journey will be very hard. You might say I'll get a lovely apartment or house in four years time but it could take 10 years or 15 years and in that 15 year journey conditions could get very hard while they are moving people around"* (Interview St. ME CW 3, 2008).

Furthermore, the Fatima PPP process revealed that the problem of the inadequate provision of state funding for sustainable social regeneration, particularly in the areas of education, health and training and employment, returned once the community gain fund associated with the PPP Project had been expended.

The PPP process, because it was an individualised negotiating structure, also isolated each community into an individual struggle over what it could maximise in its own project. Overall, the PPP reduced the potential for inter-community solidarity and action and made it difficult for communities to assess

the overall impact of what the outcomes of PPP would mean on a city-wide basis for the future of public-housing provision and the communities in Dublin's inner city public-housing estates. The communities highlighted that this PPP process favoured DCC in its attempts to enforce the PPP policy in that it reduced the avenues for resistance to the negative impacts of the PPP model as it avoided the articulation of a city-wide community based defence of public-housing provision (Interview St. ME CW 1, 2008; Interview St. ME CW 3, 2008). It meant that residents focused on maximising their own deal and would not, understandably, put their deal in jeopardy for the sake of another community that was trying to get a better deal for itself (Interview O Devaney Gardens Residents' Representative 2, 2008).

The PPP process gave considerable power to the private sector through the handing over of responsibility for delivery to a private development consortium in each project. The profitability requirements of the private developer were what determined the outcomes throughout negotiations and, as the process neared completion and in the context of a slow-down in the property market, the power of the private developer was increased even further as both the State (DCC) and the community did everything in their power to ensure the developer stayed involved and completed the project. If the developer withdrew, there was no prospect of regeneration taking place given the refusal of the DOEHLG to provide funding. Furthermore, while the community had representation at various regeneration boards and committees they were completely disempowered by their absolute exclusion, without exception, from direct negotiations between the developer and DCC.

The process also highlighted the need for residents and their representatives to be trained and given the resources to get independent expertise to understand architecture, design, structures and processes in order to be an equal part of the process.

Despite the collapse of the PPP projects, DCC stated in July 2008 that it still believed that a lot of developers would be very interested in the estates located in the inner city within the canals because of their location as they could still see that profits could be made (DCC Area Manager, 2008). Furthermore, the Minister for the Environment, Heritage and Local Government noted in Dail Eireann in July 8th 2008 the,

> *"important role of PPP arrangements as one of the suite of approaches employed for the delivery of a range of housing programmes; and the capacity of such approaches to deliver communities with households of mixed tenures and incomes, together with good quality social and physical infrastructure, through effective leadership by the local authority and full engagement with the communities concerned and the relevant State, private and voluntary-sector organisations".*

Plate 7.1 Open Plan Nature of St. Michael's Estate (July 2008)



Plate 7.2 Dolphin House Flats Complex: Example of Large Size of DCC Estates (July 2008)



Plate 7.3 Open Access Stairwell in Charlemont St. Flats Complex (April 2008)



Plate 7.4 Open Access Stairwell in Charlemont St. Flats Complex (April 2008)



Plate 7.5 De-tenanted and Steeled-up Units in Charlemont St. Flats Complex (April 2008)



Plate 7.6 De-tenanted and Steeled-up Units in Charlemont St. Flats Complex (April 2008)



Plate 7.7 Poor Conditions of Stairwell in Charlemont St. Flats Complex (April 2008)



Plate 7.8 Entrance to Charlemont St. Flats



Plate 7.9 Fatima Regeneration Project July 2008



Plate 7.10 Fatima Mansions Regeneration Project July 2008



Plate 7.11 Fatima Mansions Regeneration Project July 2008



Plate 7.12 New Social Housing Units in Fatima July 2008



Plate 7.13 New Social Housing Units Fatima Mansions July 2008



Plate 7.14 Protest by Communities in PPP Regeneration Process, Dublin City Hall May 2008



Plate 7.15 Protest by Communities in PPP Regeneration Process, Dublin City Hall, May 2008



Plate 7.16 Protest by Communities in PPP Regeneration Process, Dublin City Hall, June 9th 2008

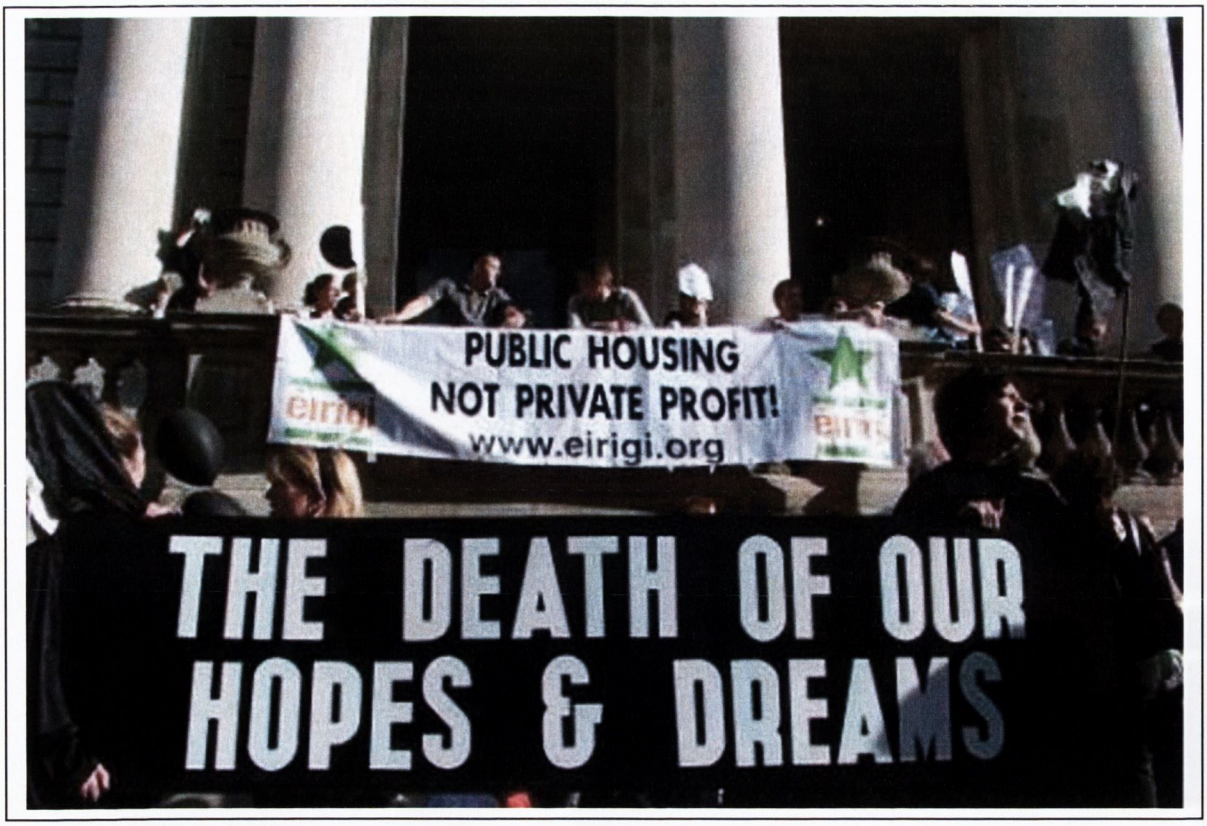


Plate 7.17 Partially De-tenanted Block of Flats in O Devaney Gardens July 2008



Plate 7.18 Partially De-tenanted Blocks of Flats in O Devaney Gardens July 2008



Plate 7.19 De-tenanted Blocks of Flats in O Devaney Gardens July 2008



Plate 7.20 De-tenanted Blocks of Flats in O Devaney Gardens July 2008



Plate 7.21 Partially De-tenanted Block of Flats in O Devaney Gardens July 2008



Plate 7.22 Partially De-tenanted Block of Flats in O Devaney Gardens July 2008



Plate 7.23 De-tenanted Block of Flats on St. Michael's Estate (July 2008)



Plate 7.24 Partially De-tenanted Block of Flats on St. Michael's Estate (July 2008)



Plate 7.25 Partially De-tenanted Block of Flats on St. Michael's Estate (July 2008)

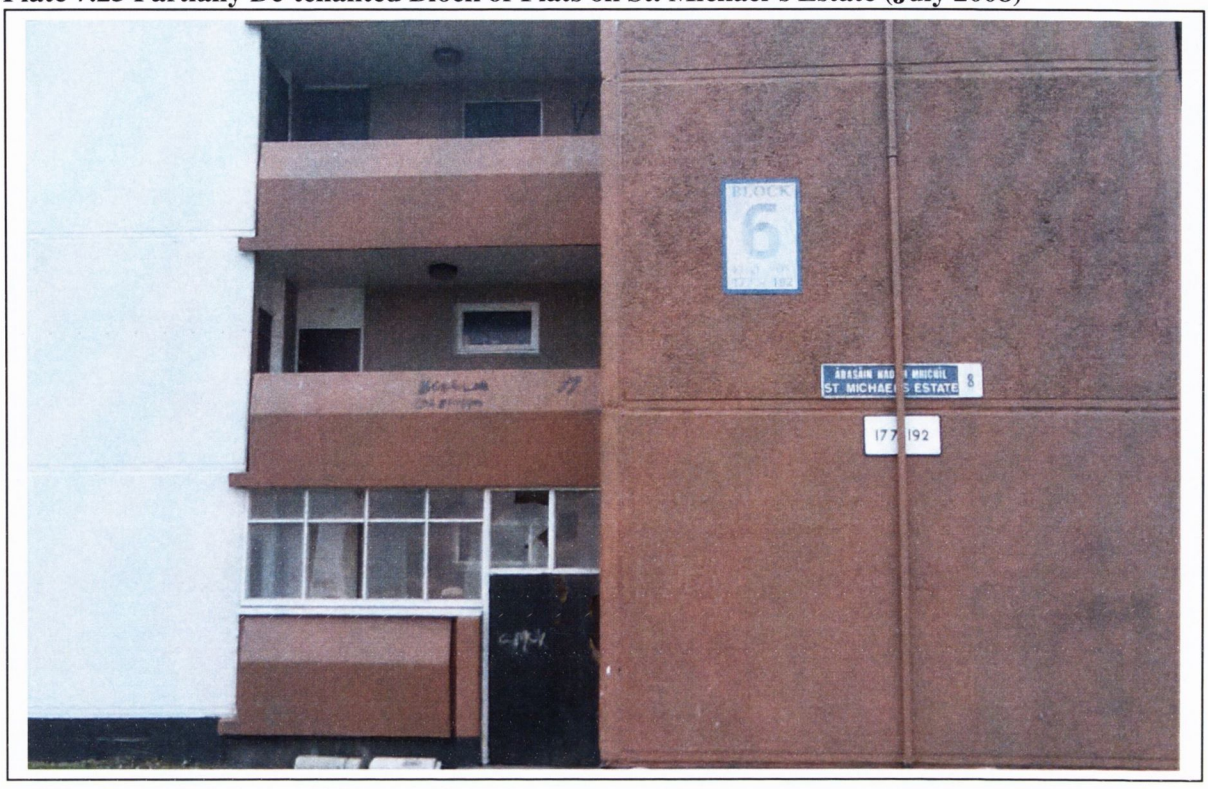


Plate 7.26 Partially De-tenanted Block of Flats on St. Michael's Estate (July 2008)



Plate 7.27 Partially De-tenanted Block of Flats on St. Michael's Estate (July 2008)



Plate 7.28 St. Michael's Estate (July 2008)



Table 7.3 Community Input into PPP Process

Estate Stages to process	Fatima Mansions	St. Michael's Estate	O Devaney Gardens	Dominick St	Croke Villas	.St. Theresa's Gardens	Charlemont St.	Chamber Weaver Court	Bridgefoot St.	Dolphin House
1. DCC propose PPP	**2003**	**2003**	**Feb 2004**	**Feasibility study 2006**	**2006**	**Nov 2005**		**Feasibility study 2005**	**Feasibility study 2006**	**2005 DCC propose PPP** **Feasibility Study completed 2007** **Independent Architects and consultation for a community feasibility study July 2008**
Community input	N	N	N	N	N	N	N	N	N	
2. RFQ	**March 2003**	**2005**	**May 2004**	**March 2006**	**Nov 2006**	**Feb 2007**	**June 2007**	**NA**	**NA**	
Community input	N	**Negotiations over Framework Plan**	N	N	**NA**	**2006 Community Charter**	**Community Charter June 2007**	**Community Charter May 2006**	N	
3. Short list of bidders										
Community input	N	N	N	N	N	N	N	N	N	
4. RFP issued	**Nov 2003**	**2006**	**2005**	**July 2006**	**Dec 2006**	**July 2008**	**July 2008**	**NA**	**NA**	
Community input and resources	**Master Plan, Input into RFP brief Community worker, admin support**	**Resources for Independent Architect to assess RFP**	**Community Charter, DCC-chosen Architectural Assistance (CTA)**	**Community Charter**	**Community Charter**	**Community Charter**	**Community Charter**	**NA**	**NA**	
5. Regen board	**Yes**	**Yes**	**Yes**	**Yes**	**Redevelopment committee**	**Yes**	**Regeneration committee**	**Regeneration Group**		
Regeneration board legal	**Yes**	**Yes**	**No**	**No**	**No**	**No**	**No**	**No**		

6. Preferred bidder selected	**Jan 2004 Elliot**	**2007 Castlethorn McNamara**	**2006 Castlethorn McNamara**	**2007 McNamara**	**May 2007 (not public)**	**NA**	
Community Input	**No**	**Assessment Panel**	**No**	**No**	**No**	**Perhaps Assessment panel**	
7. Signing PPP contract	**May 2004**	**By DCC and Regen Board Jan 2008**	**2007**	**Expected mid 2008**			
Community input/resources	**Regen Board, architect**	**Regen Board, architect**	**Regen Board, (CTA) Architect assistance**	**Regen Board, Architect Assistance**			

8. PPP Outcomes in Ireland

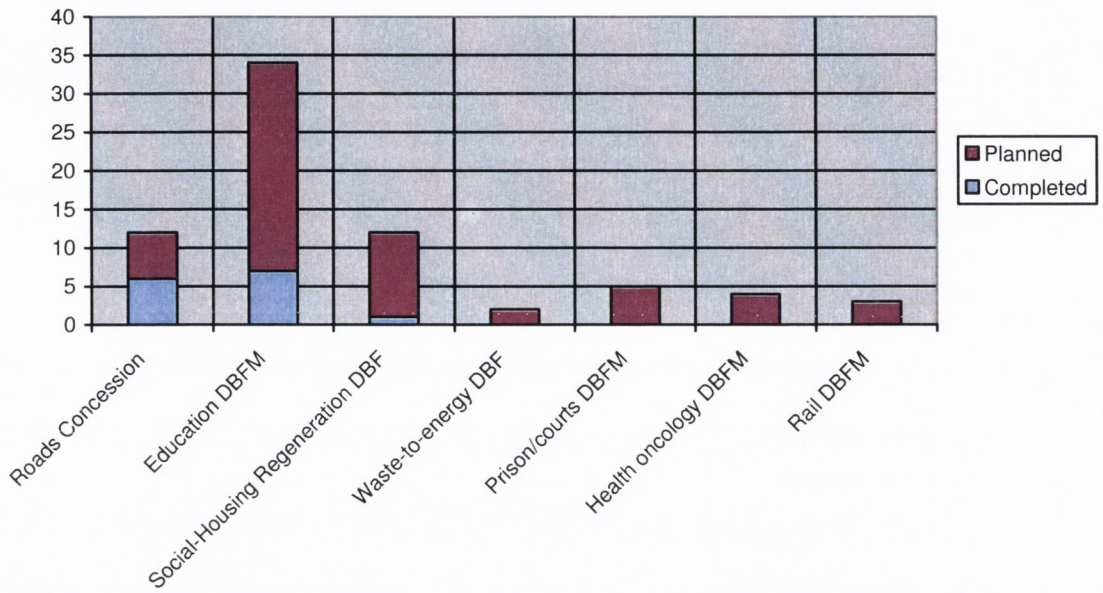
Introduction

The principal reasons for the introduction of PPPs by the Irish Government, as identified in Chapter Five, were that PPPs would address the infrastructure and service deficit through the provision of additional funding through private-sector finance. They would also provide public services and infrastructure at a greater speed of delivery, value-for-money (VFM), efficiency and at much higher standards than the state could manage or provide through the traditional, direct, public-provision model. This Chapter details the extent to which these objectives have materialised in PPPs developed to date in Ireland. It also outlines how PPPs have implemented and developed the process of *neoliberalisation* within public governance, infrastructure and service provision in Ireland and what this indicates about the transformation of the role and form of the Irish welfare state.

Delivery of Private-Sector Finance

PPPs failed to achieve the Government's objectives to provide between ten and 15 per cent of capital investment over the period of the National Development Plan 2000-2006 (Minister for Finance, Brian Cowen, Dail Eireann, 2007; Irish Business and Employers Confederation Representative, 3rd Annual PPP Policy Forum 2007). Analysis of the data taken over a three year period from 2005 to 2008 from the PPP Project Tracker updated quarterly on the Central PPP Unit website (Central PPP Unit, 2005, 2006, 2007, 2008; see Appendix 4) revealed that PPPs involving additional private finance were completed only in the roads, education and housing sectors despite also being planned for the waste and health sectors (Figure 8.1). As detailed in Chapter Seven, Dublin City Council's (DCC's) social-housing regeneration PPPs programme planned to deliver at least ten projects through the PPP mechanism (Figure 8.1) but only one, the Fatima Mansions PPP, actually commenced. Overall, the PPP programme in the social-housing regeneration sector proved unsuccessful in accessing private finance that would have enabled the planned projects to proceed. As noted already, in Chapter Seven, the preferred bidder and contracted developer withdrew from five of the projects because, given the market conditions, in particular the international financial crisis at the time, the risk attached to developing the projects was estimated to have been too high. This meant that private consortia found it very difficult to get finance for the projects. PPPs involving private finance, therefore, faced a very uncertain future.

Figure 8.1 Completed and Planned PPPs Using Private Finance, 2008



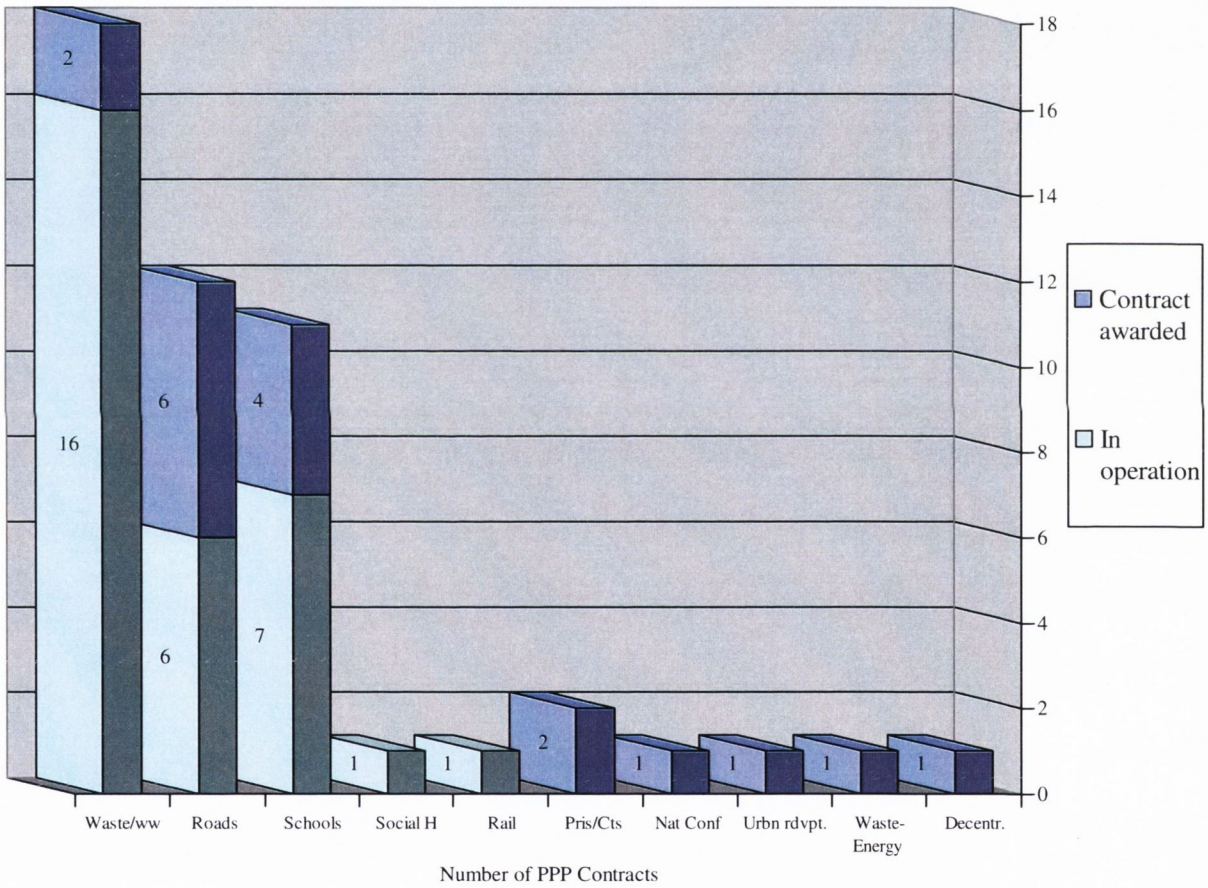
Source: *Central PPP Unit (2005, 2006, 2007, 2008)*

As a result of this failure to achieve its planned objectives the Government decided to introduce a fourth piece of PPP enabling legislation, the National Development Finance Agency (Amendment) Act, 2007, to extend the powers of the NDFA[54] (Cowen, Dail Eireann, 2007). This includes the allocation of a new procurement function to the NDFA giving it the power to enter into PPPs and then transfer them to a relevant state authority, or to act as agent for state authorities in PPP procurement. The Act also provides for representatives of the Social Partners to become members of the Board. This includes three additional board members; two extra private-sector representatives (Stewart Harrington the Director of Killeen Properties and Peter McManamon, Chairman of a California-based software company), together with a representative of the Irish Congress of Trade Unions. The Act aimed to allow the NDFA to support government departments rapidly to improve the level of funding, deal flow and rate of completion of PPP projects (Fine Gael finance spokesperson, Richard Bruton, Dail Eireann, 2007). The importance of this Act was revealed from analysis undertaken of the PPP Project

[54] Project development is the primary responsibility of the sponsoring Department, with the assistance of advisers, including NDFA financial advice, as necessary. Procurement delivery is the responsibility of the centre of expertise. The centre of expertise undertakes the procurement after all policy issues are cleared by the sponsoring Department or agency, output specifications are set and the public sector benchmark is signed off (Brian Cowen T.D., Dail Eireann, 2007).

Tracker data in 2007 and 2008 (Central PPP Unit, 2007, 2008). This showed that the number of PPP projects planned and reaching contract-award stage involving private finance had been expanded considerably to include light rail, courts and prisons and accommodation projects, such as, the National Conference Centre (Figures 8.1 and 8.2). For example, up to 50 per cent of the projected cost for the extensions of the LUAS Green and Red Line PPPs was to be provided through private finance in the form of the sharing of development gain that was associated with the location of high quality light rail as part of private developments[55]. As of 2008, the NDFA had advised on over 60 projects for which PPP procurement had been considered.

Figure 8.2 Number of PPP Contracts Awarded Per Sector up to 2008



Source: *Central PPP Unit (2005, 2006, 2007, 2008)*

[55] The RPA entered into agreements with developers, where in the case of the extension of the LUAS Red Line private developers will provide the land, at their own expense, and construct the rail and the civil works right up to the track level. When completed it is turned over to the ownership of the state, and in return for that the RPA will offer a frequent service in that area (RPA Representative, 3rd Annual Irish PPP forum, 2007).

As noted in Chapter Six, in the case of the Grouped Schools Project, the assertion made by Irish Government and PPP proponents that PPPs provide *additional* funding through private finance was inaccurate. It was demonstrated by the Comptroller and Auditor General (2004) that while DBFM-type PPPs could provide the finance to fund the initial capital investment in a project, the PPP mechanism proved to be eight to 13 per cent more expensive, over the complete life-time of that project, than if the traditional route with conventional finance had been taken. Therefore, while private finance could provide short-term access to additional finance, in the long-term it will require additional *public* finance to cover the extra cost of private-sector finance provision and involvement in the PPP mechanism.

