



Dienst Justitiële Inrichtingen
Ministerie van Veiligheid en Justitie

PPS in Custodial Institutions in the Netherlands

16 April 2012



Public Private Partnership

Cabinet policy since 2005:

- Housing projects with an investment exceeding 25 million euros
- Performance of Public Private Comparator (PPC)

A PPC identifies all costs, returns and risks and performs an estimate of the option of creating added value by means of a PPS.

- Steering on the basis of output



Contract award after Tendering

- Request described in Output Specification (OS), more than 1,000 pages
- Dialogue focusing on competition
- Award on the basis of the economically most advantageous tender (price and quality)
- Term DBFMO contract is 25 years
- After the term the building belongs to the State, but it still needs to comply in full with the OS upon delivery.



PPS within DJI

Three DBFMO contracts:

- In operating phase:
 - Rotterdam Detention Centre
 - > Consortium Ballast Nedam, Structon and ISS
 - > Operational since July 2010
- In realisation phase:
 - Schiphol Judicial Complex
 - > Consortium BAM and ISS
 - > Becomes operational in October 2012
- In tendering phase:
 - Custodial Institution Zaanstad
 - > Award envisaged for the spring of 2013



DC Rotterdam

- 10 wards
- including 1 for women and 1 for families
- 32 cells per ward, all cells can have double occupancy
- maximum capacity 640

PPS institution, but the primary process not outsourced in PPS

Private parties are involved in the primary process, about 50% of executive personnel hired from private security organisation (G4S). Also the medical care is partly delivered by private parties.





Schiphol Judicial Complex

16 wards

Maximum capacity 748 places

District Court

Application Centre

Detention Centre

PPS institution, but the primary process not outsourced in PPS

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Steering on the basis of the contract

- Contract in partnership
- Management organisation
- Payment mechanism
- Output Specification
- Monitoring system
- Consultation at the operational, tactical and strategic level



Evaluations

2008: Investigation into the scope of the "O" at custodial institutions

2011: Quick scan PPS project DC Rotterdam



Advantages of PPS

- Quality of the design (light, acoustics, image, noise transfer)
- Short building time and delivery on time
- Applied innovations (shop, telephone in cell, detainee pass)
- Faster disruption resolution (discounts, inhouse service)



PPS learning points

- Preparation time has to be shortened
- Unambiguous descriptions in Output Specifications
- Change process (approximately 160 changes so far)
- Market does not yet help sufficiently, coordination on the basis of the contract is very labour intensive
- Decisiveness in regular business operations appears less than in traditional operation
- Services that are related to the choice of material of the building such as cleaning in the scope

Services that are not related to the building and in respect of which DJI has concluded framework agreements outside the scope, such as food.



Quick scan PPS project DC Rotterdam - 1

Have the financial objectives been achieved?

The original tender was cheaper than traditionally. (appr. 4%)

What is the influence of the changes on the forecast added value?

This is not yet known, further investigation is necessary. The image is that the changes are very costly. The adjustments also cost money in the traditional variants. However, the traditional variants often do not include the costs of own personnel, while all costs are visible within PPS.



Quick scan PPS project DC Rotterdam - 2

What is the degree of flexibility and the effect on costs if policy changes occur during the contract?

Flexibility does not change, although very strict procedures apply within PPS.

The effects on costs appear larger than traditionally, because all expected costs during the term of the contract that are related to a change are made visible within PPS.



Quick scan PPS project DC Rotterdam - 3

The management, security and guarding are the responsibility of the Management Board; all other matters are the responsibility of the consortium. What is the division of the operational side between the consortium and the director of the DC?

Security is not part of the scope at DJI. Generally speaking, the aim has to be to have as few interfaces as possible.

Reducing the interfaces is possible by, on the one hand, assuming DBFM or, on other hand, a nearly full O, or a limited scope, or an extensive scope.

In daily practice, both DJI and the consortium are able to work well with the division applied in the current project.



Quick scan PPS project DC Rotterdam - 4

What is the quality of services provided from a user perspective?

It was mediocre initially: the first 6 to 9 months. The consortium was unaware of the difficulties as a result of working inside a detention centre

The building company was dominant over facility management, which resulted in interface problems within the consortium

It is currently of a sufficient quality level



Quick scan PPS project DC Rotterdam - 5

What is the division of duties (structure and operation) within the State (National Building Agency (NBA)-Justice Department) and between the State and the consortium? As regards the latter, attention focuses mainly on the meaning of this division of duties with respect to operations.

The added value of the NBA is limited during the operating phase. At the operating level, services provided by the consortium may have an influence on the primary process of the Client and vice versa. This interaction will ultimately strengthen the result.

My advice:

Choose between DBFM or DBFMO including security and guarding