

PSP RELATIONAL PARTNERING

“Turning the Family Silver into Gold”



Invitational Event

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For more information on Relational Partnering and how to express an interest in accessing the private sector funding associated with this initiative visit the PSP website www.publicsectorplc.com or contact:

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1. Foreword

I have followed closely the progress of PSP (Public Sector Plc) since I contributed to the Foreword of the first PSP book in 1997.

I have seen the concept develop into a “Relational Partnering” approach where public and private sectors set out shared objectives, work in an open and trusting way and share in the benefits.

I have watched an increasing number of councils applying this option to add value to their property portfolios. It is an initiative that will help to generate capital and revenue value to public sector organisations in order to help protect frontline services.

The timing could not be more opportune for the current councils and their private sector partner to extend the model, and the private sector inward investment funding associated with it, to all councils and public sector bodies who wish to express an interest.

Lord Tope

2. Overview

PSP (Public Sector Plc) is a funding led initiative where the emphasis is on providing local authorities with an opportunity to share knowledge and expertise amongst each other in relation to extracting value from their property estates.

This network of Local Authorities is known as the Council Consortium Group (CCG).

PSP is backed by funding, the purpose of which is to create, with each council, joint venture vehicles through which the funding is linked to each other's councils property portfolios.

PSP is the result of a Local Government initiative, utilising a new governance structure, comprising a step by step facilitation process and with a members and officers board, which is established prior to any property commitments being entered into.

PSP is based upon a Relational Partnering Culture, providing additional opportunities for councils, which are necessarily as good as (or better than) any traditional Public/Private partnership model.

3. Relational Partnering

A group of local authorities have combined, together with private sector partner PSP, to form the Local Government Council Consortium Group (CCG). Working together, they have developed a new concept of relational partnering where:

- Public and private sectors develop open and honest relationships
- Information and innovative ideas are shared
- Partners work together to develop property solutions
- The private sector partner brings commercial expertise and inward investment funds
- The public sector partner applies their local knowledge and community awareness

This open and trusting culture generates innovative property solutions which would never come to fruition if public or private sector were to work in isolation. Initiatives that pass the commercial test, and are able to demonstrate that they are better than, or as good as a traditional approach, can draw down private sector investment funds. These cover all upfront project costs and the LLP's running costs, taking on the financial risks that an authority may find difficult to justify in its use of public funds. There is no loss in property value, and the added value generated is shared between the partners. There is, therefore, nothing for the authority to lose and revenue savings and an increase in revenue income and capital value to be gained.

The CCG welcomes all other public sector organisations to join it to help protect their front line services by turning their family silver into gold.

4. Benefits

All new public sector partners become members of the Council Consortium Group (CCG) with access to private sector funding. This is not an outsourcing model where people, knowledge and assets are privatised with all of its complexities. Instead, this is a hybrid form of partnering where the public sector insource the funding, skills and expertise of the private sector partners. They share their property information and jointly develop a diverse range of property projects which:

- Generate additional revenue and capital value from property investment portfolios
- Create pools of property to generate, then recycle capital receipts into revenue streams
- Create a property investment portfolio where one does not exist
- Invest in town centre and economic regeneration initiatives
- Develop affordable housing solutions
- Boost in-house capacity to speed up property reviews to reduce maintenance liabilities and increase capital value
- Add value to surplus property and land before disposal through site assembly, initial infrastructure works or demolitions and obtaining planning permission for change of use.

All of this is possible by forming a relationship on a without commitment basis through the establishment of a joint venture Limited Liability Partnership (LLP). This creates the environment to develop a new, sharing culture of innovation, openness, honesty and trust between public and private sectors. This is the culture of relational partnering.

Public sector organisations are free to deliver projects themselves or through another mechanism if they wish, but once an LLP is established it becomes another tool in the toolbox that is always available.

