

“PPP—A NEW
WAY OF
THINKING”



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PPP—A NEW WAY OF THINKING

Major public service projects requiring long-term investment often face problems securing funding. New forms of co-operation could be a solution.

“PPP projects are far from simple, but it’s the meticulous groundwork that produces the real pay-off. The process takes a very long time and it’s vital that all parties in the partnership share their knowledge and experience.”

Positive aspects of PPP projects

PPP projects (Public Private Partnership) are common in the UK, but similar projects are also underway in the Nordics. The gain comes from lifting the efficiency of the project by collaborating on construction and financing. All parties contribute knowledge from their core area, leading to optimized allocation of risks and responsibilities. PPPs also enable lifecycle costs to be reduced. This means that the total cost for running, maintaining, financing and owning facilities throughout the contract term are calculated at the planning stage.

The benefit of PPPs is predictability: the customer knows what the costs will be right through the contract term. Another advantage is contemporary, well-maintained facilities that local government bodies can take over with no renovation requirement when the contract term concludes. Moreover, the service management company has the resources to develop the services it provides during the contract term—something most local authorities just can’t afford to do alone.

Benefits for the supplier

The long-term nature of the project is the main benefit for the supplier. This enables the supplier to plan the operation well ahead and thus optimize their resources. They also have good insight into the kind of costs that might arise because they’ve been involved in the project from the start.

Moreover, the supplier has been able to influence the construction process from an early stage with the aim of making future facility management easier, for example through the choice of right materials, technology solutions and functional interior layouts.

So is it really as simple as it sounds?

“PPP projects are far from simple, but it’s the meticulous groundwork that produces the real pay-off. The process takes a very long time and it’s vital that all parties in the partnership share their knowledge and experience. It’s only then that we can start streamlining and creating margins.”



Factors to consider before a PPP project

- The project being procured should be large enough.
- The project must be able to work independently from an FM and maintenance perspective.
- It is vital to have enough time for preparation ahead of procurement.
- Extensive freedom for the project company results in creative solutions.
- Private funding increases discipline.
- PPP projects complete on schedule more often than conventional contracts.
- Close collaboration between the ordering client and the contractor reduces the risk of conflicts.
- Unequivocal contracts are required to avoid renegotiations.
- The number of bidders can be lower than in conventional contract tenders.
- A long contract term attracts more bidders.

Extract from the Swedish report entitled *En svensk modell för offentlig-privat samverkan vid infrastrukturinvesteringar* ["Towards a Swedish model for PPP infrastructure projects"].

Facts PPPs

Public Private Partnerships (PPPs) cover various forms of partnership between the public and private sectors. The most common are partnerships that entail procuring and executing projects involving infrastructure. PPPs reduce the risk of the project for the public sector, which gets a fixed price with delivery on a particular date. The private sector contributes expertise and cost consciousness.



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About Coor

Coor is one of the leading service providers in the Nordics, and delivers all the FM services necessary for a company or public organization to function well and efficiently. Coor possesses specialist competence in three service areas: workplace services (soft FM), property services (hard FM) and strategic advisory services. By combining different services from these areas, Coor delivers unique and flexible solutions for workplaces and properties. This creates value for our customers by increasing their attraction, productivity, efficiency and sustainability. We call this smart service—"Service with IQ". Read more at www.coor.com