Università
Ca' Foscari
Venezia

**Department
of Management**

Working Paper Series

Salvatore Russo

**The swing of public-private
partnership in the Italian
hospitals. A comparative
analysis of two case studies**

**Working Paper n. 21/2013
October 2013**

ISSN: 2239-2734

This Working Paper is published under the auspices of the Department of Management at Università Ca' Foscari Venezia. Opinions expressed herein are those of the authors and not those of the Department or the University. The Working Paper series is designed to divulge preliminary or incomplete work, circulated to favour discussion and comments. Citation of this paper should consider its provisional nature.

The *swing* of public-private partnership in the Italian hospitals. A comparative analysis of two case studies

SALVATORE RUSSO

salvus@unive.it

Department. of Management
Ca' Foscari University of Venice (Italy)

(September 2013)

Abstract. After more than a decade since the PPP's diffusion in Italy, inspired by foreign experiences, the empirical experiences have highlighted several gaps of the instrument with financial and managerial implications for the public sector. In particular the paper focuses attention on the diffusion and utilization of PPP for building and operating hospital infrastructure. With reference to the value for money, risks and accounting treatment, the initial uncertainty about appropriate measures for evaluating the projects, now, should induce a more accurate reflection. By a comparative analysis of two case studies the paper draws attention to the critical areas that now are leading towards a sort of "swing" use of PPP.

Keywords: public-private partnership, healthcare management, hospital infrastructure finance, value for money

Correspondence to: Salvatore Russo

Dept. of Management, Universit`a Ca' Foscari Venezia
San Giobbe, Cannaregio 873
30121 Venezia, Italy

Phone: [+39] 041-234-8760
Fax: [+39] 041-234-8701
E-mail: salvus@unive.it

1 Introduction

Throughout the evolution of the Italian NHS, particular attention has been paid to investments for the renovation of hospital infrastructures and the creation of new healthcare facilities.

According to recent national health plans, hospital redevelopment – expansion, modernization, reconversion of small size hospitals – as well as the construction of other types of healthcare facilities require substantial consideration. In order to implement this renovation process, the government has been encouraging the regional authorities, who are responsible for the local healthcare services, to practice the special plan for investments, which is historically hard to manage and does not always have the capacity to respond to real financial needs. Further, taking into account the global financial crisis, a matter of considerable concern relates to the search for new solutions to access financial resources without negatively affecting public debt. For that reason, Public-Private Partnerships (PPPs) have once again come to the forefront, following the recommendations contained in the Communication of the European Union (COM 615, 2009) Mobilising private and public investment for recovery and long term structural change: developing Public Private Partnerships, claiming (p.2): “Public Private Partnerships (PPPs) can provide effective ways to deliver infrastructure projects, to provide public services and to innovate more widely in the context of these recovery efforts”.

After its debut in the early 2000s in Italy, Project Financing (PF) has been the best-known formula identifying the public-private partnership (PPP), as in many other countries (Broadbent and Laughlin, 1999; Froud and Shaoul, 2001; Akintoye et al., 2002; Grimsey and Lewis, 2002, 2004; Broadbent et al., 2003). In the light of the literature debate, the most frequent issue concerns whether the support given to PF is still acceptable, according to an optimism bias (MacDonald, 2002), “as a measure of the over optimism in project estimates” (Broadbent et.al., 2008), or whether any additional precautions should be taken so that the PPP model can be virtuous enough to create effective advantages and social benefits. The achievement of value for money (VFM), the testing of a long-term affordability and the risk transfer continue to be the cause of the serious concerns that have so far accompanied PPP contracts (Broadbent et.al., 2008; Demirag and Khadaroo, 2008; English et al., 2010). As observed in the experiences carried out in other countries (mainly Australia and the UK), the frequently-asked question is whether such investment strategies are the result of an opportunistic approach rather than of a rational choice. This has unavoidably pushed academics and scholars to explore “the underlying nature and rationale for PPPs; processes and procedures aiding decisions to undertake PPPs; processes and procedures for ex-post evaluations of PPPs; the merit and worth of PPPs; PPPs regulation and guidance” (Andon, 2012: 878). In the last decade, several articles have offered research findings and reflections on

these topics (see, for example, Broadbent and Laughlin, 1999, 2002, 2003; Froid, 2003; Edwards and Shaoul, 2003; English and Guthrie, 2003; English and Skellern, 2005).

In particular, the paper aims to investigate two issues : 1) whether hospital investments made by PF in Italy have a positive impact on the whole system in terms of social and economic benefits; 2) how the PPP experiences of the “first wave” could be an effective guide for the future according to an accounting logic. As a matter of fact, it is a common conviction that PF is proving a financial drain for the healthcare sector, especially because some of these experiences are now in the operational phase. Inevitably, that should entail reconsideration of the key variables and their accounting relevance to make the choice of PPP more reliable.