Furthermore, the Irish Government's claim, that involving private finance through concession-type PPPs that offer the ability to implement user charges, such as road tolls, would reduce the requirement for exchequer funding in a public infrastructure project, was found not to materialise in practice. In fact, the income generated from such user fees appears to have gone to the private PPP consortia rather than reducing the annual payment required from the state. This could be seen in the windfall gains made by National Toll Roads in relation to the M50 PPP road project. In addition, the fact that private finance in concession-type PPPs necessitated user fees meant that the ability of this PPP model to provide infrastructure in the road sector over the long-term is limited, because only a minority of roads in Ireland can be tolled due to equity impacts in the form of significant financial impacts of tolls on road users (Interview PPP Unit Department of Transport, 2006).

Thus, private finance appeared to be, in all likelihood, more expensive than public funding in the long-term both to the public sector and to service users. Furthermore, the viability of planned projects in social housing and light rail sectors, that involved leveraging development gain, was in doubt as a result of the property market crisis. This demonstrated that the provision of additional finance for investment in public services and infrastructure through PPPs, despite being a principal benefit outlined by the Government, did not materialise to the extent planned when the PPP pilot projects were launched. Furthermore, the recent shift in market conditions demonstrated that to rely on the private sector and market to guarantee the provision of finance for public infrastructure and services was a naïve gamble that ignored the reality that markets are inherently cyclical and unstable (Callinicos, 2003; Harvey, 1989; Leys, 2001).

Speed of Delivery of PPPs

The Irish Government asserted that overall delivery times for PPP projects in the Grouped Schools Project and in the water/waste-water, light rail and roads sectors have been faster than those achieved by traditional projects (Interview PPP Unit DOEHLG, 2006; Interview PPP Unit DOES, 2006;

Interview RPA, 2006; Minister for Finance, Brian Cowen, Dail Eireann, 2007). However, the evidence from the PPP schools project was not as conclusive as stated by the DOES PPP Unit official, as the Comptroller and Auditor General found that the PPP route resulted in the provision of schools within the same timescale as the traditional route (C & AG, 2004). More generally, the Comptroller and Auditor General (Interview, 2006) raised the methodological issue of comparing the relative speed of delivery of PPP projects with the conventional approach. He pointed out that while the Government might state PPP projects were delivered systemically, or intrinsically, faster than traditional methods this ignored the reality that once funding was provided for a PPP project, the legal contract with the private partner then ensured the project developed and progressed. This is not the case in traditional methods where the state sometimes decides to delay or halt the provision of funding for a project even when the project has already commenced and, as a result, the project's timescale of delivery is significantly lengthened. The availability of funding, therefore, in some instances, impacted on the timescale of delivery more than the actual method of delivery. This meant it was very difficult to compare the relative speed of completion of PPP projects with traditional projects in a balanced manner:

> "*Therefore you can't compare PPP speed with traditional as a PPP is guaranteed funding once it enters the PPP route yet a traditional project is not guaranteed funding*" (Interview C & AG, 2006).

The housing-regeneration PPP projects demonstrated that the PPP process could be subject to many delays and even termination. Many of the delays in the projects resulted from complexities involved in the PPP contract and procurement negotiations process between the government sponsoring-authority and the private-sector bidders. For example, PPP Assessments and a Public Sector Benchmark must be prepared, the NDFA must then be contacted for financial advice and risk assessments and evaluations must be undertaken in a PPP process, but not in the traditional procurement process (Interview CIF PPP IAG Representative, 2006; Interview PPP Unit DOEHLG, 2006).

> *"You may wonder what we spent 12 months in preferred bidder stage looking at. The key risk considerations for this project included planning, archaeology, title, construction, availability, payment mechanism, performance-point regime, step-in and termination"* (Courts PPP Project Representative, 3rd Annual PPP Policy Forum, 2007).

As of 2008, just over a half of the pilot PPP projects that were announced in 2000 and 2001 were developed, with the remainder either still at planning stage or, in one instance, being cancelled as a PPP project and procured instead through the traditional route (Table 8.1). In addition, the Department of Health and Children announced in 2003 the development of 17 Community Nursing Units as a PPP

project. It was to provide 850 beds in community units to reduce the requirements for acute beds in the major hospitals and provide a higher quality of care to older people (Joan Burton T.D., Dail Eireann, 2007). However, two years later, in 2005, the Health Services Executive (HSE) cancelled the project because of the delays, complexities over public and private staff hiring and greater expense in the PPP process. The delays associated with, and failure of, the PPP model, therefore, had a direct negative impact on the bed-capacity crisis within the health sector.

Table 8.1 Pilot PPP Projects Status

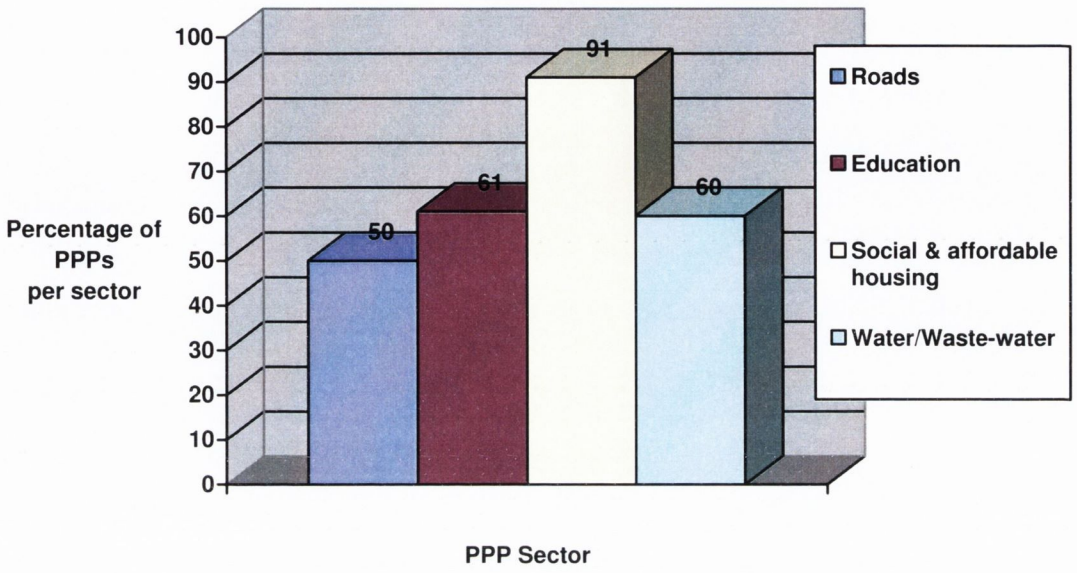
PPP Project	Projected Procurement Start Date	Status
Post-Primary Schools Bundle	2000	2003 In operation
Cork School of Music	2000	2007 In operation
M50 Second Westlink Bridge	2000	2003 In operation
N4 Kilcock to Kinnegad	2000	2005 In operation
Dublin Light Rail	2000	2004 In Operation
N25 Waterford Bypass	2001	2010 Projected
N7 Limerick S.Ring	2000	2010 Projected
Dublin Thermal Treatment Plant	2001	2010 Projected
Ballymore Eustace Water Works	2001	Cancelled

Source: *DOEHLG (2001); Central PPP Unit (2008)*

Examination of the Project Tracker data (Central PPP Unit, 2005, 2006, 2007, 2008) further revealed that there was a delay of at least one year for over half of all the PPP projects planned and/or completed in Ireland, between the projected date of commencement and/or construction of the projects in 2005 and the date projected in 2008. The delay applied to 50 per cent of PPPs in the roads sector, 61 per cent in education and, because of the withdrawal of private-sector interest, reached 91 per cent in the social-housing regeneration projects (Figure. 8.3). In addition, the HSE's planned PPP acquisition of 36 new linear accelerator facilities to improve radiotherapy treatment for cancer was delayed by at least three years, with the projected completion date being moved from 2011 to 2014. A HSE Report (July 2006) found that the facilities would be sourced more quickly outside the PPP model (Joan Burton T.D., Dail Eireann, 2007).

> *"Its unsure how will this be sorted out in the oncology PPP plan. It will be a long complex process if it gets up and running at all by 2013. The PPP is complex to apply"* (Interview Department of Health, 2006).

Figure 8.3 Percentage of PPPs in Ireland Involving Delays of at Least One Year



Source: *Central PPP Unit (2005, 2006, 2007, 2008)*

Value-for-Money

Public Sector Benchmark Withheld

Assessment of one of the Government's principal stated benefits of PPPs, the provision of greater VFM than the traditional procurement model, was difficult to assess accurately. In the first instance, a full VFM life-cycle comparison was impossible, according to the Government, because such an analysis could only be done when the contract of the PPP projects reached conclusion, which could be in a period of 20, 25 or 30 years time depending on the length of the contract (Interview PPP Unit DOF, 2006; Interview PPP Unit DOEHLG, 2006; Interview ICTU PPP IAG Representative, 2006). Furthermore, the Comptroller and Auditor General, the Irish Government's principal auditor of public spending, stated that PPPs have not demonstrated whether or not they achieve VFM because the information required to analyse PPPs is not accessible from the private sector. Private-sector accounts often reveal very little detail about the financing and operation costs of an individual project and the overall terms of the contract with the private companies are confidential to protect the 'commercial confidentiality' of the company.

"The private sector say they can build PPP schools for €60 million but we don't know if it costs this or not. How much are they spending on maintenance costs? We don't know.... If we were auditing the private sector partners we could look at the way they achieve efficiencies but no one does that. The private sector

talk about their ability to provide projects with greater speed but they don't prove their efficiency. There is a disparity of accountability and information; the private sector is not accountable like the public sector" (Interview C & AG, 2006).

As detailed in Chapter Four, the mechanism through which the Government determined a PPP project's ability to achieve VFM, the Public Sector Benchmark (PSB) calculations, are inaccessible to the public "*because it's a policy decision by the Minister for Finance: it's a market sensitive figure*" (Interview NDFA Representative, 2006). It was also, therefore, unavailable for analysis in this research. This is a radical development in relation to the accountability of public service and infrastructure delivery and indeed the accountability of the welfare state generally. The commercial confidentiality aspects introduced through the PPP process meant that the Irish citizenry could not know, aside from C & AG Reports, or long after projects have been either commenced or completed, whether or not VFM was achieved in PPP projects (Richard Bruton T.D., Dail Eireann, 2007). The absence of accountability of the PPP VFM process led the main Irish opposition political party, Fine Gael, to submit a motion to amend the NDFA (Amendment) Bill 2006 that would have obliged the Government to publish PSB calculations for PPP projects.

In addition, the refusal of state agencies such as the NDFA and the NRA to be accountable for individual PPP projects at Oireachtas Committees such as the Public Accounts Committee (Richard Bruton T.D., 2007) further reduced the level of accountability of these agencies' VFM assessments and PPP decisions. This inadequate accountability also left open the potential for conflict of interest as the NDFA both approved PPPs and had a very significant role in organising investments in PPPs, having the authority to borrow up to €5 billion to do so (Richard Bruton T.D., Dail Eireann, 2006). The confidentiality surrounding PSBs left open also the possibility of PSB calculations being altered if the outcomes were not favourable enough for PPP, as discussed in Chapter Two and further developed later in this Chapter.

"It is about gamekeepers and poachers. The evaluation needs to be in the public domain so that we understand the basis on which we sign up to the project....Until I see evaluations published, and interested members of the public or experts in the field able to pull them apart and say whether the process is well or badly put together, we will not have made the crucial necessary changes....We in the Oireachtas receive no public monitoring of critical projects in the PPP cost-benefit process. ...We must be careful about the PPP process because it has the capacity to go wrong if not properly managed" (Richard Bruton T.D., Dail Eireann, 2007).

A question posed by the Author, at the 3rd Annual Irish PPP Policy Forum, to a speaker from the PPP Unit in the Department of Justice, further revealed the absence of public access to important VFM calculations.

> Author: *"in terms of the final costing of the project, what were the key areas where it was financially better to go down the PPP route rather than the traditional procurement route?"*
>
> Response: *"it depends really on your approach in terms of the construction of the public-sector benchmark (PSB) and the costs that are put into that...It is all about the levels of detail within the PSB, but I do not know if you could point to one, two, three or four specific areas where there are financial benefits. We certainly felt, as an organisation, that there were benefits in the PPP approach in terms of the potential for putting all of these elements together within one contractual structure and transferring risk to the private sector in the context of providing for that. We certainly felt that was beneficial...You would have to get into the line-by-line detail of the PSB versus the bids to attach individual figures to that. Obviously, we are not in a position to do that in this type of a forum"* (Courts PPP Unit Representative, 3rd Annual PPP Forum, 2007).

PPPs, therefore, through the PSB and commercial confidentiality clauses reduce the public and democratic accountability of public service and infrastructure projects, a vital aspect to providing quality and efficient public services and a central objective of a liberal democratic state (Monbiot, 2000; Whitfield, 2006).

Extra Expense in PPP Model

The Comptroller and Auditor General undertook the only detailed VFM analysis available in the public domain in Ireland, a preliminary VFM analysis of the Beaumont Hospital Car Park PPP (2003) and the Grouped Schools PPP Project (2004). That analysis found that the PPP model was in fact *more* expensive than the conventional, direct, public-provision model:

> *"The selection of the Jarvis bid on the basis that it was the most economically advantageous of the bids submitted did not, in itself, establish that it was either affordable or that it represented good value-for-money. It remained to be tested whether or not the final deal would deliver the required service to the school communities over 25 years at a cost that would be less than that incurred through direct State procurement and funding of the schools"* (Comptroller and Auditor General, 2004, 46).

This was supported by Professor John Fitzgerald of the Economic and Social Research Institute:

"PPPs should NOT be used for financing reasons - they are much more costly than state funding. The government thought it was short of money when it was not and it also misunderstood when they would be beneficial" (emphasis stated in interview) (Interview ESRI, 2006).

In addition, the RPA representative (Interview, 2006) stated,

"The advantages of PPP are theoretically time and cost but on value-for-money you would have to be a little bit sceptical on the claims."

PPPs were also more expensive, as detailed in Chapter Six and Seven, because of the extra costs that were central to the PPP form of procurement, including charges associated with risk transfer, increased scope of work to accommodate facilities management and to provide for third-party income generation and the increased professional, consultation, legal and financial fees associated with the complex PPP bidding and tendering process (C & AG, 2004).

"A huge amount of professional services are outsourced by the public sector and as a result we are being fleeced by fees. In the multimillion PPP Projects it costs extraordinary amounts e.g. it cost half a million euro in the Fatima Project to draw up the legal document; it was daylight robbery. The bid costs are huge and the private sector has to get this back. The public sector ends up paying for it" (Interview DCC Law Agent, 2006).

The use of private finance further added to the cost of the PPP model with private finance being more expensive than exchequer-borrowed finance. The involvement of the private sector also necessitated the additional cost of private-sector returns. Independent Senator and businessman Fergal Quinn referred to this during the Seanad debate on the introduction of the NDFA (Amendment) Bill 2006.

"It is an inescapable fact that public private partnerships are inevitably a more expensive way of funding a project because they must allow for an element of profit to cover the risk the private sector partner is taking by getting involved" (Senator Fergal Quinn, Seanad Eireann, 2006).

The Government and the RPA claimed the LUAS PPP provided VFM, and even ran an operating surplus in 2006 (RPA, 2007). In actual fact, that surplus necessitated subsidisation by the Government through payment for the depreciation cost associated with the provision of LUAS' physical infrastructure and a 'hidden subsidy' in the transfer of prime city-centre routes from general traffic use to the sole use of LUAS.

"The subsidy for Dublin Bus was €60 million in 2005 and it carried 148 million passengers: that's a 45 cent subsidy per passenger. The cost of the Government payment for LUAS infrastructure depreciation over 30 years will be €25 million. LUAS carried 22 million passengers in 2005 which is a €1 subsidy per passenger. What also isn't accounted for is that LUAS has been given a stretch of land for its own use. It doesn't have to compete with other traffic, like the situation with Dublin Bus. The RPA stating that LUAS doesn't need a public subsidy is ignoring the reality" (Interview Private-Sector Economist, 2006).

The outcomes of the PPPs in social-housing regeneration, community nursing and road projects cast considerable doubt on the ability of PPPs to achieve VFM. Notably, the Irish Government paid €600 million to National Toll Roads, the private operator of the West Link toll bridge PPP, to transfer the bridge into state ownership. This was to facilitate the implementation of barrier-free tolling that would ease major traffic congestion which the toll bridge had exacerbated. Furthermore, significant portions of the €12.5bn overspend in the national roads programme as part of the National Development Plan 2000-2006 was attributed to cost overruns in the road PPPs (Dan Boyle T.D., Dail Eireann, 2007).

Public Sector Benchmark and Risk Analysis

The accuracy and objectivity of the methods involved in the calculation of the Public Sector Benchmark, was in question as a result of the analysis of the Grouped Schools Project (detailed in Chapter Six) and the water/waste-water PPP projects.

"The PSB can be effective but the assumption-based model it uses can be manipulated for case-making rather than being objective. The analytical framework underpinning PPP depends on what service you compare. If you base the PSB on what they are offering you then it's not a true comparison. There is probably scope to pack the PSB with an over assessment of risks to make the public option seem more expensive" (Interview C & AG, 2006).

If the value of risks transferred to the private partner was over-estimated then the PSB would be biased in favour of the PPP option. According to the C & AG, the state, in some cases, such as in the Grouped Schools project, was exaggerating the risks associated with cost overruns in traditional provision in order to bias the PSBs in favour of PPPs:

" It was a traditional problem in the C & AG's office to try and get government departments to accept they had a cost overrun in projects but now because it suits them to get PPP in we are told in the public sector we get 40 per cent cost overruns if they do it traditionally. It's an interesting cultural change" (Interview C&AG, 2006).

For instance, SIPTU's calculations for the proposed Ballymore Eustace Design Build Operate (DBO) water-treatment plant PPP found that operation of the proposed plant by the public sector was better VFM than what a private operator could provide through a PPP. Supported by this analysis, SIPTU applied political pressure, including protest, to DCC and, as a result, the State accepted SIPTU's analysis and decided against a PPP and to operate and procure the plant in the traditional manner by the Local Authority (Interview SIPTU National Industrial Secretary, 2006). Further analysis undertaken by SIPTU, in conjunction with local-authority management, found that DOEHLG- and private consultant-calculated projected savings of up to 28 per cent in the Gorey main drainage DBO PPP was incorrect. Their PSB had, according to SIPTU, involved 'massive speculation' on the value of risk transfer that resulted in bias towards the PPP option. SIPTU, using different assumptions in the PSB to what the consultants and DOEHLG had used, reduced the PPP's projected saving to a mere five per cent (Interview SIPTU Wexford Local Authorities Branch Official, 2006). Similar calculations applied to the Arklow treatment scheme DBO PPP by SIPTU found that the planned PPP would only be seven per cent cheaper than that which could be undertaken through the traditional mechanism and not the 14 per cent cheaper initially projected by private consultants. The seven per cent would have approximated to a €40,000 saving which, SIPTU asserted, was not significant enough to justify outsourcing the operation of the treatment plant to the private sector (Interview SIPTU Wexford Local Authorities Branch Official, 2006). These outcomes corresponded to the international PPP experience where government departments adjusted the PSB calculations to favour adoption of the PPP option (Audit Commission UK, 2003; Murray, 2006; Pollock and Price, 2004).

Contract Operation VFM

According to its proponents PPPs would achieve VFM through the provision of incentives for the private partner and strong enforcement and monitoring of these in the completion and implementation of the agreed contract and on-going service levels by the state (Joan Burton T.D., Dail Eireann, 2007; Interview SIPTU National Industrial Secretary, 2006). However, in the cases of the PPP schools and PPP water/waste-water treatment plants there was evidence that contract flaws combined with poor monitoring by the state resulted in a reduced potential to achieve VFM.

Poor Risk Transfer

As discussed in Chapter Two the successful transfer of risk over to the private sector would also ensure VFM was achieved in PPPs. However, risk transfer to the private sector was not achieved in Irish PPPs to the extent projected by PPP proponents. This outcome reflected patterns in PPPs completed in other countries, such as the UK and Canada (see Chapter Two). A senior official within DCC commented critically that while in all PPPs, theoretically, the private sector is meant to take the risk,

> *"when push comes to shove the private sector doesn't want to take the risk e.g. in the odour/overcapacity of the Ringsend waste-water treatment plant PPP, the private sector didn't want to know about the problems; there were terrible rows and arguments over who would have to pay for alterations"* (Interview DCC Law Agent, 2006).

The implications of such PPP arrangements where there was a failure to allocate risk correctly require addressing by the State in order to minimise future potential problems.

> *"How many of these situations of risk allocation arguments will arrive down the road? It's just not true that the private sector takes on risk. The Government sells the process with that terminology but when the risk materialises everyone runs away: the private sector doesn't want to know about it"* (DCC Law Agent, 2006).

The theoretical benefits of risk transfer associated with PPPs were not evident to any great extent in completed Irish PPP projects. This was largely due to the fact that the State, as proven in the Ringsend treatment plant PPP (discussed later in this Chapter), West Link toll bridge PPP and social-housing PPP projects, despite the PPP proponents' claims, was left with the majority of risk in a number of PPP projects because it, and not the private partner, was the partner that had to pay for the expense of a risk when it materialised. For example, where problems emerged in the PPP projects and the private operators failed to take responsibility for these and did not adequately provide the necessary service the state, because of its obligations and accountability, had to remain involved in ensuring the public services and infrastructure were provided at the required standard and remained in operation. The risk that had been passed to the private sector was then re-assumed by the state, most significantly at a cost to itself and not, as PPP theory states it should, to the private sector.

> *"A prison or school cannot be allowed to close, for example, and it is arguable if any risk can be transferred away from the state in these cases"* (Interview Fine Gael, 2006).

In light of the evidence provided in this research it is worrying to note that given the criticisms and questions raised by the C & AG reports (2003, 2004) the Government still asserted PPPs' ability to achieve VFM in the absence of any empirical evidence, either supportive or critical and its statement that no such evaluation could be made for 20 years (Dan Boyle T.D., 2007; Interview PPP Unit DOEHLG, 2005, 2006). This could have a significant impact on future public finances if, at the end of the contract life of these projects, it is found that the PPP projects undertaken and planned, do not provide VFM.

The empirical information, as existed, was not available to permit such Government confidence in PPPs. This, again, highlighted that the Government's commitment to supporting the process of *neoliberalisation* of aspects of the social protection infrastructure of the welfare state was apparently given greater priority over the practical outcomes of neoliberal policy for the taxpayer. This was demonstrated in relation to the support for the continued implementation of PPPs in the provision of public services and infrastructure even when the evidence overwhelmingly pointed to, at minimum, serious doubt being cast over the ability of PPPs to achieve VFM for the tax-payer and the likely scenario that, the traditional option will in fact turn out the more long-term financially feasible model.

Furthermore, the neoliberal logic of competition, identified by the official interviewed from the PPP DOEHLG (Interview, 2006) as essential for achieving VFM and positive 'social outcomes' in PPPs, required a high number of bidders to get involved in the PPP process. However, the CIF PPP IAG Representative (Interview, 2006) explained that the only mechanism the Government had to increase the number of bids for PPP projects and, therefore, get the competition required to provide VFM was to increase the number of PPPs developed (deal flow going to the market). In a scenario of higher deal-flow there would also be a higher quantity of bids from the private sector as bidders would undertake the significant investment required to tender for a PPP project as they would be guaranteed of winning at least some projects, which would then, over time, cover the expensive bid-costs. However, this means that PPPs would be more likely to achieve VFM when there is a constant development and expansion of the PPP programme. That logic could be seen to place pressure on central and local government to commit to increasing quantities of PPP projects in order to ensure bidder interest and, therefore, competition and VFM is obtained. This would also clearly result in the further intensification of the process of privatisation and marketisation of public services and infrastructure.

> "*Typically on a road project four bidders are selected costing each one a million euros on the bid alone. Practice has been to select two preferred bidders who have to have committed finance and have to show they have the finance. They could spend two to three million euro on the bids and the biggest loser is the runner-up. This leads into the business of deal flow; a market will sustain those cost if there are a large number of projects and you can reasonably expect the runner up, if it does better, will win the next project . You need a deal flow where the number of projects coming on stream justifies the bid costs*" (Interview CIF PPP IAG Representative, 2006).

PPPs & Service Quality

PPPs were introduced in order to achieve an improved quality of service over traditional procurement mechanisms (Interview PPP Unit DOEHLG, 2006; Farrell Grant Sparks (FGS), 1998). In the transport sector, good service quality, despite initial concerns about the ability of the private sector, was

achieved in the LUAS PPP as a result of intensive monitoring of contract implementation (Interview RPA Representative, 2006). Although problems were experienced at different periods during its operation that led to periodic delays (The Irish Times, 2008f).

