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One of the main priorities of the [Strategic Defence and Security Review](http://www.mod.uk/DefenceInternet/AboutDefence/WhatWeDo/PolicyStrategyandPlanning/SDSR/StrategicDefenceAndSecurityReviewsdsr.htm) (SDSR) is to ensure that the Defence Budget is spent efficiently, effectively and in line with foreign policy requirements. In meeting such objectives both the SDSR and the Ministry of Defence (MoD) may advocate an increase in the outsourcing of services to the private sector. Whilst outsourcing is already a well-established practice, the Government's commitment to reducing public expenditure is likely to offer opportunities for the private sector to participate within a wider range of military activities. This will not only increase the size and value of the outsourcing market, it will also re-ignite debates regarding the 'value' of this practice.

Military outsourcing in the United Kingdom has been extensively practised since 1983. As part of its plans to improve efficiency and value-for-money, the MoD began to contract-out support services to the private sector unless it was operationally necessary to keep them in-house. By 1997 outsourcing had evolved to include Public Private Partnerships (PPP). An extension of the previous Conservative Government's Private Finance Initiative (PFI), PPP led to private capital operating infrastructure that was previously publically funded and administered. As a result by September 2005 the MoD had signed 53 PFI projects covering such areas as training services, IT, site maintenance and construction. It was estimated that by 2005 the value of the UK's 'defence support services' market was £4 billion. Even before the recent General Election the MoD provided evidence of its increasing appetite for outsourcing. In November 2009 the Financial Times received a copy of the [Defence Support Review](http://www.defencemanagement.com/news_story.asp?id=11309) which estimated that increased outsourcing could lead to £2.9 billion in savings over ten years. In January 2010 [The Times](http://business.timesonline.co.uk/tol/business/industry_sectors/engineering/article6988886.ece) also reported that the MoD was considering outsourcing the management of the Royal Fleet Auxiliary (RFA). The MoD estimated that outsourcing fleet management could save 'tens of millions'. Indeed the potential part-privatisation of the RFA attracted the interest of many of the 'established' companies within the UK's defence outsourcing market.

The MoD has also heaped praise upon a range of established PFI projects. In December 2005 the Ministry of Defence Private Finance Unit (MoD PFU) produced a [review](http://www.mod.uk/NR/rdonlyres/AB2251DB-7E36-42AA-872C-1F663828366E/0/pfu_op_review_051205.pdf) of projects in construction and operations. All of the 29 'sample' projects reviewed were delivered on budget, with 26 within two months of the delivery date. 85% of the projects reported that the PFI contracts were flexible enough to accommodate change. Whilst only 41% of PFI teams reported no performance deductions, 76% of such cases accounted for between 1-2% of the unitary charge. To conclude, the MoD PFU report indicated that assets were largely delivered on time, within budget constraints and generally met procurement objectives.

Such reports prompted Professor Matt Uttley to suggest that, because PPP self-evidently provide cost-effective mechanisms to meet support requirements, then the MoD is likely to perceive itself as in the vanguard of an inevitable global trend. According to Uttley the MoD also regard the deployment of private security firms as an

example of PPP providing effective defence support without compromising military values. This is demonstrated by

http://www.mod.uk/NR/rdonlyres/AB2251DB-7E36-42AA-872C-1F663828366E/0/pfu_op_review_051205.pdf QinetiQ's operation of Royal Netherlands Army unmanned aerial vehicles (UAV) in Central Afghanistan. Since beginning work in 2009 some of the Netherlands troops have been withdrawn from Afghanistan. Yet the benefits of operating a turnkey system are likely to be of more interest to the MoD. According to QinetiQ, as turnkey systems are installed in a condition fit for immediate use the MoD are likely to save on training costs whilst gaining in technical know-how from a private contractor. Yet despite the perceived benefits of privatising defence support services, outsourcing is by no means free of criticism. In 2007 a

<http://www.publications.parliament.uk/pa/cm200607/cmselect/cmdfence/535/535.pdf> Defence Select Committee report highlighted problems with accommodation at army bases at Hounslow and Pirbright. During site visits the committee noted crowded housing blocks blighted by poor sanitation and disrepair. The report also claimed that some barracks were in such poor condition that troops experienced better living quarters whilst on deployment to Afghanistan. In this respect, the Committee was particularly critical of recently privatised housing contracts. The report noted confusion over responsibility for making repairs and wrangling between Defence Estates and contractors over distinctions between routine maintenance and structural defects. The Committee noted, for example, how a broken sash window might remain unrepaired whilst debate raged as to whether the broken window constituted maintenance or was the result of the overall condition of the building. The Defence Select Committee report reflects arguments that outsourcing can lead to poor quality services provided by less-than-reliable private contractors. Outsourcing may also lead to the MoD becoming over-reliant upon the private sector, making them vulnerable to steep price increases. Yet this is unlikely to be an opinion that is shared by the MoD. As a counter to such criticisms the MoD will point to the number of successful PPP to demonstrate that concerns over accommodation are the exception rather than the rule. Yet perhaps the MoD's most persuasive argument is the imperative for change. The parlous state of public finances means that the private sector will provide more defence support services. This in turn will impact upon the findings of the SDSR. As a result, a well-established practice is likely to gain in prominence and shape our future defence policies.