Section 2 examines PPPs in greater detail , inspired by theoretical approaches, at national and international level. Section 3 focuses on the PF features in the healthcare sector, its actual ability to represent a strategic alternative for the future and the critical variables to which the government must pay more attention. Section 4 illustrates a comparison of PF in two Italian hospitals, highlighting and discussing the most controversial issues of the contracts. Finally, some concluding reflections.

2 Theoretical aspects of PPPs

The New Public Management (NPM) reforms, through a redefinition of the boundaries between State and market, have encouraged the acceptance of a contractual approach to public service delivery (Hood, 1991, 1995; Lane, 2000; Osborne, 2000; Hebson et al., 2003). “A major implication of all of these reforms [has been] an increased emphasis on management rather than administration of services, with a concomitant shift in emphasis from the traditional stewardship role of accounting to cost management” (Jackson and Lapsley, 2003). PPPs have been coherently considered an “extension” of the NPM agenda for change (Broadbent and Laughlin, 2003) and their introduction “has largely been evaluated through conceptual lenses that emphasise either the administrative, managerial, financial or technical dimensions of this reform strategy” (Flinders, 2005:215). The expression PPP is intensely “malleable as a form of privatization” and “despite its ambiguity, is sometimes a useful phrase because it avoids the inflammatory effect of “privatization” on those ideologically opposed” (Savas, 2005:1). As has been claimed, the PPP stresses “the use of contracts for the management of the risk”, thus representing the highest expression of the reforms due to NPM (Froud, 2003). In addition, the very concepts of accountability and transparency, as main elements of NPM, seem to have a direct effect on PPPs (Demirag and Khadaroo, 2008).

In this context, the concept of cooperation between public and private sectors flourished to form an inter-organisational partnership, especially in those countries where the privatization process has been actively undertaken (Pongsiri, 2002). PPPs were immediately perceived as a broad umbrella,

which can safeguard the public interest while creating potential investment and adding value from the private sector (Carr, 1998; Pongsiri, 2002). That would corroborate a conceptual model based on the “mixed economy” with a sort of liberalisation policy in the way public services are produced and delivered. The idea that PPPs open up possibilities for public service delivery, deriving not only from organisations owned and controlled by the public sector, but also from both public and private sectors in partnership, is convincing (Broadbent and Laughlin, 2003; Flinders; 2005). In a certain sense, PPPs could be described as the result of a troubled search for new formulas to soothe the impact of public expenditure on national accounts but also to avoid the consequential complexity in the operational process of the public administration.

2.1 A brief history

In Europe, the origins of PPP (acting as PF) date back to 1979, when the UK Conservative government began the still-continuing shift of activities away from the public sector. Early financing proposals were mainly designed to evade the controls on public expenditure (Grahame, 2001). The actual Private Finance Initiative (PFI) program was announced in 1992, with the aim of achieving closer partnerships between the public and private sectors. This policy was introduced to increase the involvement of the private sector in the provision of public services (Grahame, 2001; Spackman, 2002; Pollock et al., 2002; Broadbent and Laughlin, 2003). Some years later, with the Labour Government (1997), the program was proposed with a different label, but with its contents essentially unchanged. The objective was “to accelerate the process by which PPP contracts are agreed, in part by taking equity stakes in projects and in part by providing loans to public bodies” (Parker and Hartley, 2003).

Even if the primacy remains in the UK, PPPs have spread to many other countries; and after a first phase of experimentation, in 2004, the European Commission issued the Green Paper on Public-Private Partnerships and Community Law on Public Contracts and Concessions to launch “a debate on the application of Community law on public contracts and concessions to the PPP phenomenon”(Green Paper). The recent financial crisis led to a dramatic reduction in the capital value from almost EUR 30 Billion in 2007 to EUR 16 Billion in 2009 (EPEC, 2010). This poses a series of questions about the factors that are negatively influencing the use of PPPs and, once again, what obstacles have to be overcome in order to make the practice more reliable and viable (Connolly and Wall, 2013).

2.2 The most relevant features of a PPP

A PPP is usually a long-term contract between a public party and a consortium of private companies - referred to as a Special Purpose Vehicle (SPV) - under which the private company is required to Design, Build, Finance and Operate (DBFO) an infrastructure in return for payment for both the cost of construction and operation of the related services (Grimsey and Lewis 2004; Yescombe, 2007). The facility remains under public-sector ownership, or reverts from private partner to public-sector ownership at the end of the PPP contract. Its economic relevance depends on the fact that:

- cash flows generated by the operating process are the main guarantee and the source for covering the debt service;
- implementation of the private initiative should be accompanied by an adequate level of project certainty and reliability deriving from a rigorous analysis and an indispensable risk adjustment;
- sustainability of the initiative does not depend on the reliability of a company but concerns the quality of the single project (including the capacity to generate the cash flows with reference to a given level of risk);
- the initiative takes advantage of a project autonomy – due to the constitution of an ad hoc company to safeguard the stakeholders' interests;
- the operational phase represents the critical success factor as only a management based on a high level of performance can contribute to generate the cash flows that are indispensable to satisfy shareholder expectations;
- the most significant guarantees connected with the initiative have a contractual nature rather than a real one (this is the so-called “without recourse operation”);
- all the phases of the operation converge in a negotiation process, which has a variable duration and is considered to be a decisive factor in the risk allocation between public and private partners.