> *"It's very clean and the incentivised performance based contract is driving performance from Connex. They are punctual, it's well patronised and people seem to like it; vandalism is low. It raises the bar I think for Dublin Bus"* (Interview RPA Representative, 2006).

The design and construction element for the Fatima regeneration project and water/waste-water treatment scheme PPPs in Dublin, Cork, Limerick and Wexford, were completed without any significant problems (Interview PPP Unit DOEHLG, 2005, 2006). In relation to the Oxigen recycling refuse PPP, DCC stated that it was 'generally happy' with the service but it had to impose the contract 'penalty clause' on a number of occasions because the private operator did not fulfil the service-collection agreement. As a result of this, and cost implications, DCC was considering taking the contract back into state control (Interview DCC Assistant City Manager for Waste and Environment, 2006).

The Grouped Schools PPP Project did not prove conclusively to provide a better service than that which existed in traditionally provided, public schools (See Chapter Six). In many instances the private operator refused to undertake the provision of services and equipment that were not clearly defined in the contract. This also happened in relation to disagreements over odour that emerged, and remain, a significant problem in the Dublin (Ringsend) waste-water treatment plant, the largest of such plants in Ireland, with a project value of €300 million (Central PPP Unit, 2006a).

> *"A private company will pick holes in what they are responsible for and what they are not. The Ringsend odour disagreement over responsibility between Dublin City Council and Celtic Anglian Water is a good example of the type of argument that will arise in PPPs"* (Interview DCC Law Agent, 2006).

The private operator claimed that the amount of waste matter the plant had to deal with was greater than originally agreed between DCC and the PPP consortium Celtic Anglian Water (ABA). In actual fact, the private operator's innovation in the PPP came in the form of a cost-saving energy mechanism whereby the by-product (waste sewage) could be converted into electricity in a methane plant (Interview SIPTU Local Authority Official, 2006). The storage of that product awaiting conversion to energy, combined with the plant running over capacity, created the problem of a persistent foul odour in the nearby residential and Dublin Bay Amenity Area (The Irish Times, 2008c). The State, not the private operator, had to pay significantly for the changes required to deal with the odour problems. Of

the €24.5 million allocated to the plant in 2006, €5 million was spent on odour-alleviation measures with DCC asserting that ABA would pay for that. DCC, however, paid €35.6 million to ABA to deal with the odour problem, despite stating that it would not 'sign-off' on the project until the private operators had eliminated the problem and having given assurances that the exchequer would not pay for the plant's inadequacies (The Irish Times, 2008c). This demonstrated that not only did private-sector involvement not automatically guarantee a better quality service but, in that instance, provided a service that had negative impacts on the local population and environment. This outcome resulted, arguably, from the private operator's profit maximisation requirements that meant it implemented energy-saving methods of operation that added to the odour problem and then, during the operation of the plant, refused to invest the required finance to address the problem.

This requirement to ensure profit maximisation and, therefore, adequate returns to the private partner's shareholders and equity providers, led to the adoption of practices, such as that outlined above, which de-prioritised, and in some instances were in direct contradiction to, public-service requirements.

> *"If your income is dependent on your work it's different; the nature of the public sector is 'not for profit': public services are not in the business of making profit but about delivering services at the best economic efficiency in the best manner...The private part of the partnership is trying to get the most money, they will not have the interest of the public to the foremost of their mind; this is the bottom line"* (Interview SIPTU National Industrial Secretary, 2006).

Such practices and strategies pursued by private partners, both to cut costs and increase income, were identified in other Irish PPPs. These included providing cheap materials, design and outputs and the introduction of commercial enterprises within the public service and/or infrastructure e.g. vending machines in the Grouped Schools Project. This practice was also identified as a negative outcome of PPPs internationally (Grubnic and Hodges, 2003; Harvey, 2005; Monbiot, 2000; Murray, 2006; Pollock and Price 2004; Whitfield, 2001, 2006).

Access to public services and infrastructure was of most importance to low-income and vulnerable groups within Irish Society (Combat Poverty Agency, 2005). The development of Irish PPPs in infrastructure delivering social protection demonstrated that access to such infrastructure and services was also negatively impacted by the commercial logic of the private companies in PPPs. For example, the location and extent of provision of key social services and infrastructure such as social-housing regeneration, transport and health services was found to be dependent on the potential of returns on private-sector investment and the willingness of the private sector to participate in the project (i.e.

financial viability considerations) rather than the identified public and social need or requirement. This followed the Irish Government's *PPP Framework* (PPP IAG, 2001) which asserted that this very logic, private-sector viability and interest, should be amongst the key determining factors that influenced the adoption of a PPP approach for a particular project.

Overall, therefore, access to services and infrastructure was made dependent by the Irish Government, to a greater level than hitherto, on the '*bankability*' (FGS, 1998) or '*commercial viability*' of that infrastructure or service as a PPP project. This introduced the requirements of private capital as just as important, indeed in the case of social-housing regeneration even more important, a determining factor as the long-term, social, needs of society, within the planning and development of certain public services and infrastructure (Kay, 2005). The difficulty associated with that logic has long been identified across Europe where the private sector has invested its own capital only in the development of public projects that have had the potential to generate a reasonable profit and offer future economic growth. Private companies were guided by narrow operational business and commercial values, avoided responsibility for addressing the public sector's policies and priorities and, therefore, selected the easiest and cheapest service to provide (European Commission, 2003; CUPE, 2007; Monbiot, 2000, Whitfield, 2006; Unison, 2003). This was demonstrated in the case of PPPs in Irish health services, public housing and unprofitable road or rail routes.

> "*You can't rely solely on private sector; it gets economies and efficiencies but the private route is primarily interested in making money. Whatever way we do it the state has to make sure less profitable routes are looked after*" (Private Roads Operator, 2006).

The official interviewed from the PPP Unit of the DOEHLG did not believe that this profit requirement for private capital involvement conflicted with providing the optimum service based on public requirements. He stated that it was, in fact, the *neoliberal* practice of introducing "*competitive procurement processes*" within PPPs that was "*driven by the profit motive of a properly functioning and competitive market*" that had the potential

> *"to optimise both value-for-money and public welfare outcomes in many areas of public provision, particularly where the output is readily measurable as in infrastructural-type projects"* (Interview PPP Unit DOEHLG, 2006).

This important statement revealed how the *modus operandi* of sections of the Irish State is underpinned by an adherence to the neoliberal belief that the market is the optimum provider of services and that public welfare outcomes are optimised under the imperative of the private capital-accumulation or profit motive, rather than under the direction of the state. However, this neoliberal

policy resulted in a dependency of public service and infrastructure provision on global and domestic capital's profitability and commercial viability estimations. This dependent relationship between key aspects of the welfare state and the requirements of capital instituted through PPPs means, in the long-term, those essential public services and infrastructure that are not commercially viable might not be provided, despite their requirement by lower-income populations, or society generally.

PPPs, the Irish Welfare State and Neoliberalism

Overall, then, across a variety of sectors including education, health, transport and housing, PPPs did not consistently offer better VFM over conventional, traditional, procurement methods and, in many cases, resulted in an increased cost to the exchequer and public service users and, in some instances, a *reduced* quality of service (Bissett, 2005; Dan Boyle T.D., 2007; Richard Bruton T.D., 2007; Joan Burton T.D., 2007; Dillon, 2004; Interview ICTU PPP IAG Representative, 2006; Kay, 2002, 2005; Kelly & MacLaran, 2004; Murray, 2006; Public Accounts Committee, 2006; Reeves, 2005).

However, the PPP Unit in the DOEHLG asserts that the PPPs completed to date in the local-government sector have been successful and cost effective (Interview, 2006). This view had been formed despite very little evaluative evidence as the PPP Unit of the DOEHLG stated in interview in 2005 that "*no reviews of the operation of PPPs in the local government sector*" had "*been undertaken to date*". The DOEHLG PPP Unit clarified this statement in 2006 and re-asserted that no formal structured reviews have been undertaken to date noting that "*there is satisfaction with the performance of PPPs completed to date*" (Interview PPP Unit DOEHLG, 2006). Furthermore, the DOEHLG PPP Unit official stated that the DOEHLG planned to broaden the range of PPP projects in housing, water/ waste-water and public buildings sectors at local authority level. Other projects, such as offices and libraries, would also be considered "*with the expectation that, in line with the U.K., PPPs will account for about ten per cent of expenditure on public capital infrastructure*" (Interview PPP Unit DOEHLG, 2005).

The NDFA stated that, in relation to the PPPs with which it had been involved, it "*had no major concerns about PPP*" yet, it hadn't undertaken any reviews of PPPs because it believed there had been "*no reason to do so*" (Interview NDFA, 2006). The NDFA, it stated, had an executive role in the delivery of PPPs and, therefore, did not do "*the naval gazing or analysis: we do things rather than analyse*" (Interview NDFA, 2006). The fact that the NDFA, the Government's centre for expertise for PPP development and promotion in Ireland, was not concerned with the analysis of PPPs is a very worrying aspect in terms of delivering public services and infrastructure that would be suitable to meet the social and economic needs of the Irish People. This was also a clear indication, in the absence of

evaluative work, that the continued deployment of PPPs was primarily based on following the objectives of neoliberal ideology rather than being evidentially based.

Furthermore, the negative experiences of the pilot PPP projects were, the Government stated, expected as the initial roll out of PPPs required intense learning on the part of the public sector (Interview Central PPP Unit DOF, 2006; FGS, 1998; PriceWaterHouseCoopers, 2001b). Many of the problems in the pilot projects and overall lack of PPP deal-flow was, according to the Government, because of the inadequate procurement management capacity within individual Government Departments (Minister for Finance, Brian Cowen, Dail Eireann, 2007). The Irish Government, therefore, continued to implement, promote and expand intensely the PPP approach.

> *"PPPs have posed some challenges in the past, but we are at a more mature stage now and it is very clear that the use of PPPs will help us as we move forward...the figure of €11.2 billion says it all for PPP programmes going forward. We have already seen about €2 billion worth done in the last financial year. A lot of that was in the roads sector, but the mix of PPPs will likely change as the programme goes forward"* (Assistant Secretary of Department of the Taoiseach, Mary Doyle, 3rd Annual PPP Forum, 2007).

> *"Although the majority of infrastructure will continue to be delivered by means of conventional procurement, PPPs will play an important role in the delivery of the NDP"*(Central PPP Unit, Briefing Note Seven, July 2008).

> *"Education, justice and health are the priority in the NDFA. The National Conference Centre, the Abbey Theatre and a big section of Transport 21 are PPPs. The planned education, justice and health projects between them uses up the capital envelope set aside for PPPs. The future for PPP is well mapped out in the medium time: it is a small but significant component of the overall capital investment"* (Interview Central PPP Unit DOF, 2006).

The targets for PPP investment in the capital envelope (2006-2010) were expected to rise beyond the ten per cent outlined by the DOEHLG in 2005 to about 16.5 per cent over the five year period in the exchequer-funded area (Central PPP Unit, 2006b). This could be seen in the 2008 Public Capital Programme for the period 2008-2012 which included €7.7 billion (13.6 per cent) in PPP investment funded by future exchequer payments (Central PPP Unit, 2008). The planned investment in PPPs outlined in the *National Development Plan 2007 to 2013* indicates how the government plans to raise PPP spending to the relatively high proportion, in comparison to international levels, of total public capital investment outlined above. The planned spending through PPPs in the areas of economic and social infrastructure in the *NDP 2007-2013* is outlined below in Table 8.2. PPPs are estimated to fund almost €13.35 billion worth of investment of the Plan, €11.21 billion for PPPs funded by future

government-funded unitary payments and €2.14 billion to be paid for by user charges, primarily road tolls. This represents an average of 7.2 per cent per annum of total investment over the seven years of the plan (Central PPP Unit, 2008). In the transport sector, 21 per cent of spending will be through PPPs (Table 8.2). This includes €1.865 billion to be invested through toll-based PPPs while 39 per cent of the spending on public transport is to be by way of PPPs including the completion of Metro North, Metro West and the expansion of LUAS (Sean Crowe T.D., Dail Eireann, 2007). Other significant programmes of PPP investment in the plan included €795 million on justice infrastructure such as courts and prisons. That sum equates to 34 per cent of the total infrastructure spending in this area (Table 8.2). As discussed in Chapter Six, PPPs comprise 11 per cent of the planned infrastructure spending in the school sector. In the health sector, €415 million will be spent through a complex DBFM PPP project of the development of new cancer care treatment centres involving six sites for radiotherapy treatment (Table 8.2). There is also substantial public investment planned through the co-located hospitals via the direct granting of public land to private developers. Further spending was planned in PPPs in the environmental service, housing and sports and community infrastructure sectors. In addition there was over 100 projects with a capital value of less than €20 million each progressing as PPPs in the local government sector (Central PPP Unit, 2008). This recent high level of deal-flow of PPP projects reveals the significant size of the PPP market that has developed in Ireland, for example, in 2006 alone the value of the deal-flow of PPP projects closed was €2 billion.

Table 8.2 Planned PPP Spending 2007-2013 in Irish Social and Economic Infrastructure

	Economic Infrastructure €million		
Programme	**Exchequer**	**PPP**	**Total**
Transport	**19,858**	**7,035**	**32,914**
Environmental Services	**4,156**	**271**	**8,526**
Govt. Infrastructure	**1,222**	**191**	**1,413**
Unallocated Capital Reserve	**1,534**	**1,966**	**3,500**
Total	**27,482**	**9,463**	**54,660**
	Social Infrastructure		
Justice	**1,551**	**795**	**2,346**
Health	**4,555**	**415**	**4,970**
Sports, Culture, Heritage and Community	**3,312**	**288**	**3,631**
Housing	**15,455**	**255**	**21,214**
Unallocated Capital Reserve	**636**	**814**	**1,450**
Total	**25,509**	**2,567**	**33,612**

Source: *Government of Ireland (2007)*

Even the failure of PPPs to deliver social-housing regeneration projects did not appear to reduce the Government's enthusiasm towards the PPP approach. The Minister for the Environment, John

Gormley, stated in a debate on the collapse of the social-housing regeneration projects in July 2008 that PPPs

> *"can provide additional funding which can permit an expansion of ambition within the project or release funding for elsewhere in the housing programme. Given the more constrained state of the public finances, this benefit cannot be overlooked* (Minister for Environment, John Gormley, Dail Eireann, 2008).

This support for PPPs suggested, in line with the international evidence (Brenner and Theodore, 2002; Harvey, 2005; Monbiot, 2000; Murray, 2006; Whitfield, 2006) that the development of PPPs by the Irish Government was less about discovering alternative methods of financing public infrastructure investment and more about a longer-term Government strategy for implementing *neoliberalisation* within the welfare state.

PPPs, Privatisation and Neoliberalisation

The Irish Government asserted at a presentation given to trade unions (Figure 8.4) that PPPs were not a form of privatisation as they would not involve any transfer of assets out of public ownership and that there would be no loss of control over public services and infrastructure to the private sector in PPPs (see Chapter Two; Figure 8.4) (Interview Central PPP Unit DOF, 2006; Interview PPP Unit DOEHLG, 2006; Interview RPA Representative, 2006).

Figure 8.4 Government Explains to ICTU PPPs are not Privatisation

PPPs	Privatisation
Not irrevocable	Transfer of ownership of an asset
Public authority responsible for policy and levels of service	Public authority responsible for regulation
Mechanism for delivering services	Authorities withdraw from service
Sharing risk/reward	Transfer of risk/reward
PPP involves partnership	Privatisation involves shareholder interest
Source: Department of Finance presentation to ICTU	

Source: *ICTU (2005, 3)*

This position was re-stated in interview with the official from the PPP Unit of the DOEHLG (2006):

> *"PPPs are simply another procurement option to be pursued in certain cases…PPPs do not diminish a public authority's role or abilities. Public authorities entering into PPP arrangements remain*

responsible and accountable for the delivery of public services. In this respect, PPPs are very different to privatisation".

It was posited that PPPs would simply provide a more structured and co-ordinated approach for extending the areas of co-operation between the public and private sectors that had long existed in Ireland's mixed economy, such as hospitals and schools which had been built and managed by the religious orders in the past (Interview Central PPP Unit DOF, 2006).

"Our schools were a PPP but it just wasn't a contract written down; it's been set up that way for 150 years. The British brought the private sector into what was a state-provided service - we never had that – it was state-financed provision rather than state-operated" (Interview Central PPP Unit DOF, 2006).

In relation to the school sector, the Government claimed that while PPP might involve a greater degree of private enterprise participation it also involves a much greater degree of public involvement than had taken place historically (Interview Central PPP Unit DOF, 2006).

International experience suggested that this approach was adopted in order to minimise potential opposition from the public, elected representatives and trade unions. Had PPPs been presented as "privatisation", public-sector workers, trade unions and the public would have raised considerable objections given the general support that exists in Ireland for the public realm (ICTU, 2005; Interview SIPTU National Industrial Secretary, 2006; Murray, 2006). The Central PPP Unit official in the DOF (2006) accepted that,

"...It is a valid question to ask about the concern that increasing the role of the private sector within the public sector could mean reducing the future capacity of the public sector as the private sector develops more of a role..."

It noted though that this was not taking place in many sectors:

"...The NRA is still building and maintaining roads, schools are still being built and maintained by public sector, in water/waste-water services the capacity is still there. There has been no reduction in public service numbers" (Interview Central PPP Unit DOF, 2006).

As discussed in Chapter Five, ICTU supported such Government perspectives, in reflection of its acceptance of and agreement to the Social Partnership model, that PPP did not amount to outright privatisation. Therefore, ICTU gave the consent to the introduction of PPPs as a preferable method for

public service and infrastructure provision, in terms of the impact on public-sector employees and public services, to privatisation outright.

> *"We don't think PPP is privatisation: if it's privatised then the state walks away and the state doesn't insist on standards - it's just a general regulator. In PPP, on the other hand, it reverts back to public ownership; the standards, quality of service and charges are all factors in the equation that distinguish it from handing over to the private sector...the state determines a lot more in PPP than in contracting out. PPPs are a way of regulating industry without a regulator; the state has a guiding role in setting standards"* (ICTU PPP IAG Representative, 2006).

However, individual trade unions did oppose PPPs as a form and threat of further privatisation. For example, the Ballymore Eustace water-treatment plant workers, trade unionists and public-sector workers, along with anti-corporate globalisation protestors, held a protest in opposition to PPPs at the 2001 Global PPP Summit held in Dublin (The Irish Times, 2001a, 2001b, 2002).

> *"The social context of a PPP is that the facility is no longer in the full control of a public body. It's run for a profit, or with profit as the driving force. Through public representatives in a public service you can have control over public facilities but if it's part-private that is no longer the situation. PPP is a form of privatisation and a way to restructure the work-force. In the long-term PPP is probably a stepping stone to full privatisation"* (Interview SIPTU Wexford Local Authority Branch Official, 2006).

The research found considerable evidence to support the position taken by these actors that PPPs were indeed a form of privatisation and *neoliberalisation* of key aspects of the Irish welfare state such as public governance, infrastructure and service delivery and labour conditions. The research findings contradicted the assertions made by both the Government and ICTU. It found that asset transfer did take place in PPPs, such as the social-housing regeneration PPP projects where public land was transferred into private-sector ownership. In addition, PPPs involved transferring aspects of the control and operation of key services and infrastructure over to the private-sector in sectors that were, up to that point, purely the domain of the state. For example, the operation of water/waste-water services, rail, waste collection services and roads were transferred to private companies. Furthermore, commercial private-sector involvement was taking place to an unprecedented level in public schools and other social infrastructure through PPPs. While these sectors traditionally had a high degree of private-sector involvement in the form of religious institutions, it was on a 'not-for profit' basis as opposed to PPPs which involved 'for-profit' commercial companies. In the pilot PPP schools, waste/waste-water, roads and other services the control of the asset was transferred to the private operator for the duration of the contract, which was, in general, a significant length of time (25 to 30 years). The various components and impacts of the privatisation and *neoliberalisation* process

introduced into the public and infrastructure delivery aspect of the Irish welfare state through PPP projects is now detailed and analysed. These include the significance and impact of the transfer of control of public services to private capital, the introduction of processes of commercialisation into public service and infrastructure delivery, the extent of transfer of control to global capital, the *neoliberalisation* of government policy-making and the impact on labour conditions.

Impact of Private-Sector Involvement

This intensity of involvement of private capital in the direct delivery of public services and infrastructure through PPPs could have very significant impacts on how and at what level and quality these public services and infrastructure are provided in Ireland. This is because, in PPPs, the private operator is given a considerable amount of control and power to define what the exact day-to-day service and maintenance provision is over the lifetime of the PPP contract. For example, the evidence from the primary research found that, contrary to Government claims, the public infrastructure provided through a PPP was not an asset or service that was freely available to be altered or amended according to the requirements of the public sector. Any changes or flexibility required by the public sector, outside of contract definitions, in many instances entailed the private consortium charging large amounts for such changes. This reached the point where, in the case of the West Link toll road, the public sector decided it was left with no option but to pay over half a billion euro to purchase the PPP contract from the private operator so the state could undertake the changes it required to implement barrier-free tolling, thus easing traffic congestion. Similar challenges were faced when addressing odour problems in the Dublin waste-water treatment plant and changing requirements in the PPP schools, such as removing the vending machines in the interests of pupils' health. In the long-term, this could also lead to major problems in areas such as water and sewerage as the raising of environmental quality standards will require renegotiation of the PPP contracts (Interview SIPTU Wexford Local Authorities Branch Official, 2006).

The PPP tendering process which specified and packaged the public services into a suitable contract tender (e.g. LUAS and the maintenance of schools) also facilitated the marketised restructuring of public services and infrastructure such as education; housing and transport. This process could also facilitate complete privatisation at a later stage and could be identified as part of a long-term Government and private-sector strategy to ensure market conditions were established more widely in the public sector (Allen, 2007; George, 2004; Monbiot, 2000; Sweeney, 2004; Whitfield, 2006). The formation of autonomous quasi-governmental institutions such as the National Roads Authority, the Rail Procurement Authority and other agencies to promote and facilitate PPPs left open a much greater chance that these agencies and, therefore, the services and assets, will be fully privatised in the future. For example Sweeney (2004) noted that the NRA could easily be commercialised to facilitate the

privatisation of parts of major road networks in the future, particularly after the massive publicly-funded investment programme already underway.

Over the extensive life-time of the PPP contracts, it is also likely that the public-sector experience and skills will be lost within in these sectors (Interview SIPTU Wexford Local Authorities Branch Official, 2006). This has also been found in PPPs in the UK where there was a reduction in the extent to which public bodies retained ownership and control of the public sector's intellectual capital (the knowledge and information about the infrastructure, geography and rationale of services and how they worked) over time in PPPs. This vital information, built up over decades, was being transferred to the private sector through PPPs. This was a reversal of direct, 'in-house', public provision which helped to build up and retain skills and experience within the public sector enabling the public body to respond to changing demands, circumstances and emergencies. It also reduced the important ability of public bodies critically to examine the potential impact of government, EU and business policies from public service and local economy perspectives (Whitfield, 2006). A likely result of this process is that the only option, at the end of a typical 25-year PPP contract, will be for the Irish State to re-contract the PPP to the existing, or another, private operator because the public-sector, itself, will not have the skills or experience to undertake that area of operation or provision. Therefore, while a PPP might not entail immediate or direct asset transfer to the private sector; this is, in all likelihood, what ultimately will take place. The scale and extent of increase in private-sector control and involvement in PPPs could be classed as privatisation (Reeves, 2005).

The involvement of the private sector combined with the unaccountable nature of PPP arrangements can also lead to increased corruption. For example, the British police have estimated that the overwhelming majority of corruption cases in Britain were connected to the awarding of contracts. In France, Suez Lyonnaise and Vivendi, along with some of the largest French construction companies, have been investigated for 'an agreed system of misappropriation of public funds' (Allen, 2007; Whitfield, 2006). Questions were raised by Dublin City Councillors at the emergency meeting of DCC on May 26th 2008 about the awarding of the five PPP housing contracts and the contract for Thornton Hall Prison PPP to Michael McNamara & Co., one of Ireland's largest building and development companies. The company is owned by a well-known Fianna Fail supporter Bernard McNamara (Village, 2007). The close links between the Chairperson of NTR and the Irish Party in Government, Fianna Fail, have also been questioned (Village, 2007).

PPPs and Commercialisation of Public Services

As noted in Chapter Two the introduction of user fees for public services is central to the neoliberal agenda (Allen, 2007). PPPs have facilitated the introduction and intensification of this neoliberal policy in Ireland through the introduction and increase of user fees in toll roads and light rail.

