

**Title: PPP Contract Support**

**Date:** July 2004 – March 2007

**Client:** HM Revenue & Customs

**Country / Region:** United Kingdom

CEPA has provided financial advice to HMRC on a wide range of issues related to an operational PPP contract over the last three years. The PPP scheme is a large, long-term multi-site property services contract encompassing a combination of freehold and leasehold properties.

CEPA was initially appointed to provide strategic financial advice to the Permanent Secretary on the approach that the Department should take to managing the contract in the light of early financial and other problems experienced by the contractor. CEPA evaluated the benefits, costs and risks of four alternative courses of action and advised on developing a successful partnership with the PPP contractor for the longer term. CEPA also provided commercial and financial advice in relation to the proposed refinancing of the project.

Most recently, CEPA has advised HMRC on the scope to use flexibility provisions within the PPP contract to manage the costs of unanticipated change in the demand for services. This exercise began with an analysis of project documentation to understand the vacation provisions available to HMRC without incurring financial penalty. We also reviewed banking documents, the PPP financial model and publicly available supporting information to understand the current financing arrangements and possible impact that a reduction in the Department's accommodation requirements could have on the financial viability of the project company and its shareholders. In order to support the Department in understanding the financial impact of changes in the demand for services, CEPA developed a powerful bespoke Excel-based model to capture the lease terms and financial commitments relating to each property in the diverse property portfolio and the financial savings that could be delivered through property vacation over the forecast period.

**Links:**

- [HM Revenue & Customs](#)