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Service delivery and performance monitoring in PFI/PPP projects

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Abstract

Value for money in a PFI project depends crucially on performance monitoring to provide incentives for improvement and to ensure that service delivery is in accordance with the output specification. However, the effectiveness of performance monitoring and output specification cannot be fully assessed until PFI projects become operational. There is a need to examine the role of the performance monitoring mechanism in ensuring that 'value for money' is achieved throughout the delivery of services. Based on semi-structured interviews with key stakeholders from the public and private sectors, the case studies suggest that there are low levels of performance deductions in PFI projects during the operational phase. However, the complexity of performance measurement, inadequate resources for performance monitoring and the difficulties in the interpretation of the output specification raise questions as to whether the low level of deductions truly reflect the actual level of services delivered. There is also evidence

of the public sector forgoing entitled deductions in the ‘spirit of partnership’ and in exchange for minor contract variations in the output specification. Both the public and private sectors are undergoing a learning process which should lead to improvements in future PFI contracts.

Keywords:

Service delivery | performance monitoring | output specification | PFI/PPP projects

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