> "*It has to be a quid pro-quo that the private sector gets profit while it might cost more for the user. There has to be profit, otherwise it doesn't work*" (Interview RPA Representative, 2006)

The Irish Government has promoted the unlimited potential for the development of PPPs funded by user fees. Assistant Secretary of Department of the Taoiseach, Mary Doyle, speaking at the 3rd Annual PPP Policy Forum (2007) explained:

> *"Since Ireland is the home of the entrepreneur there is no limit on any projects that can be undertaken by PPP where they are funded entirely by using charges*".

The waste sector also demonstrates how, because the private sector required an income as the basis of its involvement, the use of PPPs necessitated, the commercialisation of, and private-capital control over, public resources and assets. For example, a DBFO-type PPP would only work in incineration if there was "*a guarantee*" of sufficient waste provision which could generate "*a lot of cash*" and therefore be "*profitable on a stand alone basis*" (Managing director Indaver Ireland, 3rd Annual PPP Forum, 2007). Incinerators developed through the PPP mechanism had the potential to provide two sources of income for the private sector; the waste acceptance fee and the sale of electricity (Managing director Indaver Ireland, 3rd Annual PPP Forum, 2007). Similarly for waste collection, if the private operator

> *"cannot control the waste stream, there is really little point in building the back-end infrastructure...What has made it attractive is that there are certain people who have made a good return"* (Greenstar Representative, 3rd Annual PPP Forum, 2007).

The private sector was also looking for user charges in PPPs in the water sector:

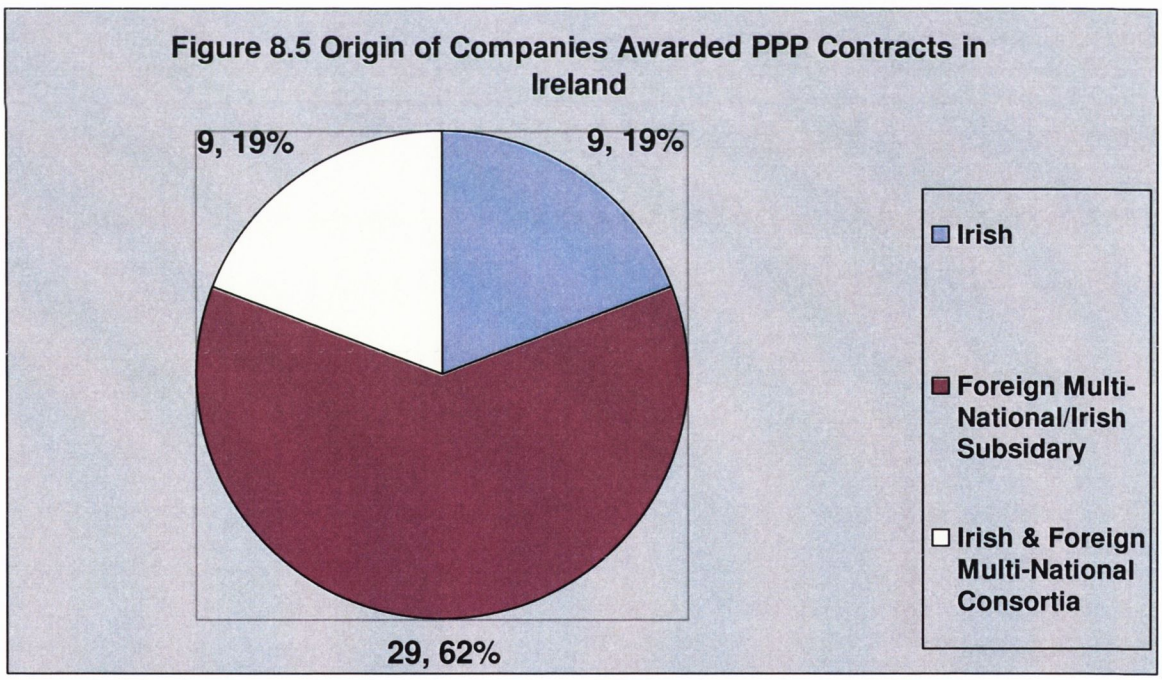
> *"We'd be keen to see user charges for water treatment and water charges. We have apparently free water for domestic users-this can't be sustained into the future, it's maybe a good idea to do PPPs on water services*" (Interview CIF PPP IAG Representative, 2006).

Commercialisation of schools was evidenced in the case of the Grouped Schools Project through raising prices charged to students (e.g. canteens and vending machines). Commercialism is likely to increase further in PPP schools in line with international PPPs experiences where commercialism has

extended to include exclusive agreements (like vending machines that only sell one company's products), private sponsorship of programs and activities, incentive programs, electronic marketing, for-profit management of schools, sponsored educational materials and appropriation of space (Whitfield, 2006).

Multi-National Capital Involvement

Analysis of the private consortia that were awarded PPP contracts in Ireland between 1999 and 2008 as detailed in the Project Tracker data (Department of the Environment and Local Government, 2001; Central PPP Unit, 2005, 2006, 2007, 2008) discovered that, in reflection of international trends (Harvey, 2005; Monbiot, 2000; Murray, 2006; Pollock and Price, 2004; Whitfield, 2001, 2006) a very significant proportion (62 per cent, 29 projects) of Irish PPP contracts were awarded either directly to major European and global financial, infrastructure and service multi-national companies or to their Irish subsidiaries. These foreign-based multi-national companies, such as Veolia, the largest private water company in the world, have been involved in bidding for PPP projects across Europe (Figure. 8.5).



Source: *Central PPP Unit (2005, 2006, 2007, 2008)*

Through PPPs, therefore, a significant proportion of Ireland's key public services and infrastructure were no longer under the full control of the Irish Government but rather subject to the considerable influence of foreign multi-national construction, financial, infrastructure and service providing, companies. Essentially then through PPPs, the state was transferring a large segment of the control of

public services away from the nation state to global capital. The key goal of these private companies, as with capital generally, was to increase their opportunities for rate of capital accumulation (profit) and expand their business and, therefore, provide ever-increasing returns to their shareholders. Many of these companies have set up PPP units within their business to submit bids for and win PPP contracts to provide new markets for the company, consolidate its activities, build capacity to win more PPPs and diversify their range of assets to enhance profitability (Whitfield, 2006). This raised a question of the wisdom of the PPP process which involved transferring the control of key aspects of public infrastructure and services to private firms whose main interest in Irish PPP projects was how they could serve the interests of global capital. How particularly interested in, or aware of, the domestic equity or public service impacts of their Irish PPP 'businesses' these companies would be in the long-term was questionable.

Thus, Irish public services and infrastructure are being transformed, through PPPs, into new opportunities and sites for global capital to engage in capital accumulation. This evidence supports Brenner and Theodore's (2002) assertion, outlined in Chapter Two and further developed in Chapter Three, that under neoliberalism the welfare state and the public services and infrastructure it provides is transformed, by actors within the state itself, into a form that creates new markets for capital. The Irish geographical moment of *actually-existing neoliberalism* in terms of the implications of this neoliberal state-institutional transformation is analysed and detailed in the following sections.

In the first instance, the analysis of the research findings using such a geo-political economy approach indicates that an important role of PPPs in Ireland is the state-led conversion of public governance, infrastructure and services from serving primarily a public function to now, in their PPP form, functioning as an important component of a global strategy for capital to access new accumulation opportunities (Brenner and Theodore, 2002; Harvey, 2005). The significance of PPPs to global capital and its important role within the neoliberal transformation of the Irish State is underlined by the level of market penetration by foreign multi-national infrastructure and service providers into the Irish PPP market outlined above. Evidence for such market penetration in the education, water/waste-water and roads sectors is now presented.

Education Sector

Hochtief Aktiengesellschaft (Hochtief) is a clear example of how PPPs represented an important and expanding new market for global capital. Hochtief is the fourth-largest provider of construction-related services in the world and market leader in Germany, with more than 52,000 employees and a sales volume of €16.45 billion in 2007. It is involved in 32 PPP projects around the globe, representing a total project cost of almost €13 billion (Hochtief, 2008). Hochtief now has 80 PPP

schools in the UK, Ireland and Germany. It controls six out of the 11 (55 per cent) PPPs that are in operation and/or reached contract award stage in the Irish education sector (Figure 8.6). Its website explains the rationale for PPPs' importance to capital.

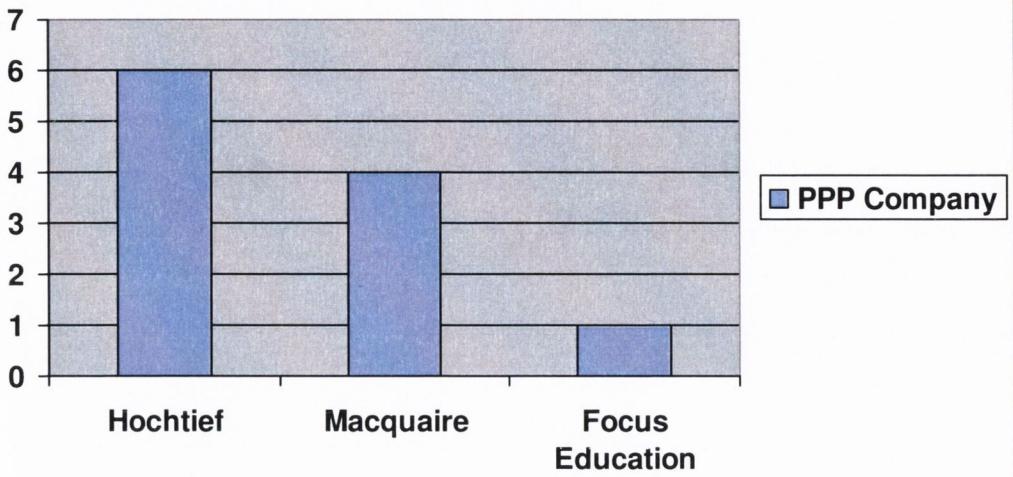
> *"PPPs provide...stable, long-term income stream and attractive returns. The promising market for concessions and operation assures attractive returns. Unlike traditional construction, it offers a guaranteed stream of income over the long-term, making it less vulnerable to cyclical fluctuations* (Hochtief, 2008).

> *"By acquiring these new contracts, we are significantly strengthening our position in the educational field in the UK and Ireland and are well positioned for coming assignments in the strongly growing PPP markets of Great Britain and Ireland"* (Hochtief, 2008).

Furthermore, the successful consortium for the second Bundled PPP Project comprised Macquarie (lead sponsor and finance), Pierse Group (design and build) and Sodexho (facilities management). Macquarie is a global leader in the development, acquisition, funding and management of infrastructure and essential services businesses. Through its Macquarie Capital Funds division, Macquarie manages almost €36 billion of equity invested in more than 100 infrastructure and related businesses across 25 countries. Its PPP experience encompassed equity and debt funding, capital markets, derivatives and financial structuring and it has closed more than 40 PPP projects with a combined value exceeding €10.5 billion (Macquaire, 2008). Sodexho is a French multinational corporation and one of the largest food services and facilities management companies in the world. Sodexho will provide facilities management services. However, Sodexho has a very poor record in other countries with regard to sanitation, food safety and labour relations (Corporate Watch, 2007). The commercial director for Sodexho Investments, part of the Macquaire consortium (Figure 8.6), similarly, referred to being awarded the contract for Facilities Management in the second bundle of PPP schools as providing the company *"with a great foundation to expand in this market"* (Macquaire, 2008). While the CEO of multi-national AECOM further explained the important role that PPPs play in the global investment strategies of such companies. He stated on the takeover of Earthtech, a company awarded PPPs in the Irish water/waste-water sector (see Figure 8.7 below), in July 2008:

> *"Clearly, the integration of Earth Tech into AECOM strengthens our already strong service offerings and capabilities in the environmental, water/wastewater, transportation and facilities markets"* (Earth Tech, 2008).

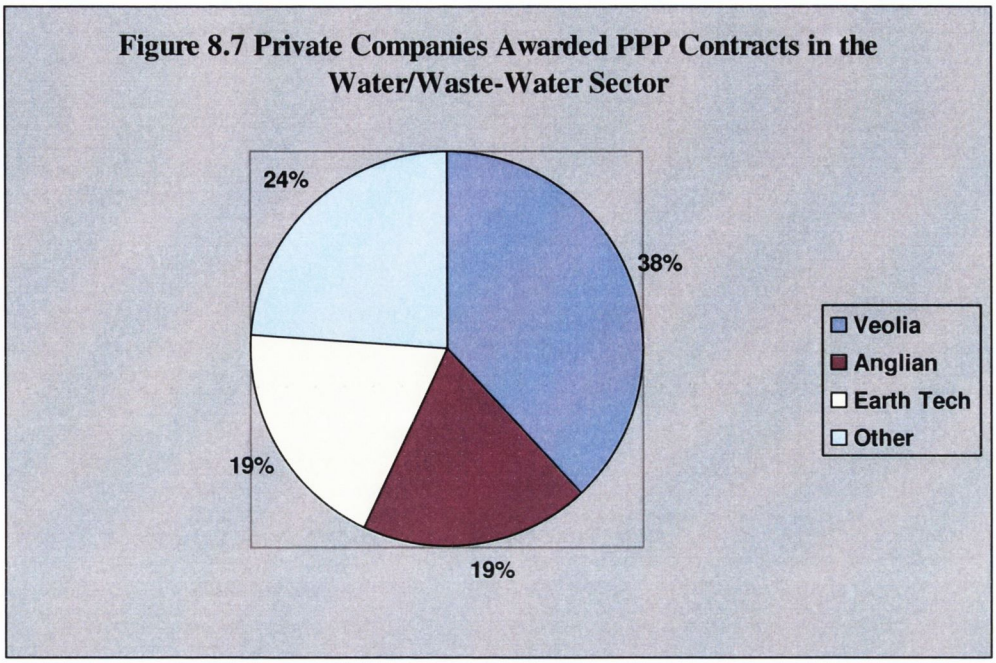
Figure 8.6 Private Companies Awarded PPP Contracts in the Irish Education Sector



Source: *Central PPP Unit (2005, 2006, 2007, 2008); DOES (2007)*

Water/Waste-Water Sector

Over three-quarters (76 per cent) of the companies awarded PPP contracts to date in the water/waste-water sector were foreign multi-nationals or Irish subsidiaries of foreign multinationals. These included the French multi-national company, Veolia, whose Irish subsidiary Veolia Water Ireland was awarded 38 per cent (six of 16) of the in-operation/construction water/waste-water treatment plants (five waste-water treatment plants and a water treatment plant, Figure 8.7) in Ireland. Veolia Water is the largest private water company in the world. Veolia's core activities include the provision of water, waste management, energy and transport services. In 2008, it operated in 27 countries, had revenues of US $47bn and employed around 300,000 people (Veolia, 2008). The four divisions were active in Ireland, employing over 1,200 people in the water/waste water PPPs, the operation of the LUAS light rail tram system (Veolia Transport) and waste services (Veolia Environmental Services). The company with the next largest share of PPP contracts awarded in this sector was Anglian Water Group which was the largest private water company within England and Wales. It operated the Dublin Bay treatment plant as Celtic Anglian Water (CAW), a 50/50 joint venture with National Toll Roads. It also operated the Sligo and Waterford main drainage treatment plant PPPs (giving the company a 19 per cent share of water/waste-water PPPs in Ireland). Earth Tech, which operated three waste-water treatment plants (19 per cent of the Irish water/waste-water PPP Projects), is owned by AECOM Technology Corp., a US-based company, valued at US$4 billion, and global provider of professional technical and management support services. These companies highlighted the power and influence that global capital was being given through PPPs in the water/waste-water infrastructure in Ireland.



Source: *Central PPP Unit (2005, 2006, 2007, 2008)*

Through PPPs the Irish Government therefore initiated a process of privatisation of a very significant proportion of the water and sewerage infrastructure of Ireland into PPP contracts where the private sector controls the treatment plants while the public sector only controls the carriage and transport of water and sewage to and from those plants. The control over Ireland's water, sewerage and sewage infrastructure, therefore, has increasingly been transferred to global capital in the form of large, internationally based, private companies with all the problems that might entail.

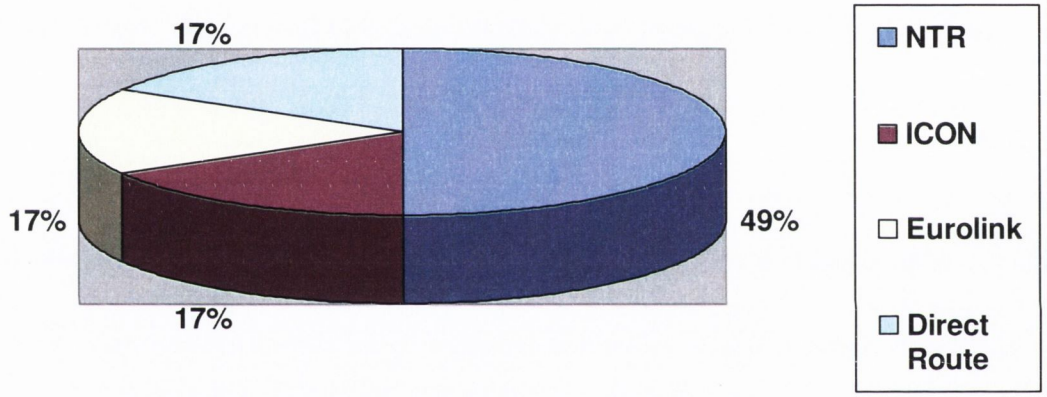
> *"For the taxpayer it is lunacy to be handing over these plants to the private sector. The Government says these PPPs are not privatisation but we would say that that is an absolute lie...How much is it linked to the introduction of water charges? The sewerage waste will also be charged for. Water and sewerage shouldn't have been lumped in with building a road with purely the cheapest way to build something - they are a vital part of the environmental life chain. The cheapest in water and sewerage is the worst standard service and you need the standard and quality to be very high"* (Interview SIPTU Wexford Local Authority Branch Official, 2006).

Roads Sector

In the roads sector, foreign multi-nationals were part of the consortia in each of the 12 projects which had reached completion or for which the contract was awarded. For example, Direct Route (Fermoy) Ltd. operated the N8 Rathgormack Fermoy and won the contract for the N7 Limerick PPP toll roads (giving it a 16.6 per cent share of the total Irish PPP road projects) (Figure 8.8). Direct Route was a consortium involving, amongst other companies, Kellogg Brown and Root Ltd, Allied Irish Bank, the European Investment Bank and the Bank of Scotland. Kellogg Brown and Root is part of the

Halliburton Corporation and headquartered in Houston US. It is a leading global engineering, construction and services company that has won many infrastructure and services contracts across the world, most notably in Iraq (Klein, 2007). Eurolink Consortium, awarded the M3 and N4 Kilcock Kinnegad road contracts (16.6 per cent of the Irish road PPP market), involves Cintra (Concesiones de Infraestrucutras de Transporte S.A) a major Spanish company with road PPPs in Spain, Portugal, Canada and Chile. Finally, ICON, comprising FCC Construction S.A. and Itinere Infraestructuras, both major companies from Spain, won the Galway-Ballinasloe and M50 upgrade PPPs (16.6 per cent of Irish road PPP contracts).

Figure 8.8 Private Companies Awarded PPP Contracts in the Roads Sector



Source: *Central PPP Unit (2005, 2006, 2007, 2008)*

In addition to the domination of PPPs in the education, roads and water/waste-water sectors by foreign capital the Criminal Courts complex PPP contract was won by Australian-headquartered, Babcock and Brown, owner of privatised Eircom and leading global asset manager specialising in infrastructure, air operating leasing and selected real estate and (Babcock and Brown, 2008).

Financial Capital and PPP Re-financing

Global finance capital also views PPPs as considerable market opportunities. For example, KBC Infrastructure Finance is part of KBC, a large Belgian-based global finance institution, worth over €300 billion (City and Financial, 2007). KBC owns Irish Investment Bank (IIB), one of the leading providers of financial services in PPP projects in Ireland. Over the last decade KBC has been involved in PPP transactions in transport, health, education, defence, water and prisons in numerous jurisdictions.

> "*Project Finance is a global business for KBC with dedicated units in Europe, the US and Asia. KBC and IIB Bank are a leader in the Irish Project Finance market, having been involved at a senior level in most of the significant project finance transactions in Ireland over the past number of years including, the Dublin Criminal Courts Complex, the milestone Tynagh Energy deal in Co. Galway, the M8 Fermoy Bypass and the 32MW wind farm at Sorne Hill in Co. Donegal*" (City and Financial, 2007).

In addition, Barclays Capital, the investment banking division of Barclays Bank Plc which had a balance sheet of £1.4 trillion in 2008, was involved in setting up dedicated secondary market investment funds in Ireland to acquire PPP equity. Secondary financial markets have been set up in other countries such as the U.K. that developed PPP projects (see Chapter Two) (Whitfield, 2006).

> *"The secondary market is the natural evolution of any market. It should be welcomed by both the public and private sector sponsors. The secondary market changes the focus of equity market investors to long-term project performance. At the core of the secondary market is portfolio building*" (Managing Director of Barclays Capital, 3rd Annual PPP Forum, 2007).

Under re-financing arrangements the ownership of PPPs transfers from construction-led consortia to financial investment institutions (Whitfield, 2006). This, in turn, creates further new markets for private capital. For example, in the UK, refinancing 12 PPP projects between 1999 and 2005 resulted in a £142 million gain for PPP consortia compared to just £27.3 million returned to the public sector. Refinancing enabled the private sector to increase profitability of the PPP over and above the average 15-20 per cent return which was built into projects before refinancing. Laing sold a 50 per cent stake in UK highways in October 2004 for £26.3m making a 33 per cent profit (Whitfield, 2006). While Ireland's PPP market is not yet at such a stage, it is inevitable that such secondary PPP market activity that attracts 'equity investors' will develop here.

> *"As the pipelines of primary deals reach financial close and go through their construction period, the secondary market will emerge. This is inevitable. Secondary market funds, as equity investors, are wholly interested in the long-term project performance. This is what is giving us our yield" (*Managing Director of Barclays Capital, 3rd Annual PPP Forum, 2007).

For example, the re-financing process in the Grouped Schools Project and the West Link toll bridge demonstrate how PPPs facilitated public services and assets to be bought and sold as commodities by private capital with 'windfall' profits being made by private companies. The public users and workers paid for the private sector's profits in the form of the receipt of poorer conditions and services. The service quality was reduced through asset 'sweating,' as evidenced in UK PPPs, where the services were further subcontracted out to other private companies (NUT, 2003).

These examples further demonstrate the role of PPPs in creating new markets and business opportunities for foreign multi-national companies and financial institutions, many of which have come to specialise in PPPs. It also reveals how PPPs have led to significant aspects of the control over the provision of key Irish infrastructure and services being transferred to, in the main part, global capital.

It should be noted that domestic Irish capital also plays a smaller, but still significant role in the Irish PPP market. The importance of PPPs to a number of large Irish financial, construction and infrastructure and service provision companies is now detailed.

Domestic Capital

A number of the larger Irish financial institutions and construction, service and infrastructure companies have also been awarded, or involved in, PPP projects. Allied Irish Banks Plc (AIB), one of Ireland's largest banks, through AIB Capital Markets has financed transportation (East and West Link toll bridges, roads and light rail), hospital, accommodation and prison projects in PPPs in Ireland and across Europe.

> "*There are considerable opportunities for private sector infrastructure projects, particularly in areas such as transport and energy. Based on our Irish and International experience AIB is well placed to partner industrial investors in availing of these opportunities*" (AIB, 2008).

Treasury Holdings (Spencer Dock Consortium) was awarded the National Conference Centre PPP in 2007. The Treasury Holdings Group is based in Ireland but operates globally. The Gross Development Value (GDV) of the Treasury Holdings Group in 2008 was €24.714 billion. Furthermore, SIAC Construction Limited, one of Ireland's largest construction contractors is part of the Eurolink Consortium (SIAC, 2008).

