

Key takeaways: Public-Private Partnerships as a model for growth

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Introduction

This roundtable brought together senior figures from across housing, infrastructure, finance and public life to examine how Public Private Partnerships (PPPs) can be redesigned to deliver growth and social value in the 21st century. The discussion reflected on the reputational damage associated with Private Finance Initiative schemes, and explored how a new approach to partnership could unlock delivery in vital growth areas such as housing, health, regeneration and net zero infrastructure.

Participants emphasised that the question facing the government today is how partnerships can be structured to ensure transparency, capability and public benefit. In the context of devolution, emerging combined authorities and renewed focus on housing delivery, PPPs were seen as a vital mechanism to achieve national growth ambitions. Success will be contingent on rebuilding trust, strengthening public sector capacity and simplifying frameworks that have historically been overly complex and costly to procure.

The discussion also highlighted the importance of social value, local ownership and long-term stewardship. Rather than viewing PPPs as solely financing mechanisms, they ought to be seen as long-term and participatory vehicles for place making, community investment and sustainable economic development. Ensuring the participation of local people, groups and even individuals is central to achieving this objective.

Key takeaways

- **Adopt a holistic definition of value for money**

The government should move beyond comparing the cost of public and private capital in isolation. Assessment frameworks must capture whole life asset performance, maintenance standards, delivery certainty, social value and economic spillovers. Critically, the cost of doing nothing should be explicitly considered. In sectors such as housing and health infrastructure, delay itself carries measurable economic and social costs which do not appear on profit/loss sheets. The RAAC crisis in schools and hospitals has well-demonstrated this.
- **Embed social value contractually and transparently**

Social value should be hardwired into PPP structures through enforceable contractual mechanisms rather than treated as a negotiable add-on, citing examples such as requirements for local labour, supply chain participation and skills academies. When social impact is embedded within the commercial model, partnerships can contribute directly to regeneration, workforce development and local economic resilience.
- **Strengthen public sector commercial capacity**

Effective partnership requires capability on both sides. Local authorities and combined authorities need sufficient commercial expertise to negotiate risk allocation, manage contracts and monitor delivery. Without this, perceptions of imbalance will persist. Investment in public sector skills and resourcing should be treated as foundational infrastructure in its own right.
- **Create standardised, repeatable frameworks**

The high cost of bespoke procurement was a major weakness of earlier PFI models, and the government should consider developing standardised contractual frameworks with clear risk sharing principles that can be deployed repeatedly across sectors and regions. This would reduce legal costs, shorten timelines and increase market confidence.
- **Simplify procurement and reduce bidding costs**

Excessive bid costs distort markets, reduce competition and ultimately increase project pricing. Anecdotally, attendees commented on how if larger players were bidding for a contract, or if there were several bidders, it would discourage potentially strong contenders from wasting time and money on bid-writing. Leaner procurement processes that focus on capability, alignment and long-term partnership potential would lower barriers to entry and reduce the need for private partners to price in failed bids across multiple competitions.
- **Align PPPs with housing-led growth and place making**

Housing and new neighbourhoods are key focuses of government as primary engines of local growth. Joint ventures between local authorities, housing providers and private developers can unlock stalled sites that would otherwise not be viable, or high-risk. PPP structures that integrate health facilities, schools and transport within residential schemes demonstrate how partnerships can deliver holistic place based outcomes.
- **Ensure risk is allocated to the party best able to manage it**

Earlier PPP models were criticised for inappropriate risk distribution. Future structures should clearly distinguish between risks suited to the public sector, such as planning and land assembly, and those suited to the private sector, such as construction and lifecycle management. This would further complement differing skillsets, and help address perceived imbalances between public and private.

- **Support devolved institutions with clear strategic frameworks**
Many combined authorities and development corporations are relatively new institutions. Government should support them in articulating strategic approaches to risk, partnership and investment. Clear guidance would provide confidence to institutional investors while preserving local accountability.
- **Encourage appropriate forms of local participation**
Smaller scale projects may lend themselves to community investment or local bond style mechanisms, increasing public buy-in and democratic legitimacy. While not suitable for every scheme, structured opportunities for local participation can reinforce the civic dimension of PPPs and strengthen public trust.

Issues raised

- **Persistent reputational damage from PFI**
Confusion between PPP and PFI continues to shape political and public perceptions. Concerns about excessive returns and opaque risk transfer remain influential within government, particularly the Treasury. Without a clear narrative distinction and demonstrable reform, renewed partnership models risk being judged through the lens of past failures.
- **Limited public sector risk appetite**
Public officials face significant reputational and career consequences for perceived failure, with comparatively limited financial reward. This imbalance can discourage proportionate risk taking and slow decision making, as well as inclining officials to lean towards longstanding vendors even if not the right fit - perhaps adhering to the adage, 'nobody ever got fired for buying IBM'. The cultural gap between public and private approaches to risk remains a structural challenge.
- **Inadequate contract management post award**
Even where partnerships are well procured, ongoing contract management capacity is often insufficient. Without robust monitoring, promised social value and performance standards may not be realised. Under-resourcing in this area undermines public confidence and long-term outcomes.
- **Tournament-style funding mechanisms**
Competitive bidding pots were criticised for being inefficient and inequitable. High preparation costs consume scarce public resources and may favour authorities with greater bid writing capacity rather than those with greatest need. This model risks distorting priorities and delaying delivery.
- **Market volatility and viability pressures**
Rising construction costs and housing market fluctuations have disrupted viability assumptions embedded in standard agreements. Frameworks must be sufficiently flexible to adapt to changing economic conditions without undermining partnership stability.

- **Legal and advisory costs**

Excessive reliance on external legal advice increases transaction costs and slows progress. Public bodies may feel constrained from acting without extensive advisory cover, contributing to delay and inefficiency as well as incurring greater cost.

- **Scaling capacity constraints**

The expansion of development corporations and combined authorities raises questions about whether sufficient experienced personnel exist to scale PPP delivery nationally, and this might have knock-on impacts for local authorities at risk of losing highly skilled people. Without coordinated workforce development, ambition may outpace capability and dilute potential.

Conclusion

PPPs remain a necessary instrument for delivering national growth, housing supply and modern infrastructure. While an appetite for partnerships continues to grow, and the era of PFI fades into the background, the conversation is now about how partnerships can be structured to ensure legitimacy, capability and demonstrable public benefit. A reformed model must be grounded in holistic value assessment, proportionate risk sharing and a renewed emphasis on place-based and locally-sourced outcomes. Social value, local engagement and long-term stewardship should be intrinsic to future frameworks rather than peripheral commitments.

Certain structural challenges must be addressed. Renewed PPP ambitions may falter without ongoing government investment in public sector commercial capability, simplified procurement models and clearer strategic direction for devolved authorities. Rebuilding trust requires both practical reform and visible cultural change. If the government can combine standardised frameworks with local flexibility and strong contract management, especially in and with devolved authorities, PPPs could again become credible engines of growth. The opportunity exists to learn from earlier models and design new partnership models fit for contemporary economic and social realities.

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