

# Book Review

**Book review of Public Private Partnerships (PPP) – A Decision Makers' Guide, European Institute of Public Administration  
by Christopher Bovis**

Michael Burnett, 2007  
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Public private partnerships represent a novel method of delivering public services. Their novelty rests with the concept of private sector involvement, over and above the mere contractual interface. Public private partnerships involve additional concepts such as risk allocation and risk management, public asset exploitation. However, public private partnerships need to follow a type of an institutionalisation in their procurement process which intends to facilitate the main objectives of the European public procurement rules, namely the establishment of the principles of transparency and competitiveness in the award of public contracts and the achievement of savings for the public sector. The bureaucratic system which supports traditional public procurement uses the effects of transparency as leverage for value-for-money results, a fact that indicates two distinctive parameters which are relevant to savings and value-for-money. The first parameter focuses on value-for-money for the demand side and reveals the possibility for contracting authorities to compare prices and quality. The second parameter has an effect on the supply side of the equation (the suppliers) which amongst other things cannot longer rely on lack of price comparisons when serving the public sector. Openness in public procurement, by definition, results in price competition and the benefits for contracting authorities appear achievable. The institutionalised nature of the public of the procurement process also reflects the relative balance of powers in the demand / supply equation. However, the traditional public procurement process often suffers from unnecessarily repetitive functions (in particularly the advertisement, selection and qualification processes) which can be cost ineffective and pose a considerable financial burden on the demand side.

The phenomenon of public private partnerships represents a genuine attempt to introduce the concept of contractualised governance in the delivery

of public services. Although the public sector has always depended upon traditional corporatism to disperse public services, there is mounting evidence that the role and the involvement of the state in the above process is under constant review. Public private partnerships can be described as an institutionalised mechanism in engaging the private sector in the delivery of public services, not only through the financing but mainly through the operation of assets. The private sector assumes a direct responsibility in serving the public interest, as part of its contractual obligations vis-à-vis the public sector. The motive and the intention behind such approach focus on the benefits which would follow as a result of the private sector's involvement in the delivery of public services. Efficiency gains, qualitative improvement, innovation, value-for-money and flexibility appear as the most important ones, whereas an overall better allocation of public capital resources sums up the advantages of privately financed projects.

The emergence of public-private partnerships does not alter the character of the contractual relationship between the private and public sectors, for such character is predominately determined by other factors attributed to the legal order in question. The contractual relationship between the private and public sectors is not merely determined by the fact that one party to the agreement is a public authority, but mainly by reference to the appropriate forum for access to justice, or the relevant remedial availability. The contractual nexus between the private and public sectors maintains the same characteristics, which are influenced by the disposition of the relevant legal and judicial system. What Public Private Partnerships have changed is the thrust of that contractual relationship. The integral nature of corporatism evolves around the notion of public ownership of assets destined to serve public interest. Public Private Partnerships brings an end to the notion of public ownership and instead introduces the concept of service delivery in the relevant contractual relationship between private and public sectors. The private sector is no longer a supplier to the public sector but rather a partner through a concession. It seems that there is a quasi-agency relationship between the private and public sectors, in the sense that the former provides the relevant

infrastructure and in fact delivers public services on behalf of the latter. Where corporatism was always delivered under considerable budgetary constraints, a fact that reflects not only the relative balance of powers between the demand and supply sides and the risk allocation factor in their contractual arrangements but mainly the adversarial environment and the compromised quality of the deliverables, contractualised governance appears to prioritise the value-for-money principle, which has primarily qualitative attributes.

Public private Partnerships should be delivered through a system that guarantees accountability, openness and competitiveness. Such a system for the delivery of public services is encapsulated in the European public procurement regime, which is expected to be the most appropriate delivery process for public private partnerships. Contractual award arrangements are entirely covered by the public procurement Directives, which provide for a disciplined, transparent and relatively swift system for the award of public procurement contracts. What remains is the development of comprehensive guidelines for the deployment of private finances in the delivery of public services and the embedment of relevant legislation that empowers public authorities to contractualise their governance. The public private partnership regime needs to benefit from a simplification and standardisation process, so a kind of routine similar to that reigning the award of traditional public procurement contracts can assist the demand and supply sides in delivering more privately financed deals. However, the relative volume of public private partnerships projects is not the critical factor in determining its success. It is rather the value-for-money element

that is expected to crop up through the involvement of private entrepreneurship in the delivery of public services.

Public private partnerships as a concept-tool of public sector management have, in theory, a promising future. In reality, they should be benchmarked against traditional publicly funded systems, both in qualitative and quantitative terms. Only then one can assess with reasonable confidence their merits and impact upon the delivery of public services.

Burnett has offered a most valuable contribution to the academic literature of the subject. Objectively, he has provided the options available to policy makers, and also law makers, before and during the selection stage of the delivery process of public services. His contribution is augmented by bringing in the debate the issues associated with the management of a national PPP programme and how would such a system correspond with an overarching European system in both legal and policy terms. Another important aspect which is often overlooked is the verification and cost validation of a public private partnership, particularly in the light of such arrangements exceeding 25 years. Burnett suggests a comprehensive role for auditors in ensuring compliance in contractual and financial terms within a PPP framework. Such arrangements can truly validate value for money claims and project the real benefits of public private partnerships. Finally, the author has demonstrably offered a platform for comparison grounds between traditional public procurement methods and the option of contractual or institutional public private partnerships. The latter represents the strongest attribute of the book in the academic and policy making community of the European Union and its Member States.