National Toll Roads (NTR) highlights clearly the importance of PPPs as a market for domestic capital. NTR, with a turnover of €447m in 2007, is Ireland's leading private-sector developer, financier and operator of public infrastructure, with positions in toll roads, integrated waste management, water/waste-water treatment, renewable energy and broadband telecommunications (NTR, 2004, 2008). It pioneered the use of the PPP model in Irish road provision and operation. The company's first toll facility was the East-Link bridge, which opened in 1984. It developed the West-Link (1990), North-Link (2004) and, as part of the Celtic Roads Group, operates the Dundalk Motorway PPP, and successfully tendered for the Waterford by-pass scheme and the M7/M8 Portlaoise motorway (giving

it a majority 50 per cent controlling proportion of the Irish road PPP projects). The Celtic Roads Ltd. Group involves, amongst other companies, NTR and Dragados Concesiones de Infraestructuras SA (a major Spanish firm). NTR's subsidiaries include NTR Roads, Greenstar, Celtic Anglian Water, Materials Recovery Limited (UK). NTR's PPP *business* was providing considerable profits to the company. For example, profits from the East and West Link Tolls alone reached €18.2m in 2005, a rise of eight per cent on the previous year. Greenstar, despite only being seven years old, was the largest private company in the Irish waste market with a turnover of about €170 million per annum (NTR, 2008). NTR's Chairman, Tom Roche, received €118 million from NTR's realisation of €1.3 billion, a large proportion of which came from the sale to the Irish Government of its interest in the West-Link toll bridge in Dublin (The Irish Times, 2008b).

Neoliberalisation of Government

The shift from government (state power on its own) to governance (a broader configuration of state and key elements in civil society) is marked under neoliberalism. It is the deeper integration of state decision-making into the dynamics of capital accumulation (Bourdieu, 1998; Brenner and Theodore, 2002; Harvey 2005; Peck and Tickell, 2002). Capital, through domestic businesses and multi-national corporations, not only collaborates intimately with state actors but even acquires a strong role in writing legislation, determining public policies and setting regulatory frameworks that often specifically advantage private corporations. The traditional independence of the civil service is thus undermined by the increased role of the corporate lobbyists (Allen, 2007; Harvey, 2005; Monbiot, 2000; Pollock and Price, 2004; Whitfield, 2006). This research found evidence of such a shift towards a deeper collaboration between the Irish State and capital in the area of PPP policy and project development. The following sections detail the evidence for this, such as the Irish Government and state officials introducing market and neoliberal concepts and objectives into PPP policy development, allocating private advisors a considerable role in PPP reports and analysis and intimately involving them in public project development.

Neoliberalisation of Policy Development

The Irish Government, as part of the PPP process, introduced the requirements, discourse, logic and ethos of the private market into Irish governance, public services and infrastructure. Government-funded research was undertaken into the market and private firms were consulted about their preference on the size and scope of contracts via public-sector open days, workshops and informal meetings between government officials and the private sector (DOF, 2002; DCC, 2006). The Irish Government also engaged in market analysis and market soundings to determine the level of private-sector interest in public projects. For example, bidders were invited to extend the scope of the contract in the PPP process through the Request for Qualifications and bidding process (DCC, 2007). These

were used to question bidders' technical ability and capacity in more detail but they were also used to determine the bidders' interest in widening the scope of the contract (Whitfield, 2006).

The Irish Government-commissioned and subsequently supported, report carried out by PriceWaterHouseCoopers (2001b) into PPP potential within the local government sector consistently referred to public services as 'markets' and 'products.' The language and discourse of marketisation was used throughout the report, such as sections of the report entitled 'New Markets, New Products' and 'Market Development.' It noted that Departmental PPP Units and the DOF PPP Unit had created and maintained private-sector interest in the PPP programme through marketing and communicating PPP opportunities both within Ireland and abroad through various consultation exercises with potential private sector service providers, such as IBEC and the Construction Industry Federation through the operation of the PPP Informal Advisory Group (PriceWaterHouseCoopers, 2001b). The *PPP Framework* (PPP IAG, 2001) also included the language and aim of marketisation in public services. For example, the outlined aim of the Central PPP Unit in the DOF was to ensure PPP became,

> "*a standard element of Government procurement methods; and a stream of PPP projects is developed and a sustainable and dynamic PPP market is created in Ireland in the long term*" (PPP Informal Advisory Group, 2001, 6).

Government produced PPP Guidelines (Central PPP Unit, 2006b) also encouraged state authorities to ascertain whether private-sector participants were interested in entering PPP arrangements for the delivery of a project. The use of market consultation was encouraged in order to determine the *bankability* and the *market-interest* in a proposed project, evaluate the risks that would be transferred, and assess the private sector's willingness to accept the required degree of risk transfer (Central PPP Unit, 2006b, 26).

PPP Advisors and Advocators

The extent of private-sector involvement in Irish Governance was demonstrated by the considerable amount of money the Irish Government spent in recent years on hiring private consultant advisors. From 1998 to 2005, it spent €174 million alone on reports by private consultants (Allen, 2007) while consultants involved in the roads network received more than €280m in fees over six years with just 12 consultant engineering firms receiving four per cent of the final building cost of the roads projects. In the 2006 Government Budget Estimates, almost €60 million was allocated to private consultancy services in a range of state agencies and departments (Dan Boyle T.D., Dail Eireann, 2007).

The practice of the Irish State hiring private consultants was clearly a form of privatisation of decision-making. The consultants were hired on the basis of providing independent policy advice,

however, the FGS (1998) and PriceWaterHouseCoopers (2001a, 2001b) reports demonstrated that the advice was biased in favour of PPPs. In addition, three of the firms hired to advise on PPPs (KPMG, PriceWaterHouseCoopers and Deloitte) were amongst the four largest global accountancy firms which had been aggressive promoters of neoliberalism and PPPs across the world (Table 8.3).

Compounding this trend was the fact that some of the new public agencies set up to develop PPPs have hired and trained, on corporate organisational and entrepreneurial lines, key staff that were previously employed in developing PPPs in the private sector. The aim was to bring the modus operandi of the private sector into the public sector (Whitfield, 2006). For example, Frank Allen, Chief Executive of the Railway Procurement Agency, since 2002, was previously Head of Infrastructure Finance at KBC Bank, where he was responsible for arranging finance for PPPs in road, rail and municipal services (City and Financial, 2007).

The legal, financial and consultation work associated with a PPP's complex contract and development presented such companies with considerable business opportunities. FGS stated that it provided a "*unique service to capitalise on PPP opportunities*" (FGS, 2007). FGS' PPP team comprised business advisers, banking and financial consultants, taxation experts, cost planners, property and construction consultants and facilities management advisers (FGS, 2007). The research into PPP projects in Ireland revealed that many of the consultants were involved in advising both public-sector and private-sector clients as well as financiers on maximising the considerable *opportunities* presented by PPPs (FGS, 2007, Table 8.3).

> *"The past twelve months have been a particularly active and successful period for the firm's PPP Group, having had a key role in the delivery of all of the PPP projects that have reached completion in Ireland over the period, with an aggregate value in the region of €2.5 billion"* (McCann FitzGerald, 3rd Annual PPP Forum, 2007).

These private-sector advisors made it clear that their goal was to ensure PPPs would become a permanent feature of infrastructure and service provision.

> *"PPP will be here for the long-term because no matter what difficulties exist with the procurement process the DOES should get the school quicker through a PPP... The big accountancy firms are in this for the long-term- they are doing it internationally- people in London working on all types of projects –whether like it or not PPP is here to stay*" (Interview FGS representative, 2006).

Table 8.3 Private Advisors Involved in Irish PPPs

Private Advisor	Country of Origin	PPP client	
		Public	**Private**
FGS	**UK**	1 1998 Report 2 DOES 5 Pilot schools & Cork School of music 3 National Conference Centre 4 Fatima Mansions 5 NDFA decentralised government offices 6 HSE co-located Private Hospital Programme	1. Bovis Lendlease, 2. National Maritime college
PriceWater-HouseCoopers	**UK**	1.2000 DOF Report 2.2001 DOEHLG Reports 3.DCC DBOF Incinerator	1. EuroLink Consortium, N4/N6 Kinnegad to Kilcock
KPMG	**Swiss**	1.NDFA, Criminal Courts Complex 2.National Roads Authority, N6 and N3	1. Spencer Dock consortium, National Conference Centre
Deloitte	**UK**	1.NDFA Thornton Hall 2. NDFA Schools bundle PPP	1.Macquire Ireland, schools bundle, 2. Private sector bidder, co-located hospital 3.Preferred bidder, Dublin Waste to Energy Incinerator
McCann FitzGerald	**Ireland**	1.OPW, National Conference Centre 2.NRA, M3, N 6, 3.Irish Prison Service Thornton Hall 4.Local authorities, urban development	Short listed bidders for: 1.Schools 2nd Bundle, 2.Metro North, 3.Co-located hospitals 4.Urban development projects

Source: *City and Financial (2006, 2007, 2008); Deloitte (2007); FGS (2007); KPGM (2007); PriceWaterHouseCoopers (2007)*

Private Involvement in Public Governance: Evidence from the Annual Irish PPP Forums

The proliferation of private-sector advisors and consultants, from the late 1990 onwards, that developed PPP policy through Forums like the Annual Irish PPP Policy Forums marked a deepening involvement of the private sector within public-policy formation and, therefore, demonstrated how PPPs have furthered the privatisation and neoliberalisation of Irish welfare-state governance. The stated purpose of the 2007 Annual Irish PPP Policy Forum, for example, was to examine the strategies of the Irish Government procurement agencies, such as the NRA and government PPP units, in the light of the National Development Plan PPP commitments, to provide an update on the latest PPP

policy developments, to review emerging trends in PPP best practice and to focus on PPP developments in a number of key sectors, including transport, courts, waste, education and accommodation (City and Financial, 2007).

The Annual Irish PPP Policy Forums were organised by City and Financial, a British-based business conference company that specialised in corporate finance, government and policy and PPPs conferences. It organised the *PPP European Summit*, the *PPP Americas Summit, PPP Asia Summit* and the *PPP Middle East and North Africa Summit*. It stated that in organising national conferences like the Irish Forum it worked

> "*in close collaboration with the national governments concerned. In the UK, it produces a number of high-level PPP conferences under joint ventures with government departments, government agencies and leading organisations. Its joint venture partners for PPP events in the UK include HM Treasury, the Scottish Executive, Partnerships UK, Partnerships for Schools, Partnerships for Health, 4Ps and the National Audit Office*" (City and Financial, 2007).

Evidence for close collaboration with the Irish Government was demonstrated in the Chairing of the 2007 and 2008 Irish Forums by Mary Doyle, Assistant Secretary of the Department of the Taoiseach. In the 2006 Irish Forum, the keynote speaker was the Minister for Finance, Brian Cowen, who, as with the Assistant Secretary of the Department of the Taoiseach in the 2007 Forum, clearly signalled strong Irish Government support for the Forum.

The Government agencies gave an update on PPP projects and policy developments in Ireland, as discussed in relation to the education sector in Chapter Six, while the private sector gave its perspective on the development of the Irish PPP market. Solicitors, bankers and consultants gave presentations on payment and performance mechanisms and procurement and innovation in financing structures such as debt finance and the secondary market. There was detailed analysis of developments in individual PPP sectors where the public-sector representatives and private-sector financiers and consultants presented papers together in workshops on education, rail, courts and accommodation (National Convention Centre) (see Table 8.4). The Irish Annual PPP Forums were closed to the media and the general public was effectively excluded by the very high attendance fee for the one-day conferences[56].

[56] This raised, once more, the question of the accountability of the PPP process when the only forum where their development and outcomes was discussed was limited to those in the private-sector who could pay the fee for attendance of €1064.80 and those in the public-sector who would pay the fee of €671.55.

Table 8.4 Public and Private Participants in the Annual Irish PPP Policy Forums (2006, 2007, 2008)

Speaking on behalf of the public sector government agencies	
Speaker/Agency	**Year of Forum**
Minister for Finance, Brian Cowen T.D.	Keynote address, 2006
Assistant Secretary, Department of the Taoiseach, Mary Doyle	Chair, 2006, 2007, 2008
PPP Unit, Courts Service, John Mahon	2007, 2008
Assistant Principal Officer, Central PPP Unit, DOF, Ivana McCormack	2007, 2008
Head of Central PPP Unit, DOF, Stephanie O'Donnell	2006, 2007, 2008
NDFA	2006, 2008, 2007
Head of Development, Cork Institute of Technology	2006
➢ PPP Unit, DOES ➢ Head of PPP Unit, NRA ➢ Transaction Manager, Metro North ➢ Director, European Investment Bank ➢ Railway Procurement Agency	2007
➢ Speakers from NHS (UK) ➢ Financial Partnerships Unit (Scottish Government) ➢ Executive Manager for Housing DCC ➢ Assistant National Director of Contracts, HSE	2008
Speaking on behalf of the private sector were:	
Managing Director, Indaver Ireland	2006, 2007, 2008
Managing Director, Barclays Capital	2006, 2007, 2008
Partner, FGS	2006, 2007, 2008
Irish Business and Employers Confederation (IBEC)	2006, 2007, 2008
Director, Deloitte	2006, 2007, 2008
Partner, KPMG	2007, 2008
Chief Executive, Greenstar	2006, 2007
Associate Director, IIB Bank	2006, 2007
Partner, Arthur Cox	2006, 2008
KBC Project Finance	2007
McCann FitzGerald solicitors	2007
Spencer Dock Development Company	2008
Bank of Ireland	2008
AIB Bank	2008
Sponsors of the conference	
FGS, Arthur Cox	2008
KPMG, McCann Fitzgerald, IIB, KBC	2007
Deloitte, FGS, Arthur Cox	2006

Source: *City and Financial (2006, 2007, 2008)*

PPPs and Labour Conditions

Trade unions are very concerned about the contribution that PPPs could make to worsening pay and conditions of public and private sector workers (ICTU, 2005; Interview SIPTU National Industrial Secretary, 2006). The Government, as noted in Chapter Five, denied that PPPs would reduce workers' conditions and the power and influence of trade unions in public services. The evidence from the research revealed, however, that not only was that a motivating factor behind the introduction of PPPs (see Chapter Five), but it also found evidence for the reform of, and reduction

in, public-sector workers' conditions and wages and the lessening of the influence of trade unions within the public sector in PPP projects in Ireland.

The PPPs in operation in Ireland did not involve the level of transfer of staff to private operators that had been expected when PPPs were initially promoted. All of the PPPs in operation involved the hiring of new employees. However, in the Grouped Schools Project, the only PPP in operation which had involved some transfer of public-sector employees to the private sector, the private operator refused to give wage increases that the workers were due under National Wage Agreements, refused to transfer pension contributions and the employees were given increased workloads (see Chapter Six, Table 8.5). This indicated a certain ineffectiveness of the EU Directive on Transfer of Undertakings, Protection of Employment (TUPE) that was expected to provide protection in such circumstances.

> "*Public sector workers who transfer to a private operator should continue to accrue pension benefits after transfer. However the Government are saying the pensions will be whatever the PPP operator has. The PPP bidder needs to be told the ground rules - what terms and conditions are the staff on; its too significant to be left to individual negotiations*" (Interview ICTU PPP IAG Representative, 2006).

Furthermore, in PPPs that involved the private operators hiring new employees such as waste/waste-water treatment plants, waste collection services and LUAS light rail, significant problems arose including low levels of unionisation, trade-union rights being curtailed, anti-union practices by employers and regressive employment conditions, in comparison to public-sector employees in similar positions of employment (Table 8.5). For example, the private operators in the Grouped Schools PPP, waste collection PPP and LUAS light rail were all brought to the Labour Court[57] by SIPTU in an attempt to address industrial relation disputes that had arisen.

> *"PPP operators, like the Jarvis's, Oxigens, Connexes etc, these companies, can come in and reduce labour conditions. They have made their major savings to date on the labour-cost side...Its damn well difficult dealing with multinationals like these. Everything has to be fought for and secured in comparison to the public-sector"* (Interview SIPTU National Industrial Secretary, 2006).

For example, in the Dublin waste-water treatment plant PPP the work-force was not unionised whereas all DCC's operated plants were unionised. The LUAS drivers, as noted in Chapter Five, had to sign a 'no strike' clause as part of their contracts. This was a historically unprecedented restriction

[57] The Labour Court was established to provide resolution of disputes about industrial relations, equality, organisation of working time, national minimum wage, part-time work and fixed-term work matters. Cases are only referred to the Court when all other efforts to resolve a dispute have failed. It operates as an industrial relations tribunal hearing both sides in a case and then issuing a Recommendation (Labour Court, 2008).

of workers' rights in the Irish public-sector. Poor pay and conditions, in comparison to public-sector drivers of the CIE-operated DART, have meant the LUAS drivers have taken unofficial strike action despite the restriction (Interview SIPTU Dublin Bus Worker, 2006). Furthermore, the Labour Court ruled in 2005 that the LUAS operator, Connex (operating since 2007 as Veolia Transport), had to pay compensation to a former Traffic Supervisor who was unfairly dismissed in December 2004 after the worker forwarded information to the Rail Procurement Agency (RPA) relating to the considerable difficulties in the LUAS operating system. Connex was also brought to the Labour Court in 2006 by SIPTU over its failure to pay National Wage Agreement increases. SIPTU criticised the lack of state-enforced protection for workers' conditions in these services that were, despite being privately operated, still the responsibility of the state:

> *"It is difficult to accept that the RPA, a Government Body, can insert into a commercial contract to run a public transport operation a clause which ignores National Agreements"* (Labour Court, 2006).

Table 8.5 PPPs Impact on Workers' Conditions

PPP	Workers conditions and unionisation impact
LUAS	➢ Right to strike removed ➢ Operator refused to pay National Wage Agreement ➢ Taken to Labour Court
W/WW Treatment Plants	Lower levels of unionisation than local authority operated
Schools	➢ Operator refused to pay National Wage Agreement ➢ Taken to Labour Court ➢ Mixed levels of unionisation
Waste collection	➢ Low levels of unionisation ➢ Lower pay and conditions than public sector ➢ Taken to Labour Court

Source: *Interview SIPTU National Industrial Secretary (2006); Labour Court (2005, 2006)*

There was also very poor consultation with workers and their representatives who were to be affected by PPPs, such as water/waste-water treatment and schools' staff (Interview SIPTU National Industrial Secretary, 2006). As a result of such poor consultation with employees by a number of public agencies during the pilot phase of PPP development, ICTU developed national guidelines for consultation (ICTU, 2005).

The difficulty for trade unions and public-sector workers was that both the private *and* public-sector representatives believed that public services would be more efficient if the influence of trade unions was removed.

> *"County Councils are hamstrung by unions: just compare the M1 and the M4: compare the standard of road litter: which road is the council managing? Councils have limited budgets and the unions demand a certain number of guys per trucks (for maintenance); this means the councils don't have the flexibility we do. We can send out fewer guys per truck. This means we have the ability to manoeuvre and therefore private interests are more flexible than the established culture in the Councils...The NRA are bringing in PPPs to improve standards on roads: they are challenging the councils to either lift their standards or else let the business to a private interest"* (Interview Private Operator Roads, 2006).

Similarly, the DCC Assistant City Manager responsible for waste and environment was critical of the role of unions within the public sector.

> *"The private sector can do things we can't do. The unions always seem to be stronger in the public sector. Their approach is much more restrictive. Take a driver in a bin truck: one view is he's a driver or another view is his job is to drive and when they are out if two guys need a hand he should help: it's a demarcation dispute. In the private sector they muck in and help out. In the public sector they cant and don't do that. The private sector has increased flexibility, reduced demarcation and increased productivity. The national agreements have brought this into the public sector and we are beginning to even out the scales"* (Interview DCC Assistant City Manager Waste and Environment, 2006).

PPPs' Impact on Labour Conditions: the Case of Oxigen

The treatment by private PPP operator, Oxigen, of its employees illustrates the negative impact on workers' conditions that some PPPs entailed. In 2003, Oxigen's refuse collectors were given, in their estimation, an unacceptable amount of extra tasks, a number of months' overtime was unpaid and there were disputes over the payment of a monthly bonus (Interview SIPTU Oxigen Shop Steward, 2007). Workers who complained and tried organise a union within the workplace suffered intimidation from management and some were dismissed. The workers were told by Oxigen that they would not be permitted to form, or be represented by, a trade union. Any worker joining a union would be dismissed (Interview SIPTU Oxigen Shop Steward, 2007). As a result, the workers felt they had no choice but to strike in an attempt to receive union recognition, adequate pay and conditions. During the strike, which lasted almost five months, Oxigen management used a number of intimidatory tactics in an apparent attempt to persuade the employees to return to work.

"They used to drive trucks, at high speed, at us on the picket and they told us we were going to be visited in our houses and our lives were in danger; they threw empty bullet cartridges at us. The union caravan was put on fire. One worker was sleeping in the caravan; if he had been in it at the time what could have happened? During the strike at Christmas the management through 'Budget Travel' books at us to taunt us" (Interview SIPTU Oxigen Shop Steward, 2007).

Oxigen refused to engage in the Irish industrial relations mechanisms such as the Labour Court. The local authority that awarded Oxigen the PPP contract, DCC, stated that Oxigen was a private company and, therefore, the Council was not responsible for the stance being adopted by the contractor (Labour Court, 2003). However, in the face of a threatened solidarity strike by workers from the Ballymore Eustace water-treatment plant, DCC agreed to request Oxigen management to enter talks with the workers. Eventually, the employees were granted union recognition in February 2004 but only received this in practice in 2007 (Interview SIPTU Oxigen Shop Steward, 2007).

The workers' pay and conditions were significantly worse in the PPP company than the public sector. For example, a truck driver working in Oxigen for five years was paid €550 a week while a DCC worker received €740 after six years. The Oxigen collectors were initially only receiving €300 per week while DCC collectors received €480, but subsequently the union negotiated a deal and they were scaled up to €420 per week (Interview SIPTU Oxigen Shop Steward, 2007). Furthermore, the health and safety of the employees was compromised in Oxigen as they were required to work significantly longer hours than equivalent DCC workers. The Oxigen workers explained that in the format of the DCC PPP model with Oxigen, where the contract was renewed every seven years, meant that their employment and conditions were less secure than those with the public sector (Interview SIPTU Oxigen Shop Steward, 2007).

"Anyone can tender for the contract when it comes around and Oxigen could lose the contract. There is more job security in DCC and there are crap pensions in Oxigen. Is it feasible to look at a pension if the contract is only being awarded every seven years? The company pension is nothing near the Council pension. If you stand up a City Council driver and an Oxigen driver there are a lot of rights City Council workers have we don't have" (Interview SIPTU Oxigen Shop Steward, 2007).

The trade union concerns that PPPs would result in such conditions were, unfortunately, realised.

"The outsourcing to private companies is being used to reduce workers conditions. The reason why the private sector is efficient is that Oxigen gets more work out of us than DCC workers. It's cheaper at the workers' expense...The DCC workers fought hard for their conditions. Now in Oxigen we are back at the start of union demands, in terms of conditions, and that's why Dublin City Council is outsourcing the

service. It is outsourcing us a way of undermining what Council workers fought for. Outsourcing reverses all the conditions built up over years for and by workers" (Interview SIPTU Oxigen Shop Steward, 2007).

Such reduced terms and conditions of PPP employees in comparison to their public-sector equivalents suggested that this was an important mechanism through which the private sector could offer VFM in PPPs over traditional state operated models. Furthermore, this trend towards reducing labour conditions generally and the power and influence of workers and their trade union representatives within the public sector has been identified as an important component of neoliberalism. The fact that this trend emerged from the research into the levels of trade unionism and workers' conditions in private operators involved in PPPs in Ireland suggests the considerable role that PPPs played also in the neoliberalisation of the wage relation in the Irish welfare state.

Future Research

While it was possible to undertake a small-scale comparison of the conditions of PPP school ancillary staff, waste-collection workers and light-rail operators to their public-sector equivalents, a comprehensive comparison with public-sector equivalents of the PPP privately-hired employees was outside the scope of this research. Given the outcomes outlined above, however, further research that included a much more detailed comparison of conditions and levels of unionisation of PPP school staff, water/waste-water and other local authority-operated PPP staff, in comparison to their public-sector equivalents would provide an important indication of how widespread such practices were becoming.

PPPs and the Irish Welfare State: A Theoretical Appraisal

"The argument over PPP is an argument over the direction in which the State is going"
(Interview ICTU PPP IAG Representative, 2006).

Various political-economy approaches to the geography of neoliberalism identify, as detailed in Chapter One, that the state, in western Europe and in most countries across the world, has undergone institutional restructuring at various geographical scales in order to provide new avenues for market growth and, therefore, capital accumulation to ensure the on-going survival of capitalism (Brenner and Theodore, 2002; Harvey, 2005; Peck and Tickell, 2002). However, neoliberalism is facilitating capitalist accumulation not only by generating wealth but also by redistributing it from the poor to the wealthy, through, what Harvey (2005) referred to, as *accumulation by dispossession* (Harvey, 2005, 154). It did this, in particular, through the reduction of the amount of surplus value that went to the social wage in the form of the welfare state and workers' wages and conditions while increasing the amount of surplus value that returned to capital. Using Kirk's (1980) political economy approach, the

level of state intervention associated with the development of the welfare state was deemed by neoliberals to be damaging the motor principle of the system – private profit. In order to overcome its crisis of declining profitability during the neoliberal phase of capitalism, capital has tried to appropriate a greater share of surplus value by reducing state revenue and state spending (Callinicos, 2003).

