

SUSTAINABILITY FORUM – RECORD OF DEBATE

Topic	This forum believes that PFI is a good mechanism for delivering sustainable buildings																																				
Date	23 rd May 2003																																				
The vote	<p>Before the debate, an initial show of hands indicated that there was an even spread of those who agreed (8), disagreed (9) and didn't know (10). After the debate and all arguments considered, the final vote swayed to a majority agreement (17 to 10) with the proposal.</p> 																																				
Attendees	<p>The following attended the debate:</p> <table border="0"> <tr> <td>Gwenda Mark – Fulcrum</td> <td>Bill Bonam – WBA</td> </tr> <tr> <td>Eben Simmons – Fulcrum</td> <td>Nicholas Somerville – ECD Arch.</td> </tr> <tr> <td>Chris Buckley – Fulcrum</td> <td>Julian Williams – ECD Project Services</td> </tr> <tr> <td>Chani Leahong – Fulcrum</td> <td>Nadine Mauritz – Austin Smith Lord</td> </tr> <tr> <td>Hannah Blossom – Fulcrum</td> <td>Caroline Fraser – CABE</td> </tr> <tr> <td>Nita Dixit – Fulcrum</td> <td>Tom Symes – Mill Group</td> </tr> <tr> <td>Henrietta Lynch – Fulcrum</td> <td>Alastair Blyth – Blyth Consulting</td> </tr> <tr> <td>Xaran Rodriguez-Fueyo – Fulcrum</td> <td>Pooran Desai – BioRegional</td> </tr> <tr> <td>Ignacio Inda Caro – Fulcrum</td> <td>Lilja Katanka – BioRegional</td> </tr> <tr> <td>Ashley Bateson – Fulcrum</td> <td>Nick James – BioRegional</td> </tr> <tr> <td>Richard Shennan – Fulcrum</td> <td>Jo Taylor – BioRegional</td> </tr> <tr> <td>Peter Nissen – Fulcrum</td> <td>Brian Spires – HLM</td> </tr> <tr> <td>Peter Mark – Fulcrum</td> <td>Peter Walker – EcoCentrogen</td> </tr> <tr> <td>Andy Ford – Fulcrum</td> <td>Peter Halsall – Miller Construction</td> </tr> <tr> <td>Josie Winch – Fulcrum</td> <td>Andrew Lucas – DGGB</td> </tr> <tr> <td>Susie Woollett – Fulcrum</td> <td>Mike Smith – BSRIA</td> </tr> <tr> <td>Jim Groux – Agenda 21 Architects</td> <td>Andy Macintosh – Fielden Clegg</td> </tr> <tr> <td>Raymond Holden – Agenda 21 Arch.</td> <td>Bradley Architects</td> </tr> </table>	Gwenda Mark – Fulcrum	Bill Bonam – WBA	Eben Simmons – Fulcrum	Nicholas Somerville – ECD Arch.	Chris Buckley – Fulcrum	Julian Williams – ECD Project Services	Chani Leahong – Fulcrum	Nadine Mauritz – Austin Smith Lord	Hannah Blossom – Fulcrum	Caroline Fraser – CABE	Nita Dixit – Fulcrum	Tom Symes – Mill Group	Henrietta Lynch – Fulcrum	Alastair Blyth – Blyth Consulting	Xaran Rodriguez-Fueyo – Fulcrum	Pooran Desai – BioRegional	Ignacio Inda Caro – Fulcrum	Lilja Katanka – BioRegional	Ashley Bateson – Fulcrum	Nick James – BioRegional	Richard Shennan – Fulcrum	Jo Taylor – BioRegional	Peter Nissen – Fulcrum	Brian Spires – HLM	Peter Mark – Fulcrum	Peter Walker – EcoCentrogen	Andy Ford – Fulcrum	Peter Halsall – Miller Construction	Josie Winch – Fulcrum	Andrew Lucas – DGGB	Susie Woollett – Fulcrum	Mike Smith – BSRIA	Jim Groux – Agenda 21 Architects	Andy Macintosh – Fielden Clegg	Raymond Holden – Agenda 21 Arch.	Bradley Architects
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Introduction (presented by the Chair, Ashley Bateson)

A preliminary overview of PFI was given as a brief introduction to the debate:

- The Private Finance Initiative (PFI) is the Government's preferred mechanism for providing new or refurbished public facilities such as schools, hospitals, prisons and roads.
- PFI means that a company or consortium of companies takes on the responsibility to design, build, finance and operate the facility over the length of the project, often 20-30 years.
- The PFI contract can involve responsibility for a range of services such as cleaning, catering, security, IT support, maintenance and more
- In 2001-02 the PFI accounted for 9% of public investment

The case for 'PFI is a good mechanism for delivering sustainable buildings'.

(presented by Andy Ford, Richard Shennan and Brian Spires)

- By putting together capital costs with the long-term costs in use, the PFI concept offers a means of valuing whole life costs. This is not considered in any other traditional procurement mechanism.
- Major costs are in Facilities Management - 3 to 5 times construction - it follows that this is where the major profit can be made. Profits can be maximised by building with low energy/water-use and servicing requirements.
- PFI is the only process that brings together all those involved in a building to try to meet everyone's needs.
- Research requires a long-term investment- achievable with PFI.
- Although PFI is in its infancy it is a way to deliver sustainable buildings through the early involvement of numerate designers interacting with the financiers. Contractors can develop the skills to understand models.
- Getting the Building Output Specification right is key to a PFI project. Inexperienced procurers would benefit from access to guidance in the essentials of incorporating sustainability as an objective in the Building Output Specification. This is a role for Government, NGO's and accredited industry agencies.
- The current work of CABE is an example of how to set a brief and get the best out of consultants.

The case against 'PFI is a good mechanism for delivering sustainable buildings' (presented by Peter Mark, Alastair Blythe and Peter Nissen)

- In practise, the PFI mechanism offers such a truncated procurement process with huge legal fees to cover risk transfer where consideration of sustainable construction is not prioritised. Over 25 years, 92% of costs go on people and overheads. Maintenance and energy costs have a minor role.
- Outdated facilities management data, obsessions with construction costs and inflexibility in the nature of PFI contracts all lead to 'safe' non-innovative design.
- The building users cannot be involved at an early enough stage in design for their input to be effective. The cost of alterations to design is so high that change is difficult. This inflexibility may lead to obsolescence before 25 years.
- The 'risk' will be passed back to the public sector after 25 years. When significant refurbishment or rebuilding will be required at high cost to the tax payer.
- PFI is good news for the government- it moves public borrowing off the balance sheet in the short-term and is good news for the contractor- it delivers profit and guaranteed income with all risks covered, but it can be bad news for the end-users with inflexible, non-inovative design features.
- The only way to deliver sustainability is through legislation (such as the Part L Building Regulations and EEC Directive 2002/91) and careful/considered/"joined up" design and facilities management. PFI won't deliver sustainability on its own- there is not a significant enough cash advantage in it.

Interesting points of discussion from the audience:

- Lack of flexibility is not necessarily to do with PFI. – All contractors make money out of change – and its always difficult to predict. If there are mechanism for prediction, then under PFI these can be factored in.
- There needs to be greater visibility about who are involved in the special purpose vehicles (SPV) and more understanding of the drivers.
- A 'money led' mechanism can appear distasteful but success is achieved by being able to project future value and this is good for sustainability.
- In practise, a more positive approach to a project is achieved when responsibility is long-term.