Public Private Partnerships
Applicability to Defence Procurement

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Public Private Partnerships Applicability to Defence Procurement

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### Abstract

### Subject Terms

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unclassified

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6
Aim

Provide an appreciation of:

- Public Private Partnerships
- Defence Deals
- Key Issues
- Few thoughts

PPP is not a panacea...
Public Private Partnerships

Public Private Partnerships (PPP):
- Output specified service
- Medium to long term contract
- Negotiated process
- Focus on non confrontation

Private Finance Initiative:
- Service underpinned by capital assets
- Private sector funding of assets

Consideration of procurement strategy is required:
PPP is an established route
Defence Deals

- **Accommodation Services** barracks and headquarters
- **Back Office Services** pay, pensions and personnel
- **Information Services** financial and procurement systems
- **Training Services** aircraft, ship and AFV simulation
- **Transport** commercial and military support vehicles
- **Strategic Deployment** intra-theatre air, sea and land
- **Utilities** water, sewage and electricity
- **Military Communications** HF, VLF and satellite

Increasingly frontline focus
Key Issues

- Service definition and demarcation
- Risk transfer
  - operational
  - commercial
- Affordability
  - balance sheet treatment
  - ongoing
- Sustainability and flexibility

PPPs force focus on strategic issues
Thoughts…

- Output based services... not assets
- Commercial potential to add value
- Sensible risk transfer and incentivisation
- In excess of £15m capital spend

PPPs require a fresh consideration of the problem