Neoliberal restructuring of the welfare state, then, is about enhancing the rate of profit for private capital through reducing the proportion of profit and state expenditure that is being redistributed to the working classes through the social wage in public services and labour conditions that developed during the Keynesian period (Callinicos, 2003). The welfare state, once neoliberalised, becomes a prime agent of redistributive policies, allowing global capital in the form of large multi-nationals develop new ways of facilitating further transfers of wealth in their favour (Harvey, 2005). This has been carried out through a number of distinctively *geographical* strategies within a number of the key major institutional arenas in which capitalist regulation occurs. The most relevant of which to this thesis were identified in Chapters One and Two as being key aspects of the welfare state including public governance, the delivery of public services and infrastructure and the wage relation (Brenner and Theodore, 2002). The strategies in these areas included the privatisation and commoditisation of public services in PPPs where state subsidies were re-directed away from the social welfare state and into capital through a process of *neoliberalisation* or *corporate-welfare* which entailed the opening up of areas of the welfare state such as public services and infrastructure as market opportunities for the private sector to engage in capital accumulation (Allen, 2007; Bourdieu, 1998; Harvey, 2005; Whitfield, 2006). It was also carried out in the *wage relation* as neoliberalism systematically reduced the power and influence of workers and their wages and conditions. Workers were disempowered in order to increase the rate of exploitation (productivity) (Harvey, 2005).

New Markets for Capital

Neoliberalism has exercised tremendous influence upon the trajectory of state restructuring in a range of supranational, national, and sub-national institutional arenas during the last two decades (Brenner and Theodore, 2002). This influence can be attributed, in particular, to the increasingly hegemonic role of powerful supranational institutions such as, the World Trade Organisation (WTO) and its General Agreement on Trade and Services (GATS), the European Commission, the International Monetary Fund, the Organisation for Economic Co-operation and Development (OECD), and the World Bank. Institutions such as these have placed intense pressure on national and local governments to transform public services into tradable, market-based, services through the implementation of rules or liberalisation that open the public sector up to competition with the private marketplace (George, 2004; Monbiot, 2000, 2003; Soros, 2000; Stiglitz, 2002). Thus, over the past three decades, these

institutions simultaneously supported and cajoled European Governments at both central and local level to adopt neoliberalism and PPPs (Callinicos, 2003; Harvey, 2005; Whitfield 2006) as public-sector services had become a multi-trillion dollar market for the private-sector. For example, services accounted for 70 per cent of Gross Domestic Product in most OECD countries in 2002, a marked increase since the 1970s. In the year 2000 UNESCO estimated that education was a US$2 trillion global 'industry'. The importance of the public-sector as a site for capital accumulation cannot be underestimated, for example, with the British Government spending, £120 billion per annum purchasing goods and services from the private sector (Allen 2007). Furthermore, the size of potential markets in public health and education are indicated by their high proportion of total expenditure in these sectors. Public expenditure on health accounted for between 65 to 80 per cent of total health expenditure in most OECD countries; on education it was higher with a mean of 88 per cent (OECD, 2005). Ireland's total government spending in 2003 was €46.4 billion while the waste market alone was worth about €1.5 billion (Allen, 2007). Private capital wanted increased access to these public sectors and services. The services industry lobby, the European Services Forum, for example, lobbied on a permanent basis in Brussels, the Headquarters of the EU, for such increased access (Campaign Against the E.U. Constitution, 2008).

Using the geo-political economy approach developed by Brenner and Theodore (2002) and Harvey (2005), PPPs were introduced with the aim of opening up new markets for capital accumulation in domains previously regarded as off-limits to the private 'for-profit' sector. Secondly, and no less important, that aim was to reduce the amount of surplus value going to labour through the social wage in the form of the welfare state. This process would amount to the transfer of assets from the public and popular realms to the private and class-privileged domains (Allen, 2007; Harvey, 2005).

Neoliberal Transformation of the Irish Welfare State

The policy background, stated rationale and decision-making process that led to the introduction of PPPs combined with their development and outcomes in Ireland revealed that PPPs are a clear manifestation of the process outlined above; the *neoliberalisation* of the existing Irish welfare state. The significant body of evidence outlined in this research suggests that PPPs furthered this neoliberal policy trajectory and transformation of the role the Irish welfare state in public governance and policy formation, service and infrastructure delivery and labour conditions. This was evidenced in the fundamental impacts of PPPs on the long-term role of the Irish State in the provision of public services as they provided the private 'for-profit' sector a much more significant role in public governance and service delivery. This process was captured succinctly in the candid explanation, given by the PPP Unit in the DOEHLG (Interview, 2005) and by the Central PPP Unit in the DOF (Interview, 2006),

that a key benefit of, and motivation for, introducing PPPs was the *reduction in the role and responsibility of the Irish State* in the management of public assets and service delivery in order to allow state agency to focus on their role as *mere regulators and monitors* (Central PPP Unit, 2006b, 16). This supports the theoretical positions of geo-political economy approaches to understanding the process of state restructuring under capitalist globalisation (Allen, 2007; Brenner and Theodore, 2002; Harvey, 2005; Whitfield, 2006). Using this approach, the introduction of PPPs by the Irish State can be seen as part of a neoliberal political project aimed at facilitating the neoliberal transformation of the Irish welfare state from a Keynesian *direct welfare state provider* to a neoliberal *mere monitor and regulator* of public services and infrastructure.

Furthermore, PPPs have facilitated the emergence of a corporate-state welfare complex (Whitfield, 2006) of private actors that promote and implement this process of neoliberalisation within governance and public service and infrastructure provision in Ireland on behalf of the interests of capital, both domestic and global. This complex consists of private contractors, multi-national corporations, financial institutions, consultants, business associations and politicians all involved in the complex process of marketising governance, public services and infrastructure provision and delivery.

Evidence was also found that private capital's accumulation or profit-maximisation requirement, as played out through the private partners involved in PPPs, introduced fundamental conflicts of interest with social objectives in public service and infrastructure delivery. For example, PPPs in Ireland had negative impacts on inequality and poverty and compromised the Governments' ability to fulfil commitments to tackle social inequalities, social exclusion and maximise the well-being of its citizens. This is in line with negative impacts associated with neoliberal policies internationally (European Commission, 2003; Leys, 2001; Monbiot, 2000; Pollock and Price, 2004; Whitfield, 2006; Stiglitz, 2002). These included reducing the quality, accessibility and availability of public services and infrastructure through focusing on the capital accumulation requirements rather than social outcomes. The profit motive at the heart of private involvement in PPPs conflicted with public service objectives such as waste minimisation targets and equitable fares for road tolls and rail. The introduction of these user fees such as road tolls and increased rail fares also demonstrates how PPPs have facilitated the transformation of the payment for public infrastructure from direct state payments (from more progressive direct taxes) into the more favoured neoliberal mechanism of indirect 'stealth' taxes in the form of tolls (generally regressive in that low-income earners pay the exact same amount as high-income earners). In addition, workers' conditions were negatively impacted and the public-sector's long-term capacity directly to deliver services and infrastructure was reduced. For example, vital services such as social-housing regeneration became dependent on the private market which meant

they were not delivered at the point of great need for those services. Or, taking transport infrastructure as an example, it is clear that roads are currently being developed by the private sector at an unprecedented rate due to potential high returns from tolling. In contrast, the provision of new rail infrastructure, which is not as financially attractive to the private sector, is left waiting even though the logic of sustainable development suggests that more urgent investment is required in this area. This clearly demonstrated how PPPs have introduced commercial values that meant replacing the central planning of social needs with market forces in public service and infrastructure projects. Government agencies increasingly focused on providing opportunities for private capital accumulation within public service and infrastructure delivery and, therefore, the state's capacity to address social need was reduced.

PPPs have, through their development and practical outcomes, therefore, introduced and/or deepened the neoliberal trajectory of the Irish state in terms of embedding competition, marketisation and increasing private-capital ownership and corporatisation within the Irish welfare state at the level of public governance, service and infrastructure and labour conditions. The outcomes of this process at central- and local-government level are now summarised.

Local Government Impact

> *"If we are serious about caring for people as people, everyone in the voluntary sector must reject the encroachment of privatisation in all its forms in the health and social services, and in the provision of accommodation for people who are homeless...We cannot expect the private sector, which is solely concerned with making profits, to protect people's rights to basic services."*

(Voluntary Housing Groups Statement following the collapse of Social Housing Regeneration PPP Projects, The Irish Times, May 29th, 2008).

The case-study of DCC's social housing regeneration projects demonstrates that the retrenchment of the Irish national welfare state regime and national intergovernmental system imposed powerful fiscal constraints upon the local state, leading to major budgetary difficulties during a period in which social problems and conflicts have intensified in conjunction with rapid economic restructuring. In response to these pressures, local governments like DCC implemented neoliberal policies such as PPPs in a similar fashion to the *neoliberal straightjacket* (Hodkinson, 2008) placed on local government in the U.K. However, Irish local government has historically been utterly dependent on central government and therefore, the description of a straightjacket is not fully accurate as it suggests local government in Ireland has a more powerful role than it has. The outcomes of these PPPs introduced by DCC included the privatisation of public land and services. In particular, the case of social housing regeneration in

Dublin revealed clearly how the PPP process imposed the neoliberal logic of dependency of local government on the requirements of developer capital. The resultant collapse of the PPP projects left some of the most deprived communities in Irish society, dislocated and removed from their communities while the remaining residents were left with no prospect of regeneration of their housing and estates at all, let alone under PPP. It also led to a reduction in social-housing units in local areas, at a time of considerable requirement for social-housing (Drudy and Punch, 2005; Redmond and Russell, 2008).

These outcomes reflected a pattern for inner-city communities across the Western world, where the recently-adopted entrepreneurial approach to urban governance and planning, of which PPPs are a central policy, in many cases has contributed to large-scale residential displacement, the loss of community-relevant functions (e.g. low-grade retailing, local social services), an exacerbated housing crisis and a deepening sense of disempowerment (Brenner & Theodore, 2002; Hodkinson, 2008; MacLaran and McGuirk, 2003; Punch, Redmond and Kelly, 2004; Smith, 1996). These outcomes have been intensified largely as a result of the neoliberal trajectory of local government that has resulted in the concentration of policy, not on the needs of lower income populations but, on attracting capital back to previously unfashionable and unprofitable areas of the city. In this way, local government has used PPPs to try to attract back a middle-class population and to upgrade local land uses. The outcomes of the research undertaken for this thesis into the regeneration of local-authority housing estates by DCC lends strong support to the writings of Brenner & Theodore (2002) that the focus of this new form of neoliberal, entrepreneurial, governance is not to meet the social needs of their populations but to sell public assets to private developers and thus gain access to much needed capital investment. It also supports the assertion made by Smith (2002) that neoliberal programs have been directly internalised into urban policy regimes as cities have become increasingly important geographical targets and institutional laboratories for a variety of neoliberal policy experiments, such as PPPs, through which the dominance of neoliberalism is being maintained.

The dangers of the PPP strategy to embed neoliberalism within public services have been outlined internationally (Grubnic and Hodges, 2003; Harvey, 2005; Hodkinson, 2008; Whitfield, 2006). If local authorities and public bodies in the future only commission services and provide few this will have a significant impact on the organisation and purpose of local government and other public bodies. The market, with its cyclical characteristics, will determine public service levels, staffing levels, terms and conditions and public-sector trade unionism will be a thing of the past. Planning and needs assessment functions will be marginalised as the contract culture becomes pervasive and resources are sucked into managing contracts, co-ordinating contractors and arbitrating disputes (Whitfield, 2006).

Central Government Impact

> *"This is a fundamental change in the philosophy behind what we consider, or once did, an obligation of the Government. We should be able to rely on it to put the essentials of life, water, power, transport, health and educational infrastructure and a few more basic requirements, in place without having to create a profit margin for private investors...this kind of social change is fundamental and has not been properly debated, let alone mandated. We should, before even one more tree is sold off, have the discussion to establish whose interests are being served and how the public's interests are best served"*
> (The Examiner, August 2008).

As detailed in Chapter Three, the historical and context-specific development of the Irish state-institutional structure did not entail the development of a classical welfare state and, as a result, did not develop public services or infrastructure on a similar scale or manner to other European countries as many of the public services and infrastructure were operated and managed by religious institutions. The outcomes of PPPs in Ireland demonstrate that this led to a specific difference between the process of *neoliberalisation* in the Irish welfare state and other neoliberal states. In this way the Irish state diverges from the generalised path-dependent neoliberal development of states. Rather than the process of *neoliberalisation* entailing neoliberal state infrastructure *dismantling* a welfare state in the case of Ireland it entailed a continuation of the high level of involvement of the private sector in the welfare state. This has occurred through PPPs replacing the involvement of the not-for-profit religious institutions in the provision of key social infrastructure services with the commercial private sector. The investigation of PPPs in this thesis highlighted that the Irish government decided that rather than use budget surpluses or government borrowing to address the public infrastructure and service deficits in social protection infrastructure it instead intensified fiscally-conservative economic and social policies at the welfare state level. This policy trajectory has been pursued in various forms since the foundation of the State and is now being continued and intensified by opting for the neoliberal model of low taxation on wealth with a consequent under-funding of public services and process of *neoliberalisation* and privatisation of public assets and services through PPPs. The healthy budget surpluses of the late 1990s and first half of this decade could have been used for the direct-state funding of public services and infrastructure but instead the Government decided that the private 'for-profit' sector should be intimately involved in state governance and public service and infrastructure provision, maintenance and operation.

> *"This debacle shows that privatisation is at the core of the Government agenda...The Government can always borrow at better rates than the private sector, so what is the purpose of PPPs, other than to ensure that the people who bankroll the policy makers in these parties ultimately get a better deal"* (Sinn Fein T.D. Aonghus O Snodaigh, Dail Eireann, July 2008).

The argument that the private sector would provide infrastructure faster was an illogical perspective.

> *"If a private contractor can deliver a project within a certain time frame then there is no reason why the state cannot do the same...the argument that the private sector could deliver the schools in a faster time frame simply showed that current arrangements for building schools were in need of reform"* (John Carr, General Secretary of Primary Teacher's Union, the INTO, 2007).

This shows how effectively the Irish State has orientated itself according to what private capital has sought. The ability of existing public-sector service providers in Ireland to satisfy users and retain the confidence of the public has come under unprecedented strain from this under-funding and privatisation-PPP policies and there is clear evidence of a drift of the public from using them where the option exists (NESC, 2005). There is now a widespread public perception that the State on its own is no longer capable of providing quality public services and infrastructure (NESC, 2005). The private sector has been empowered by the Irish Government, through the PPP mechanism and process, to develop and operate a significant proportion of new public (but privately controlled and operated) infrastructure and services.

This is line with the global paradigm of neoliberalism where the functions and role of the state at both local and central level have been transformed during the last three decades. Governments and state agencies now concentrate on 'enabling' and 'promoting' the private sector to the detriment of state services by introducing market forces into the heart of public services and policy making (Brenner & Theodore, 2002; Castells, 2000; Cox et al., 1982; George, 2004; Soros, 2000; Stiglitz, 2002).

Another unique aspect to the *actually-existing neoliberalism* in Ireland is that the basis for legitimacy of this neoliberal reformation has been fashioned through the agency of social partnership, as detailed in Chapter Three. Following from the populist impulses of Irish political culture, the Irish state has co-opted into its project of market-led reform those sectors which could form the basis for dissent, particularly organised labour and the community and voluntary sector. This was evident in the agreement by ICTU to PPPs being included in the Social Partnership agreements. These Social Partnership arrangements can be seen as a means of permeating the state and civil society with the logic of the market, making social policy subservient and functional to capital accumulation (Allen, 2007; Kirby, 2002).

PPPs, therefore, are a key stage in the *neoliberalisation* process at the central and local welfare state-institution scale in the marketisation of public services and infrastructure. PPPs created more fragmented, commodified public services and infrastructure that allowed markets and, therefore,

private capital penetrate and develop capital accumulation strategies and mechanisms within these areas. This implemented the process of *neoliberalisation* which would ultimately produce outright privatisation but because it was taking place under the guise of PPPs it attempted to avoid potential political, or other forms of, opposition (Whitfield, 2006). Using a political economy approach PPPs in Ireland can, therefore, be analysed as having facilitated, supported and implemented the process of *neoliberalisation* of the Irish State institutional infrastructure on the geographical scale of governance, public service and infrastructure delivery and the wage relation and thus constituted an important moment in the development of *actually existing neoliberalism* in the Ireland. This neoliberal institutional infrastructure though, in contrast to other nation-states' experiences of neoliberalisation, did not replace a public-service, equity-oriented, welfare state but rather supported and continued the functioning of a competition state, the priority of which since its foundation has been primarily to promote capital accumulation as a result of the fact that it was always governed by one or other of Ireland's two economically conservative parties. This shows that neoliberalism, as outlined elsewhere (Brenner & Theodore, 2002; Callinicos, 2003) does not represent as much a reduction in state intervention in society but rather a political, institutional and geographical reorganisation of the manner and methods by which the state intervenes.

This research has demonstrated that the main 'winners' from PPPs in Ireland have been private capital in the form of private companies, consultants, legal advisors, public sector CEOs and senior managers, shareholders and investment companies, banks and financial institutions and services users who have skills and benefit to take advantage of the PPP system. Notably, those in the lower-income sector of Irish society who rely most on the provision of public services such as social housing and employees affected by PPPs were absent from this 'roll-call of winners.' Thus, PPPs added to the possibility of neoliberal actors within the Irish state, on behalf of capital, instituting a "utopia of unlimited exploitation" (Bourdieu, 1998) through the creation of new avenues such as neoliberal policy, forms of governance and services, in which capital accumulation can be undertaken (Harvey, 2005; Whitfield 2001, 2006).

Clearly further research is required to complement this study and determine whether the disquieting trends identified in this research intensify or are mollified over the contract lifetime of the PPPs and whether the broader governance transformations materialise further in the workings of the Irish State. This is particularly important given that in a tighter economic climate the attractiveness to the State of the PPP route is likely to increase further. It is important, therefore, that a rigorous debate and informed analysis be undertaken of the effectiveness and appropriateness, from both a VFM and social perspective, of PPPs in the delivery and management of public infrastructure and services.

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Appendices

Appendix 1 Sample Questionnaires Policy Level

A. Questionnaire for Trade Union Representatives

Q 1 . Why, in your view/experience did the Irish government decide to use PPPs?

Q 2 .In your view, how influential are these factors in the use of PPPs

A. Promotion by the private sector
B. International experience
C. Private sector innovation/expertise/ superiority over public sector
D. The desire to reduce the influence of unions/unionised workers
E. Promote workforce flexibility, reduce worker's conditions
F. Inadequate capability in public sector
G. Inadequate public funding

Comment on your choice:

Q3 Have you any concerns relating to the increased role that the private sector is given in public policy making, public service and infrastructure delivery and operation in PPPs? Have you any other concerns about PPPs?

Q4 What impact have PPPs had on workers conditions?

Q 5. In your view/experience have PPPs been successful in Ireland in terms of provision of higher quality public services and infrastructure?

Q. 6 Have PPPs, in your view, provided value for money for the Taxpayer

Q. 7. In your view what are the advantages & disadvantages of the PPP route over direct public service delivery?

Q. 8 Is there a danger that in PPPs the private sector's profit requirement can compromise the optimal service provision (meeting public need motive)

Q. 9 Do PPPs impact in any way on public authorities' ability and role in providing public services and infrastructure in the long term e.g. cutting back on direct labour, outsourcing experience etc?

Q 10. Who, in your view, are the principal beneficiaries in PPPs?

Q 11. Are you satisfied with the level of consultation with workers in the PPP process?

B. Questionnaire for Interview with PPP Unit, Department of Finance

1. Does the DOF make available to the public the public sector comparison/ benchmark carried out in relation to PPPs?

2. Why did the DOF recommend PPPs rather than following the traditional public route?

3. Would PPP projects have gone ahead if they hadn't been done through the PPP route?

4. What are the advantages of the PPP route over direct public service delivery?

5. What processes exist for monitoring of the delivery of contract specifications in PPPs?

6. What reviews or evaluation of completed/in operation PPPs has the DOF undertaken?

7. What lessons have been learned from the Pilot PPP projects?

8. What level of consultation with stakeholders does the DOF engage in?

9. What private consultants/advisors has the DOF used in relation to PPPs and what has been their role?

10. Should PPPs be used on a more widespread basis? Are there sectors/areas which are not suitable to PPPs?

11. Is there a danger that in PPPs the private sector's profit requirement can compromise the optimal service provision (meeting public need motive)

12. Have you any concerns relating to the increased role that the private sector is given in public service and infrastructure delivery and operation in PPPs?

13. Do PPPs impact in any way on public authorities' ability and role in providing public services and infrastructure in the long term e.g. long-term affordability, reducing the amount of land local authorities have to construct local authority housing, reducing public waste provision, education provision, waste water provision etc?

14. What in your view is the future for PPPs in Ireland?

15. Are the DOF satisfied about the level of risk that the private sector has taken on in PPP projects

16. In your view, how influential were these factors in the use of PPPs in Ireland?

	Very strong	Strong	A little	Very little	Not at all
Promotion by the private sector					
International experience					
Private sector innovation/expertise/ superiority over public sector					
Promote workforce modernisation					
Inadequate capability in public sector					

Inadequate public funding					

17. In your experience to date with completed/currently in operation PPPs, overall how satisfied or dissatisfied are you with PPPs in Ireland:

	Very satisfied	Fairly Satisfied	Neither Satisfied nor dissatisfied	Fairly Dissatisfied	Very Dissatisfied	Don't Know
Accelerated the delivery of public services and infrastructure						
Provided value for money for the Taxpayer						
Increased efficiency?						
Transferred risk to the private sector?						
Improved social inclusion & poverty						
Improved workers conditions						
Provided better quality public services? (Efficiency, cost, quality, design innovation)						

C. Questionnaire for Private Companies/Consultancy firms relating to PPPs

1. Why, in your view were PPPs introduced by the government? -tackling unions?

2. Why does your company (and the private sector in general, in your view) undertake PPPs?

3. In your view have PPPs in Ireland and particularly PPPs you are involved with (pls give examples):

A. accelerated the delivery of public services and infrastructure?
B. provided Value for money for the Taxpayer?
C. provided better quality public services?
D. transferred risk to the private sector?

4. What in your view are:

Strengths of PPPs in operation/proposed in Ireland?
Weakness of PPPs in operation/proposed in Ireland?

5. Are PPPs a significant part of your company's work?

6. Has your company suffered any financial penalties under the terms of the PPP contract?

7. Did your company have any discussions state agencies in Ireland prior to applying for PPPs contract? Did your company lobby for the use of PPPs?

8. Has there been any community gain in any of the PPP projects you have undertaken?

9. What is the future for PPPs in Ireland?

10. Should PPPs be used on a more widespread basis- if so, in what sectors?

11. Are PPPs a way by which the private sector is being used to fulfil public authorities' responsibility to provide adequate levels of and quality public services and infrastructure? Is this a positive or negative development in your view?

D. Questionnaire for DCC Housing Project Management Unit in relation to PPPs

1. Why did DCC decide to use PPPs in local authority estate regeneration?

2. How much of an influence is the Department of the Environment on your decision making in relation to the use or otherwise of PPPs, could you give examples?

3. What were the problems with regeneration through normal public procurement procedures that led you to decide to use the PPP method instead?

4. How important were economic or funding considerations in the decision to use PPPs?

5. Have PPPs accelerated the delivery of regeneration in local authority estates?

6. Fatima Mansions, St. Michael's Estate and O'Devaney Gardens are already in various stages of PPP Regeneration. What other estates are going to be regenerated using PPPs?

7. Why specifically have these estates been chosen for PPP regeneration?

8. Would the estates have been regenerated (in the process of regeneration) if they weren't done through PPP?

9. Could you give an assessment of DCC's view on the PPP process to date in the three estates: O Devaney Gardens, Fatima Mansions and St Michael's Estate.

10. Have there been any problems with the deal so far in the Fatima estate?

11. Was there an evaluation undertaken of the value of the land on each of the three estates at any stage in the last four years by DCC assors?

12. Is the handing over of public land from local authority estates to the private sector a concern for DCC?

13. What is the value (construction cost) of the buildings provided/returned under the Fatima PPP?

14. Are DCC happy with the mix of public/private/affordable that will be built in the PPPs?

15. DCC is still the landlord for the public housing parts. Does DCC see this changing in the future?

16. What community facilities are provided by the PPPs?

17. Is there (will there be) monitoring of the contract specifications in the PPP deals by DCC e.g. on site monitoring of the delivery of the agreed buildings etc

18. Has DCC carried out any reviews, monitoring or evaluation processes of the PPPs to date?

19. How do PPPs fit into DCC's long term strategy of meeting local authority housing need in Dublin?

20. What level of consultation was involved in the PPPs? What level of decision making does DCC share with tenants/community reps?

21. Were/are negotiations difficult in finalising the PPP deals?

22. What level of risk is transferred to the private companies involved in the PPPs?

23. What private expertise and advice has DCC used in the PPP process?

24. Has there been any impact from PPPs on DCC's housing maintenance section in terms of impacts on workers conditions, the number of workers employed in the housing maintenance division etc?

25. Have the private developers been given any public subvention aside from the land?

Appendix 2 Brochure for Annual Irish PPPs Policy Forums

A ONE DAY CONFERENCE **THURSDAY 19 JUNE 2008**



THE 4th ANNUAL IRISH PUBLIC PRIVATE PARTNERSHIPS POLICY FORUM

The Gresham Hotel, Dublin

To date, the principal driver behind the Irish Government's adoption of Public Private Partnerships (PPP) has been value for money, rather than fiscal constraints. However, the experience that it has gained during early phase of projects should stand it in good stead as the economy begins to feel the impact of the global downturn, which has come just as the Government has begun to reflect on where to go next with its PPP programme. Logic suggests that PPP is likely to play an increasingly important role in the Government's plans.

Indeed, the second National Development Plan, which runs until 2013, demonstrates the Irish Government's continued commitment to the development and expansion of PPP, with over €13 billion of the capital investment programme dedicated to PPP economic and social infrastructure initiatives.

This year's Irish Public Private Partnerships Policy Forum - the fourth time this highly successful one day annual event has been held - will focus on the next phase of the Government's PPP programme, and provide a timely update on the latest policy developments and best practice. It also features detailed updates and case studies for the healthcare, education, civic buildings, rail and roads, waste and regeneration sectors.

Among the more specific issues to be discussed are:

- The evolving institutional framework for PPP in Ireland
- The role of the National Development Finance Agency
- Competitive Dialogue
- Issues to be addressed before handover of projects to the National Development Finance Agency (NDFA)
- Effective risk transfer
- Overcoming the challenges to the implementation of PPPs at the local authority level
- Optimising payment mechanisms
- Benchmarking and market testing
- Contract variations
- Latest developments in debt finance
- Trends in equity finance
- Co-location hospitals
- Introducing PPP into primary healthcare
- Sector overviews on healthcare, education, civic buildings, rail and roads, waste and regeneration

Hear practical case studies on:
National Conference Centre
Bundled Schools
New Campus at Grangegorman
Dublin Criminal Courts
Greystones Marina
N4/N6 Kinnegad-Kilcock Motorway
Metro North

CHAIRMAN	Mary Doyle	Assistant Secretary, Department of the Taoiseach
GOVERNMENT AND PUBLIC SECTOR SPEAKERS	Hugh Creegan	Head of PPP, National Roads Authority
	David Gavaghan	Chief Executive, Strategic Investment Board
	John Mahon	PPP Unit, Courts Service
	Ivana McCormack	Assistant Principal Officer, Central PPP Unit, Department of Finance
	Brian Murphy	Deputy Director, National Development Finance Agency
	Neil Grice	Lift Project Director, NHS
	Stephanie O'Donnell	Head of Central PPP Unit, Department of Finance
	Michael O'Neill	Executive Manager for Housing, Dublin City Council
	Sandy Rosie	Director, Financial Partnerships Unit, Scottish Government
PRIVATE SECTOR SPEAKERS	John Ahern	Managing Director, Indaver Ireland
	Richard Ashcroft	Chief Executive, Renova Developments
	Aaron Boyle	Partner, Arthur Cox
	Cathy Bryce	Senior Manager, Structured Finance, AIB Bank
	Michele Connolly	Partner, KPMG
	Tom Finn	Assistant National Director of Contracts, Health Service Executive
	Michael Flynn	Director, Deloitte
	Oliver Jennings	Director, Barclays Private Equity
	John Kirwan	Managing Director, Special Finance Unit, Depfa Bank
	Bruce Mew	Client Services Director, Government Infrastructure Advisory Team, Grant Thornton
	Eric Munro	Partner, FGS
	Donal Murphy	Head of Global Project Finance Ireland, Bank of Ireland
	Gerry Murphy	CEO, Grangegorman Development Agency
	Dermot O'Dwyer	Chairman, Spencer Dock Development Company
	Nick Prior	Partner, Deloitte
	Paul Sweetman	Transport Executive, Irish Business and Employers Confederation
	Ed Wootton	Construction Director, Galliford Try Northern

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A ONE DAY CONFERENCE **THURSDAY 19 JUNE 2008**

THE PROGRAMME

08:30 Coffee and registration

08:50 Chairman's opening remarks
Mary Doyle, Assistant Secretary, Department of the Taoiseach

GOVERNMENT POLICY AND INITIATIVES

09:00 Where next for PPP in Ireland?
Mary Doyle, Assistant Secretary, Department of the Taoiseach

09:20 The evolving institutional framework for PPP in Ireland
Stephanie O'Donnell, Head of Central PPP Unit, Department of Finance

09:40 The role of the National Development Finance Agency (NDFA)
Brian Murphy, Deputy Director, National Development Finance Agency

10:00 Getting value for money - lessons so far
Sandy Rosie, Director, Financial Partnerships Unit, Scottish Government

10:20 PPP in Northern Ireland
David Gavaghan, Chief Executive, Strategic Investment Board

10:40 Morning coffee

BEST PRACTICE GUIDANCE

11:00 Competitive Dialogue
Aaron Boyle, Partner, Arthur Cox

11:20 Optimising payment mechanisms
Eric Munro, Partner, FGS

11:40 Issues to be addressed before handover of projects to NDFA
Ivana McCormack, Assistant Principal Officer, Central PPP Unit, Department of Finance

12:00 Effective risk transfer
John Kirwan, Managing Director, Special Finance Unit, Depfa Bank

12:20 Overcoming the challenges to the implementation of PPPs at the local authority level
Michael O'Neill, Executive Manager for Housing, Dublin City Council

12:40 Latest developments in debt and equity finance
Panel discussion
Oliver Jennings, Director, Barclays Private Equity
Donal Murphy, Head of Global Project Finance, Bank of Ireland
Cathy Bryce, Senior Manager, Structured Finance, AIB Bank

13:20 Lunch

SECTORAL WORKSHOPS

	Workshop A Education	Workshop B Civic buildings	Workshop C Rail and roads
14:20	Sector overview Michael Flynn, Director, Deloitte	Sector overview Michele Connolly, Partner, KPMG	Roads sector overview Hugh Creegan, Head of PPP, National Roads Authority Rail sector overview Paul Sweetman, Transport Executive, Irish Business and Employers Confederation
14:40	Case study 1: Bundled Schools Aaron Boyle, Partner, Arthur Cox	Case study 1: Dublin Criminal Courts Complex John Mahon, PPP Unit, Courts Service	Case study 1: Rail - Metro North Paul Sweetman, Transport Executive, Irish Business and Employers Confederation
15:00	Case study 2: New Campus at Grangegorman, Dublin Institute of Technology Gerry Murphy, CEO, Grangegorman Development Agency	Case study 2: National Conference Centre Dermot O'Dwyer, Chairman, Spencer Dock Development Company	Case study 2: Roads - N4/N6 Kinnegad-Kilcock Motorway Hugh Creegan, Head of PPP, National Roads Authority
15:20	Panel discussion and Q&A	Panel discussion and Q&A	Panel discussion and Q&A

15:50 Afternoon tea

	Workshop D Healthcare	Workshop E PPP operational issues and refinancing	Workshop F Regeneration and waste
16:10	Sector overview Michael Flynn, Director, Deloitte	Overview Nick Prior, Partner, Deloitte	Sector overview Waste - John Ahern, Managing Director, Indaver Ireland Regeneration - Bruce Mew, Client Services Director, Government Infrastructure Advisory Team, Grant Thornton
16:30	Case study 1: UK approach to primary healthcare - could it work in Ireland? Richard Ashcroft, Chief Executive, Renova Developments	Case study 1: Benchmarking and market testing Sandy Rosie, Director, Financial Partnerships Unit, Scottish Government	Case study 1: Regeneration: Greystones Marina Michele Connolly, Partner, KPMG
16:50	Case study 2: Co-location hospitals Tom Finn, Assistant National Director of Contracts, Health Service Executive	Case study 2: Contract variations Neil Grice, Lift Project Director, NHS Ed Wootton, Construction Director, Galliford Try Northern	Case study 2: Waste: Developing a waste to energy project in Ireland John Ahern, Managing Director, Indaver Ireland
17:10	Panel discussion and Q&A	Panel discussion and Q&A	Panel discussion and Q&A

17:40 Close of conference

REGISTRATION FORM **THURSDAY 19 JUNE 2008**



THE 4th ANNUAL IRISH PUBLIC PRIVATE PARTNERSHIPS POLICY FORUM

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A ONE DAY CONFERENCE **TUESDAY 26 JUNE 2007**



THE 3rd ANNUAL IRISH PUBLIC PRIVATE PARTNERSHIPS POLICY FORUM

The Gresham Hotel, Dublin

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The 2007-2013 National Development Plan has demonstrated the Government's continued commitment to the development and expansion of Ireland's infrastructure. Over €13 billion of the capital investment programme will be allocated to PPPs. Almost €9.5 billion of this will be devoted to economic infrastructure, predominantly roads and rail, the balance being divided between social infrastructure projects, such as justice facilities and housing, and human capital projects, mainly schools and higher education institutes.

A key factor in the successful development of the Irish PPP market has been the Government's decision to centralise procurement expertise within a small number of agencies. The National Roads Authority and the Railway Procurement Agency have already proved the benefits of this approach, while the role that the National Development Finance Agency is developing as a specialised procurement agency for all other types of central Government PPPs will receive statutory backing shortly.

This year's Irish Public Private Partnerships Policy Forum will (a) examine the strategies of central government procurement agencies in light of the NDP commitments, (b) provide an update on the latest policy developments, (c) review emerging trends in best practice and (d) focus on developments in a number of key sectors, including the transport, courts, waste, education and accommodation sectors.

Among the more specific issues that will be discussed are:

- PPP in the context of the National Development Plan 2007-2013
- Updates from central government procurement agencies
- Overview of the policy guidance issued by the Central PPP Unit
- A private sector perspective on the development of the Irish PPP market
- Issues to be addressed before handover of projects to the NDFA
- Risk management, allocation and pricing
- Payment and performance mechanisms
- Benchmarking and market testing
- Compliance versus project delivery
- Latest developments in debt finance
- Trends in equity finance
- Development of the secondary market in Ireland
- Detailed analysis of developments in individual PPP sectors

CHAIR	Mary Doyle	Assistant Secretary, Department of the Taoiseach
GOVERNMENT AND PUBLIC SECTOR SPEAKERS	Frank Allen	Chief Executive, Railway Procurement Agency
	Steven Burgess	Head of Project Management, National Development Finance Agency
	Maria Grogan	PPP Unit, Department of Education & Science
	John Mahon	PPP Unit, Courts Service
	Ivana McCormack	Assistant Principal Officer, Central PPP Unit, Department of Finance
	Dermot Nolan	Principal Officer, Head of NDP Secretariat, Department of Finance
	Stephanie O'Donnell	Head of Central PPP Unit, Department of Finance
	Breege Timoney	Transaction Manager, Metro North
PRIVATE SECTOR SPEAKERS	John Ahern	Managing Director, Indaver Ireland
	Michele Connolly	Partner, KPMG
	Steve Cowman	Chief Executive, Greenstar
	Colm Fanning	Partner, McCann FitzGerald
	Jenny Fisher	Solicitor, McCann FitzGerald
	Michael Flynn	Director, Deloitte
	Claire Lenny	Partner, McCann FitzGerald
	Des McCarthy	Head of Infrastructure, KBC Project Finance
	Robert McClatchey	Managing Director, Barclays Capital
	Siona Meghen	Associate Director, IIB Bank
	Eric Munro	Partner, Farrell Grant Sparks
	Eoin O'Lideadha	Director, KPMG
	Owen Pepper	Director, Construction, Aon
	Paul Sweetman	Transport Executive, Irish Business and Employers Confederation

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A One Day Conference **Wednesday 5th April 2006**



THE 2nd ANNUAL IRISH PUBLIC PRIVATE PARTNERSHIPS POLICY FORUM

The Gresham Hotel, Dublin

Since the Budget announcement that €5.5 billion of the capital investment programme would be allocated to PPPs, significant progress has been made in advancing PPP projects in Ireland. Large infrastructure projects, such as the Dundalk Western By-Pass and the Kilcock-Kinnegad motorway, have opened well ahead of schedule. To help other sectors match the impressive performance of the roads programme, the Government announced last July that the National Development Finance Agency would assume a new, central role to accelerate the roll out of PPP projects. Initially, the NDFA will focus on health, education and justice, which together are set to account for €1.4 billion of the PPP programme, but its brief will ultimately extend to all departments other than the National Roads Authority.

This year's Irish Public Private Partnerships Policy Forum will (a) assess the implications of the NDFA's new role and other recent policy initiatives, (b) review the progress made in delivering the Irish Government's PPP programme over the last 12 months, (c) assess the prospects for the next four years, and (d) provide a forum for the discussion of emerging best practice issues.

Among the specific issues that will be discussed are:

- Overview of the Government's latest policy initiatives
- Developing the NDFA's role as a centre of excellence
- Private sector perspective on the Government's plans
- Latest developments in the PPPs in Northern Ireland
- A European perspective on PPPs
- Achieving value for money from PPPs
- Getting the output specifications right
- Practical and legal aspects of structuring PPP consortia
- Latest developments in financing structures for PPP projects
- Recent developments in the Irish PPP model
- PPP market capacity, rights issued and the development of the secondary market
- Providing waste infrastructure through PPPs
- Achieving value for money in roads projects
- Effective risk transfer in education PPPs

Practical Case Studies
- Dundalk Western By-Pass project
- National Maritime College project

KEYNOTE ADDRESS	**Brian Cowen, T.D.**	Minister for Finance
CHAIR	**Mary Doyle**	Assistant Secretary, Department of the Taoiseach
GOVERNMENT AND PUBLIC SECTOR SPEAKERS	**Thomas Barrett**	Director, European Investment Bank
	David Gavaghan	Chief Executive, Strategic Investment Board
	Conor Gunn	Senior Analyst, National Development Finance Agency
	Michael Delaney	Head of Development, Cork Institute of Technology
	Seamus McCarthy	Deputy Director of Audit, VFM Division, Office of the Comptroller and Auditor General
	Stephanie O'Donnell	Head of Central PPP Unit, Department of Finance
PRIVATE SECTOR SPEAKERS	**John Ahern**	Managing Director, Indaver Ireland
	Jim Barry	Chairman of PPP Council, Irish Business and Employers Confederation
	Alan Boyce	Associate Director, Faber Maunsell
	Liam Carney	Partner, Arthur Cox
	Gershon Cohen	Head of Infrastructure Origination, Bank of Scotland
	Steve Cowman	Chief Executive, Greenstar
	Norman Craig	Director, Davis Langdon PKS
	Robert McClatchey	Managing Director, Barclays Private Equity
	Michael Flynn	Director, Deloitte
	Andy Friend	Chief Executive, John Laing
	Paul Leatherdale	Managing Director, Head of Infrastructure Finance, Depfa Bank
	Reg McCabe	Director, Transport & PPP, Irish Business and Employers Confederation
	Siona Meghen	Associate Director, IIB Bank
	Niall Rice	Partner, Farrell Grant Sparks
	Larry O'Toole	Operations Director, RPS
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Appendix 3 Response from DCC to Freedom of Information Requests

Dublin City Council
Comhairle Cathrach Bhaile Átha Cliath

Housing & Residential Services
Block 1, Floor 1,Civic Offices, Wood Quay, Dublin 8

Seirbhísí Tithíochta agus Cónaithe,
Oifigí na Cathrach, An Ché Adhmaid, Baile Átha Cliath 8
michael.jo'neill@dublincity.ie
T. 01 222 2993 F. 01 222 2797

Rory Hearne,
Department of Geography,
Trinity College,
Dublin 2

6th August 2008

RE: FOI/2404/08

Dear Mr. Hearne,

I refer to the appeal that you have made under the Freedom of Information Act 1997 on 16th July for a review of the decision of Darach O'Connor dated 20th June 2008.

I have reviewed the decision of Mr. O'Connor on your request. My decision on review is an entirely new and separate decision. I have decided to affirm the original decision made in this regard.

The attached schedule indicates which records have been withheld, reasons why, and indicates the Section(s) of the Act that have been invoked in this connection.

Right of Appeal:

You may appeal this decision by writing to the Information Commissioner at 18 Lower Leeson Street, Dublin 2. If you wish to appeal you must do so not later than 6 months from the date of this notification. If you make an appeal, the Information Commissioner will fully investigate and consider the matter and issue a fresh decision. A fee of €150 must accompany appeals to the Information Commissioner if the records relate to **non-personal** matters. A reduced fee of €50 applies to holders of medical cards. There is no fee if the appeal relates to personal records only.

Yours sincerely

Michael J O'Neill
Executive Manager

FOI
Schedule of Records

Record No.	Brief description and date of record	Decision: Grant/Part Grant/Refuse	Basis of Refusal: Section of Act
1	RFP documents for: Fatima Mansions St Michael's Estate O'Devaney Gardens	Refuse	S. 20 (1) The RFP documents are for the bidders short listed to participate and issued for the exclusive use of the bidders.
		Refuse	S. 21 Would affect the conduct of negotiations.
		Refuse	S. 31 (2) Premature disclosure to records liable to cause undue disturbance to the process.
		Refuse	S. 27 Commercially sensitive information could be disclosed affecting the bids of individual bidders.
		Refuse	S. 26 Proposals from bidders contain confidential information relating solely to their bid.
	St Teresa's Gardens Charlemont St Dolphin House	Refuse	S. 10(1)(a) No such document exists for the relevant projects.
2	Public Sector Benchmark for: Fatima Mansions St Michael's Estate O'Devaney Gardens	Refuse	S. 20 (1) Under PPP legislation the Public Service Benchmark is exempt from disclosure.
		Refuse	S. 21 See above
		Refuse	S. 31 See above
		Refuse	S. 27 See above

Tue 9-30 [illegible]
[illegible]
[illegible]
[illegible]

		Refuse	S. 26 See above
	St Teresa's Gardens Charlemont St Dolphin House	Refuse	S. 10(1)(a) No such document exists for the relevant projects.
3	Preliminary Appraisal undertaken in relation to:		
	Fatima Mansions St Michael's Estate O'Devaney Gardens St Teresa's Gardens Charlemont St Dolphin House	Refuse Refuse Refuse Refuse Refuse	S. 20 (1) Part of ongoing deliberative process of a public body. S. 21 Would affect the ongoing conduct of negotiations. S. 31 (2) Premature disclosure could cause undue disturbance to process. S. 27 Could affect commercially sensitive information relevant to the project. S. 26 Could expose certain information obtained in confidence.
4	PPP Procurement Assessment in relation to:		
	Fatima Mansions St Michael's Estate O'Devaney Gardens St Teresa's Gardens Charlemont St Dolphin House	Refuse Refuse Refuse Refuse	S. 20 (1) Part of ongoing deliberative process of a public body. S. 21 Would affect the ongoing conduct of negotiations. S. 31 (2) Premature disclosure could cause undue disturbance to process. S. 27 Could affect commercially sensitive

			information relevant to the project.
		Refuse	S. 26 Could expose certain information obtained in confidence.
5	Any other reviews, assessments, cost-benefit analysis relating to:		
	Fatima Mansions	Refuse	S. 20 (1) Part of ongoing deliberative process of a public body.
	St Michael's Estate		
	O'Devaney Gardens	Refuse	S. 21 Would affect the ongoing conduct of negotiations.
	St Teresa's Gardens		
	Charlemont St	Refuse	S. 31 (2) Premature disclosure could cause undue disturbance to process.
	Dolphin House		
		Refuse	S. 27 Could affect commercially sensitive information relevant to the project.
		Refuse	S. 26 Could expose certain information obtained in confidence.
6	All correspondence between DCC and representatives of the private consortium that was selected as the preferred bidder of the St Michael's Estate, O'Devaney Gardens and Dominick St Regeneration PPP projects	Refuse	S. 20 (1) Part of ongoing deliberative process of a public body.
		Refuse	S. 21 Would affect the ongoing conduct of negotiations.
		Refuse	S. 31 (2) Premature disclosure could cause undue disturbance to process.
		Refuse	S. 27 Could affect commercially sensitive information relevant to the project.

		Refuse	S. 26 Could expose certain information obtained in confidence.
7	All records of meetings held by DCC from June 2006 to 17th May 2008 both in relation to and with representatives of the private consortium that was selected as the preferred bidder of the St Michael's Estate, O'Devaney Gardens and Dominick Street Regeneration PPP projects.	Refuse Refuse Refuse Refuse Refuse	S. 20 (1) Part of ongoing deliberative process of a public body. S. 21 Would affect the ongoing conduct of negotiations. S. 31 (2) Premature disclosure could cause undue disturbance to process. S. 27 Could affect commercially sensitive information relevant to the project. S. 26 Could expose certain information obtained in confidence.

Appendix 4 Central PPP Unit Project Tracker (June 2008)

Department	Project Name	Project Summary	Contact Details	Project Classification	Current Status	Estimated Construction Start Date	Estimated Date of Operation	Operational From	Notes	Indicative Value €million
National Roads Authority	N4 Kilcock-Kinnegad	The project involves the construction of 39 km of motorway from Kinnegad to Kilcock and is an extension of the Kilcock-Maynooth-Leixlip motorway on the N4/N6 Sligo/Galway to Dublin route.	NRA PPP Unit, 4th Floor, St. Martin's House, Waterloo Road, Dublin 4, Tel: 660 2511, Fax: 668 0009	Concession	Ongoing Contract Management			Late 2005	Contract awarded to EuroLink on 5th March 2003. The EuroLink consortium comprises SIAC Construction Limited and Cintra - Concesiones de Infraestrucutras de Transporte S. A., a major Spanish company with road concession interests in Spain, Portugal, Canada and Chile. The PPP Co's traget completion date at commencement was October 2006 but works were completed ahead of schedule and the road opened to traffic in December 2005.	€250+
National Roads Authority	N25 Waterford Bypass	The project consists of a By-Pass of Waterford City to include a new river crossing and a cable stay bridge. The project also includes a new connection, known as the Western Link, which connects the By-Pass to industrial areas to the South West of the City and links the N9 and N24 to the Grannagh Interchange. The scheme construction includes approx. 23 km of dual carriageway and 14 km of single carriageway.	NRA PPP Unit, 4th Floor, St. Martin's House, Waterloo Road, Dublin 4, Tel: 660 2511, Fax: 668 0009	Concession	Construction		Late 2010		The contract was awarded to Celtic Roads Group (Waterford) Ltd. on 21st April 2006. The Celtic Roads Group (Waterford) Ltd. consortium comprises Dragados (a Spanish company), NTR, and Royal BAM (Ascon). The PPP Co's target completion date is August 2010.	€250+
National Roads Authority	N7 Limerick Southern Ring Phase II / Limerick Tunnel	The project will comprise of approx. 10 km of standard dual carriageway and 4km of single carriageway and will incorporate a 900m tunnel under the River Shannon	NRA PPP Unit, 4th Floor, St. Martin's House, Waterloo Road, Dublin 4, Tel: 660 2511, Fax: 668 0009	Concession	Construction		Late 2010		The contract was awarded to the DirectRoute Consortium (Strabag AG, John Sisk & Son (Holdings) Ltd., Lagan Holdings Ltd. and Roadbridge Ltd.) on the 18th August 2006. The PPP Co's target completion date is September 2010.	€250+
National Roads Authority	N1/M1 Dundalk Western Bypass	The project involves the construction, operation and maintenance of an 11 km stretch of road forming part of the N1/M1 together with approx. 8 km of associated side roads and tie- ins. The project also includes the operation and maintenance of existing motorway with an approx. length of 42 km.	NRA PPP Unit, 4th Floor, St. Martin's House, Waterloo Road, Dublin 4, Tel: 660 2511, Fax: 668 0009	Concession	Ongoing Contract Management			Late 2005	Celtic Roads Group (Dundalk) Ltd, was awarded the contract in February 2004. The consortium comprises Dragados Concesiones de Infraestructuras SA (a major Spanish firm), Edmund Nuttall Ltd (UK), HBG Ascon Ltd (Irl), and NTR plc (Irl). Celtic Roads Group (Dundalk Ltd) were required to operate & maintaining the 43 km of existing motorway from commencement. The new build section i.e., the 11 km Dundalk Western Bypass motorway opened to traffic in September 2005 some 5 months ahead of schedule.	€100-€250
National Roads Authority	M3 Clonee-Kells	The project involves the construction of a 50 km stretch of motorway/dual carriageway, and 11 km of single carriageway. The scheme also involves construction of a further 24 km of link road.	NRA PPP Unit, 4th Floor, St. Martin's House, Waterloo Road, Dublin 4, Tel: 660 2511, Fax: 668 0009	Concession	Construction		Late 2010		The M3 Clonee-Kells PPP contract was awarded to the EuroLink consortium. EuroLink comprises CINTRA Concesiones de Infraestructuras de Transporte, S.A. and SIAC. The contract commenced on the 27th April 2007.	€250+
National Roads Authority	N6 Galway to Ballinasloe	The scheme extends 57.6 km comprising of 56 km of dual carriageway and 1.6 km of single carriageway	NRA PPP Unit, 4th Floor, St. Martin's House, Waterloo Road, Dublin 4, Tel: 660 2511, Fax: 668 0009	Concession	Construction		Late 2010		The N6 Galway to Ballinasloe PPP contract was awarded to the ICON consortium (trading as NE (Concession) Limited) on 4th April 2007. ICON comprises FCC Construction S.A. and Itinere Infraestructuras, both major companies from Spain, and PJ Hegarty & Sons from Ireland.	€250+
National Roads Authority	M50 2nd West-Link Bridge	This bridge opened in September 2003. The new twin bridge increased the number of lanes to three in each direction.	NRA PPP Unit, 4th Floor, St. Martin's House, Waterloo Road, Dublin 4, Tel: 660 2511, Fax: 668 0009	Concession	Ongoing Contract Management				This bridge opened in September 2003. The new twin bridge increased the number of lanes to three in each direction.	€20-€50
National Roads Authority	M7 Portlaoise-Castletown/M8 Portlaoise-Cullahill	Both sections of this scheme to be procured as a single scheme have an approx. length of 42 km	NRA PPP Unit, 4th Floor, St. Martin's House, Waterloo Road, Dublin 4, Tel: 660 2511, Fax: 668 0009	Concession	Construction		Late 2010		The contract was awarded on 14th June 2007 to the Celtic Roads Group Consortium, (NTR plc, Royal BAM Group, Iridium Concessiones & Dragados S.A.).	€250+
National Roads Authority	M50 PPP Upgrade	The M50 Upgrade PPP Contract is intended to comprise the design, construction, operation and finance of the upgrading of approx. 24 km of the existing two lane carriageway to three lane standard and the upgrading of interchanges.	NRA PPP Unit, 4th Floor, St. Martin's House, Waterloo Road, Dublin 4, Tel: 660 2511, Fax: 668 0009	DBFOM	Construction		Late 2010		The contract was awarded to the ICON Consortium (FCC Construction S.A., Itinere Infraestucturas & PJ Hegarty) trading as M50 (Concession) Limited on 27th September 2007.	€250+

Department	Project Name	Project Summary	Contact Details	Project Classification	Current Status	Estimated Construction Start Date	Estimated Date of Operation	Operational From	Notes	Indicative Value €million
National Roads Authority	N8 Rathcormac-Fermoy Bypass	This project involves the construction of an 18 km stretch of road incorporating a Blackwater crossing viaduct.	NRA PPP Unit, 4th Floor, St. Martin's House, Waterloo Road, Dublin 4, Tel: 660 2511, Fax: 668 0009	Concession	Ongoing Contract Management			Late 2006	Contract awarded to Direct Route (Fermoy) Ltd. in June 2004. The consortium comprises Kellogg Brown & Root Ltd, Strabag AG, John Sisk & Son (Holdings) Ltd, Lagan Holdings Ltd, Roadbridge Ltd. and the First Irish Infrastructure Fund (a joint AIB/European Investment Bank fund established for the purpose of investing in PPP projects and private sector infrastructure developments in Ireland and across Europe). Subsequent to financial close, debt finance along with equity was syndicated to Bank of Scotland. The target completion date for the scheme at commencement was June 2007. Construction works completed 8 months ahead of schedule and the scheme opened to traffic in October 2006.	€250+
National Roads Authority	Motorway Service Areas - Tranche 1	Tranche 1 tender competition is intended to comprise the design, construction, operation and financing of three service areas on the national roads network. Two service areas will be located on the M1 motorway and one on the M4 motorway. Each service area will either have facilities on both sides of the motorway or will be accessible from both sides of the motorway.	NRA PPP Unit, 4th Floor, St. Martin's House, Waterloo Road, Dublin 4, Tel: 660 2511, Fax: 668 0009	Concession	Procurement Process	Late 2008	Mid 2009		Five consortia shortlisted. Competitive Dialogue Tender Phase Commenced.	€50-€100
Courts Service	Criminal Courts Complex	Circa 22 court criminal justice building with all user facilities	John Mahon PPP Unit, Courts Service Tel +35318886593 Email johnmahon@courts.ie	DBFOM	Construction		Early 2010		Contract and commercial close on 18th April, 2007. Construction began in May 2007 and is proceeding to contract programme.	
Courts Service	Courts bundle	Bundle of County town primarily new build projects	John Mahon PPP Unit, Courts Service Tel +35318886593 Email johnmahon@courts.ie	DBFM	Detailed Appraisal inc. PPP Procurement Assessment	Early 2010	Late 2011			€20-€50
Department of Education and Science	Pilot PPP Schools Bundle	Design build finance and operate five new post-primary schools	Maria Grogan/Eamonn Cusack/Cyril O'Neill. Dept. Education and Science, Portlaoise Road, Tullamore, Co. Offaly. Tel: 057 9324300. Fax 057 9325347	DBFOM	Ongoing Contract Management					€50-€100
Department of Education and Science	National Maritime College of Ireland (NMCI)	Design build finance and operate college for nautical training at Ringaskiddy, Co. Cork	Maria Grogan/Eamonn Cusack/Cyril O'Neill. Dept. Education and Science, Portlaoise Road, Tullamore, Co. Offaly. Tel: 057 9324300. Fax 057 9325347	DBFOM	Ongoing Contract Management					€50-€100
Department of Education and Science	Cork School of Music (CSM)	Design build finance and operate School of Music in Cork City	Maria Grogan/Eamonn Cusack/Cyril O'Neill. Dept. Education and Science, Portlaoise Road, Tullamore, Co. Offaly. Tel: 057 9324300. Fax 057 9325347	DBFOM	Ongoing Contract Management					€50-€100

Department	Project Name	Project Summary	Contact Details	Project Classification	Current Status	Estimated Construction Start Date	Estimated Date of Operation	Operational From	Notes	Indicative Value €million
Department of Education and Science	New Post-Primary Schools and Primary Schools	4 new post-primary schools (Bundle 1)	Maria Grogan/Eamonn Cusack/Cyril O'Neill. Dept. Education and Science, Portlaoise Road, Tullamore, Co. Offaly. Tel: 057 9324300. Fax 057 9325347	DBFOM	Tender Evaluation incl Value for Money Comparison	Late 2008	Late 2009		Macquarie Partnership for Ireland (MPFI) had been selected as the preferred tenderer. Planning applications have been submitted to the relevant Local Authorities. It is envisaged that construction of the four schools will commence in Q3 2008.	
Department of Education and Science	New Post-Primary Schools and Primary Schools	5 new post-primary schools and 1 new primary school (Bundle 2)	Maria Grogan/Eamonn Cusack/Cyril O'Neill. Dept. Education and Science, Portlaoise Road, Tullamore, Co. Offaly. Tel: 057 9324300. Fax 057 9325347	DBFOM	Procurement Process	Early 2010	Mid 2011		Pre-procurement work consisting of the preparation of Output Specifications and the Public Service Benchmark has completed for this bundle. Outline planning permission has been received for each of the schools. This bundle was handed over to the National Development Finance Agency (NDFA) for procurement on 13th May 2008. The next step is identification of 3 shortlisted bidders.	
Department of Education and Science	Third Level projects	6 new buildings in four 3rd Level Institutions (Bundle 1)	Maria Grogan/Eamonn Cusack/Cyril O'Neill. Dept. Education and Science, Portlaoise Road, Tullamore, Co. Offaly. Tel: 057 9324300. Fax 057 9325347	DBFOM	Drafting the Public Sector Benchmark				Pre-procurement work is on-going. It is envisaged that this bundle will be handed over to the NDFA in late 2008 for procurement.	
Department of Education and Science	Third Level projects	6 new buildings in two 3rd Level Institutions (Bundle 2)	Maria Grogan/Eamonn Cusack/Cyril O'Neill. Dept. Education and Science, Portlaoise Road, Tullamore, Co. Offaly. Tel: 057 9324300. Fax 057 9325347	DBFOM	NDFA Assistance				Pre-procurement will commence as soon as Bundle 1 is handed over to the NDFA for procurement	
Department of Education and Science	Third Level projects	4 new buildings in three 3rd Level Institutions (Bundle 3)	Maria Grogan/Eamonn Cusack/Cyril O'Neill. Dept. Education and Science, Portlaoise Road, Tullamore, Co. Offaly. Tel: 057 9324300. Fax 057 9325347	DBFOM	NDFA Assistance				Pre-procurement will commence as soon as Bundle 2 is handed over to the NDFA for procurement	
Department of Health and Children	HSE -National Network for Radiation Oncology	The project consists of 4 large centres in Dublin, Cork and Galway and satellite centres in Waterford and Limerick. A total of 32 linear accelerators (18 additional) are proposed under the national plan.	Ms. Elaine Maye Acting Project Director NPRO c/o National Cancer Screening Service King's Inn House, Parnell Street, Dublin 1. Tel. No. 01-8287173	DBFOM	NDFA Assistance	Early 2011	Late 2014		The HSE is progressing the delivery of the National Plan for Radiation Oncology (NPRO), the bulk of which is intended to be provided through public private partnership arrangements to design, build, finance, maintain and partially operate (DBFMO). Radiation oncology services will be provided at Dublin (St. Luke's, St. James's and Beaumont), Cork (to include a satellite centre at Waterford Regional Hospital) and Galway (to include the upgraded facilities at Limerick Regional Hospital). A national network comprising a total capacity of 32 linear accelerators will be provided on an incremental basis, with additional capacity coming on stream commencing in 2008.The projected dates refer to the elements of the NPRO to be provided through PPP. The total investment is estimated to be in excess of €0.5bn. The clinical staff, who will deliver the public health services, will continue to be recruited under public service arrangements.The Clinical Output Specification has been completed and the tender for Technical Advisors to the HSE and NDFA is underway.	€250+
Arts, Sport and Tourism	National Conference Centre	Project to provide a National Conference Centre in Dublin, using design build finance maintain and operate	John Kelly Department of Arts Sport and Tourism, Fossa, Killarney, Co Kerry. Tel 064 27361	DBFOM	Construction		Late 2010		Contract was awarded to Spencer Dock Convention Centre Dublin Ltd on 5 April 2007.	€250+

Department	Project Name	Project Summary	Contact Details	Project Classification	Current Status	Estimated Construction Start Date	Estimated Date of Operation	Operational From	Notes	Indicative Value €million
Arts, Sport and Tourism	Abbey Theatre	Redevelopment of National Theatre at Georges Dock, Dublin on a build, finance and maintain basis following a separate international design competition	Dara Mullally Department of Arts Sport & Tourism, Fossa, Killarney, Co Kerry Tel 064 27330	DBFM	Appointing Client Advisers	2010	2013		Government Decision to proceed July 2006. Interagency Steering Group set up and Project Team appointed. Preparations for International Design Competition nearing completion; accommodation brief being finalised; legal, financial, technical, insurance, theatre and acoustic advisers appointed.	€100-€250
Arts, Sport and Tourism	National Concert Hall	Redevelopment of National Concert Hall at Earlsfort Terrace, Dublin 2, on a Design, Build, Finance, Maintain basis	Vera Kelly, Department of Arts Sport and Tourism, Fossa, Killarney, Co Kerry Tel 064 27340	DBFM	Output Specifications compiled; project advancing towards procurement phase	Early 2010	Late 2012		Government Decision to proceed April 2006. Interagency Steering Group set up and Project Team appointed. Accommodation brief finalised. Process Auditor appointed. Legal, financial and technical advisers now appointed. Output specification compiled.	€100-€250
OPW	Decentralisation	Provision of office accommodation for Government's Decentralisation Programme in Portlaoise, Mullingar & Carlow	Mary Fitzsimons/Eamon Brennan OPW Tel:(01) 647 6299/6171	DBFM	Tender Evaluation incl Value for Money Comparison	Mid 2008	Late 2009		There are currently 4 PPP projects, Portlaoise, Mullingar, Carlow and Drogheda being pursued by the OPW under the Government's decentralisation programme. Three of them (Portlaoise, Mullingar and Carlow) have been bundled as one project and Expressions of Interest have been evaluated and a short list of contractors/developers has been identified from whom tenders were invited in March 2007. These tenders were received in September 2007 and Macquarie Partnership Ireland were appointed Preferred Tenderer in December '07. The NDFA have finalised the PSB.	€100-250
OPW	Decentralisation	Provision of office accommodation for Government's Decentralisation Programme in Drogheda	Willie Mc Intosh OPW Tel:(01) 6476469	DBFM	Compile Output Specifications	Mid 2009	Mid 2011		Sites selected, consultation on accommodation brief progressing	
Irish Prison Service/Department of Justice Equality and Law Reform	Mountjoy Complex Relocation	Relocation of the Mountjoy prison complex to a green field site at Thornton Hall, North County Dublin	Mr Jim Mitchell, Project Manager 043 35206	DBFM	Tender Evaluation incl Value for Money Comparison	Mid 2008	Mid 2011	Mid 2011	A 150 acre site in North County Dublin for the Mountjoy Complex relocation has been acquired. Preferred tenderer selected in April 2007 (consortium - comprising Michael McNamara &Co/Barclays Private Equity/GSL). The Prisons Act 2007 has been enacted and this development will be subject to its provisions. A portion of the site has been set aside for the CMH which will be developed separately. An EIA and Public Notice of Development under Prisons Act 2007 was published on 29 February 2008. The Minister published the Report of the Rapporteur on the proposed Thornton Hall development and his consideration of the points raised on 19 May 2008. The next stage is consideration by both Houses of the Oireachtas of the draft Resolution in relation to the planning consent process.	€250+
Irish Prison Service/Department of Justice Equality and Law Reform	Munster Prison Complex	Development of Male Adult and Female Adult prison	Mr Jim Mitchell, Project Manager 043 35206	DBFM	Preliminary Appraisal	Early 2010	Early 2013	Early 2013	It is planned to develop a 450 place prison serve the Munster region to replace Cork Prison. A preliminary evaluation of the site at Kilworth Army Camp, Co. Cork has been completed. The prison development will be procured through a DBFM PPP. The preliminary business case of the options available has been completed and submitted to the Sanctioning Authority for approval to proceed to the next stage.	€100-€250
Department of Transport/RPA	Metro North	Metro running from St. Stephen's Green to Swords via Dublin Airport. Total Length 18 km.	Seamus Ryan, Metro/Luas Unit, Department of Transport, Kildare St. Dublin 2. Tel. 6041223. E-mail seamusryan@transport.ie	DBFM	Procurement Process	Early 2009	Late 2013		Public Sector Benchmark approved and Tender documentation issued to bidders. Pre-Railway Order application discussions underway with ABP.	€250+
Department of Transport/RPA	Metro West	Metro running from Tallaght to Ballymun Total Length 34 km.		DBFM	Detailed Appraisal inc. PPP Procurement Assessment	Early 2011	Late 2014		Preferred route chosen. Detailed appraisal underway	€250+
Department of Transport/RPA	Lucan Luas	Luas line from city centre to Lucan		DBFM	Preliminary Appraisal	Early 2010	Late 2013		Route selection underway. Public consultation completed at end January. Additional studies required on route options as a result of public consultation.	€250+

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DEHLG	Fatima Mansions redevelopment	The project is the redevelopment of Fatima Mansions under a PPP arrangement.	Gerry Byrne DCC Tel 6755100	DBF	Construction			Early 2007	Phase 1, Social Housing provision, completed. Construction has commenced on phase 2.	€100-€250
DEHLG	O'Deveney Gardens redevelopment	The project is the redevelopment of O'Deveney Gardens under a PPP arrangement.	Secretary of project board Claire Feeney	DBF	Procurement Process				Preferred bidder has withdrawn from competition. DCC reviewing options	€20-€50
DEHLG	Dublin Bay Drainage scheme	The treatment plant is part of the Dublin Main Drainage scheme. It has the capacity to cater for a PE of 1.64m	Batty White tel. 01 672-2222	DBM	Ongoing Contract Management			Late 2004	Construction was completed in early 2003 and commissioning commenced. The plant is operational since mid 04, there are some odour problems which have yet to be addressed.	€250+
DEHLG	Wexford Main Drainage	The treatment plant is part of the Wexford Main Drainage scheme. It has the capacity to cater for a PE of 30,000	Daragh Cullinane Tel. 053-42211	DBOM	Ongoing Contract Management			Early 2004	The plant is now operational.	€20-€50
DEHLG	Cork Main Drainage	The treatment plant is part of the Cork Main Drainage scheme. It has the capacity to cater for a PE of 1.64m	Eamon Walsh Cork City Council tel. 021-4924608	DBOM	Ongoing Contract Management			Mid 2004	The plant is now operational.	€50-€100
DEHLG	South Tipperary Bundled DBO	This project comprises of 10 individual schemes under a single DBO contract. Five schemes will be upgraded and additional 5 schemes will be constructed	John Crowley tel. 052-34455	DBOM	Ongoing Contract Management			Mid 2006	The plant is now operational.	€20-€50
DEHLG	Dungarvan Sewerage Treatment Scheme	The treatment plant , which is part of the main drainage scheme will have the capacity to cater for sewage from a PE of 35,000	Pat McCarthy Snr. Engineer 058 22000	DBOM	Ongoing Contract Management			Mid 2007	The plant is now operational.	€20-€50
DEHLG	Waterford Main Drainage	The treatment plant is the DBO element of the scheme. When completed it will have the capacity to cater for a PE of 100,000	Paul Tooher 086-3893808 051 309934)	DBOM	Construction		Late 2008		Construction commenced.	€50-€100
DEHLG	Donegal A Sewerage Scheme	This project comprises three individual schemes in Donegal Town , Ballyshannon and Rosnowlagh	Paul Kilcoyne Tel.074-9173545	DBOM	Construction		Late 2008		Construction commenced.	€50-€100
DEHLG	Donegal B Sewerage Scheme	This scheme comprises of two individual schemes in Killybegs and Bundoran.	Paul Kilcoyne Tel.074-9173545	DBOM	Detailed Appraisal inc. PPP Procurement Assessment	Mid 2009	Late 2010		Statutory processes to be completed. CDs being prepared	€20-€50
DEHLG	Balbriggan/Skerries Sewerage Scheme	The PPP element of this scheme is the treatment plant, which will cater for sewage from Balbriggan and Skerries. It will have an initial capacity to cater for a PE of 30,000, with the potential to expand capacity to 100,000	John Mulcahy Fingal CC	DBOM	Ongoing Contract Management			Late 2007	Plant operational.	€20-€50
DEHLG	Portlaoise Sewerage Scheme	This treatment plant is part of the Portlaoise Main Drainage scheme. The treatment plant will, when completed have the capacity to cater for a PE of 39,000	Philip Mc Veigh Laois County Council tel 05786-22044	DBOM	Construction		Late 2008		Construction underway	€20-€50
DEHLG	Clareville Water Treatment Scheme	The scheme will cater for the potable water for Limerick and its environs. Is expected that it will have the capacity to treat approx.100,000 M3 of water per day	David Keane tel. 061-415799	DBOM	Construction		Early 2009		Construction underway.	€20-€50
DEHLG	Meath Grouped Villages sewerage Scheme	The Scheme consists of Waste Water Treatment Plants for Dunleek, Athboy, Kilmainham Wood, Summerhill, Moynalty, Rathmoylan and Rathcairn They will have the capacity to cater for a PE of 5,000.	Jim White Tel. 046-9021581	DBOM	Construction	Early 2008	Mid 2009		Contract awarded. Contractors on site.	€20-€50

Department	Project Name	Project Summary	Contact Details	Project Classification	Current Status	Estimated Construction Start Date	Estimated Date of Operation	Operational From	Notes	Indicative Value €million
DEHLG	Sligo Main Drainage	The treatment plant is part of the Sligo Main Drainage scheme. When completed it will have the capacity to cater for a PE of 47,000	Donal Harrison Tel. 071-9111111	DBOM	Construction		Late 2008		Construction commenced.	€20-€50
DEHLG	Mullingar Sewerage scheme	The treatment plant is part of the Mullingar main drainage scheme. When complete it will have the capacity to cater for a PE of 30,000 rising to 55,000 within the next three yrs.	Peter Mulvihill Mullingar Town Council	DBOM	Construction		Mid 2009		Construction commenced.	€50-€100
DEHLG	Arklow water treatment scheme	The DBO element is for the water treatment plant. When complete it will provide potable for the town of Arklow and its environs.	Larry Wolohan Tel. 0402-32819	DBOM	Procurement Process	Late 2008	Late 2009		Contract documents being prepared.	€20-€50
DEHLG	Shanganagh Sewerage scheme	The treatment plant is the DBO element of the scheme. The plant will have the capacity to cater for a PE of 103,000	Frank Austen Dunlaoghaire Rathdown CC	DBOM	Procurement Process	Late 2008	Early 2010		Preferred tenderer selected. Awaiting approval of Department	€50-€100
DEHLG	Castlebar Sewerage Scheme	The DBO element is the WWTP. When completed it will have the capacity to cater for a population equivalent of 35,000	Pat Commons tel 094-9024444	DBOM	Procurement Process	Late 2008	Early 2010		Tenders being assessed.	€20-€50
DEHLG	Thurles Regional Water Supply Scheme	The treatment plant is the DBO element of the scheme. It will provide potable water for the Sth Tipperary region	Peter Hogan Nth Tipp CC tel 06744838	DBOM	Procurement Process	Early 2009	Mid 2010		Contract documents being examined by department. Shortlisting underway.	€20-€50
DEHLG	Waterford Grouped Towns and Villages	The DBO element of the scheme will comprise of treatment plants in Ardmore, Tallow, Stradbally, Cappoquinn, Dunmore East, Kilmacthomas, Ballyduff and Kilmeaden		DBOM	Procurement Process	Late 2009	Early 2011		Shortlisting complete. CR preparing contract documents. LA completing statutory processes.	€20-€50
DEHLG	Wicklow Sewerage Scheme and Sludge Treatment Centre	The treatment plant, which is the DBO element of the scheme, will be sited outside Wicklow Town. It will cater for Wicklow Town and Ashbourne and have the capacity to cater for a population equivalent of 34,000	John Dunphy Wicklow County Council Tel 0404-20100	DBOM	Construction	Early 2008	Late 2009		Construction commenced.	€20-€50
DEHLG	SE Region Joint Waste Management Plan	The scheme will be for the provision of infrastructure to cater for the waste generated in the SE region	Jimmy Harney 052-34415	DBF	Detailed Appraisal inc. PPP Procurement Assessment	Late 2009	Early 2011		Plan being reviewed	€250+
DEHLG	Dublin Waste to Energy Scheme	This scheme will extract energy from the incineration of municipal waste.	Dave Dinnigan Dublin CC	DBF	Procurement Process	Late 2008	Early 2010		Planning permission granted by An Bord Pleanala. Awaiting licensing decision of EPA	€100-€250
DEHLG	Redevelopment of Greystones Harbour Area	The scheme involves the redevelopment of the harbour area of Greystones. The development will include residential and commercial units, redevelopment of the harbour, provision of a marina, sea defences on the south beach and other social infrastructure.,	Sean Quirk Wicklow CC	DBF	Construction	Early 2008	Late 2009		Contractors on site	€100-€250
DEHLG	Redevelopment of Bray Harbour area.	The development will consist of residential and commercial units, redevelopment of the harbour including the provision of a marina	Sean Quirk Wicklow CC	DBF	Preliminary Appraisal				WCC considering procurement options.	€100-€250