This partnership procedure cannot be explained just by the concession of both the construction and the management of an infrastructure to a private partner because of the lack of financial resources but it must be based on an effective assessment of VFM, through the appraisal of the public sector comparator (PSC) (Gaffney and Pollock, 1999; Edwards and Shaoul, 2002). “A public sector comparator is a costing of a conventionally financed project delivering the same outputs as those of the PFI [PPP] deal under examination. It is just one of a number of ways of evaluating a proposed PFI deal. It is directly relevant only when the option publicly financed on which it is based is a genuine alternative to the PFI deal” (House of Commons, Committee of Public Accounts, 2002, 9 June 2003). In that way, the possibility of a traditional financing procedure must not be ruled out. In the UK, the VFM methodology proposed by the government is based on an economic appraisal that compares costs and benefits of alternative investment decisions. It provides for two

critical variables such as the method used to discount the future annual cash cost (in order to get the net present value) and risk transfer (Pollock et. al., 2002:1206).

From the financial point of view, the PPP rationale turns round the conventional financing “from subject to object”, mainly by taking into account the intrinsic value of the project rather than the eligibility of a subject. Through the PF formula, the Public Administration entrusts a third party with the realization of public infrastructures and the management of its operational process. This approach can enable public organizations to undertake projects which they would be unable to finance conventionally, because of the lack of financial resources for the capital asset during its construction. It implies also a concrete change in the way the public sector intervenes in the economic field for public service delivery but, although responsibility for many elements of service delivery may be transferred to the private sector, the public sector remains responsible for (Torres and Pina 2001):

- deciding on the level of services and resources to pay for them;
- setting and monitoring safety, quality and performance standards for services;
- enforcing those standards, taking appropriate action if they are not delivered.

The public sector should benefit from the presence of the private party, above all in terms of reduction of the total financial commitment, investment promptness and, consequently, the timeline of service use. This implies that the convenience of the operation must be analysed under two different profiles. On the one hand, it would be advisable to verify the advantage for the Public Administration by taking into account VFM and, on the other hand, risk transfer. VFM is the key rationalising motive for partnership. As Edward and Shaoul (2002) assert, “its meaning in the context of PFI is no more precise and is similarly based upon the economy as reflected in the use of discounted cash flows over the lifetime of the project”. VFM depends on the “estimate of future costs and operates only at the point of procurement”. Many studies and reports have been carried out in the UK on this topic given that accountability depends on the detailed recognition of VFM, by discharging accountability to the stakeholders, the lack of which in PPP has been persistently criticized (Demirag et al., 2005; Demirag and Khadaroo, 2008).

Risk transfer and uncertainty seem to be the crucial elements under discussion since under PFI private sector borrowing, transaction costs and the requirements for profits necessarily generate higher costs than conventional public procurement (Broadbent, et al., 2008). Further, many authors sustain that the PFI contract reduces the ability of the public sector to deal with uncertainty, given the long-term duration of the contract in which the public sector is locked (Froud, 2003; Lonsdale, 2005). It is, therefore, necessary to analyze what the principal vulnerabilities are that derive from risks (Broadbent et. al. 2008; EPEC, 2011). Traditional risks are identified as follows: demand and economic context; residual value; design;

performance/availability; changes in relevant costs; obsolescence (ASB, 1998). Actual risks seem to be (Burger et al., 2009): the risk of an increase in the interest rate, leading to rising costs; liquidity problems and project feasibility considerations for private partners; the risk of credit being unavailable, leading to the termination of existing projects failing to reach the financial close.

2.3 Implications for the accounting treatment and risks

One of the acclaimed advantages of PFI/PPP is not only that infrastructure can be built without recourse to direct public-sector borrowing but that the assets (and associated liabilities) are deemed to be off-balance sheet for the public administration which commissions the PFI/PPP (Private Finance Panel, 1996; Froud, 2003). The accounting treatment of PPP falls under FRS 5, revised in 1998 by the Accounting Standards Board (ASB) (ASB, 1998; Broadbent and Laughlin, 1999). In deciding whether the owner of the asset is the public or the private sector, risk is central to any evaluation. This orientation has visibly influenced statements at the European level.

In this regard, Eurostat established that the deficit and debt treatment should follow the requirements of the European System of Accounts ("ESA95"). For the purposes of recording PPPs, ESA95 requires national statisticians to look at the risk/reward balance in the underlying PPP arrangement. This balance is evaluated by analysing the allocation of two key risk categories between the public sector and the SPV, construction risk and market risk (i.e. availability and demand). The decision specifies the impact on government deficit/surplus and debt and it is in line with the European System of Accounts (ESA95), according to the opinion of the Committee on Monetary, Financial and Balance of Payments Statistics (CMFB). Eurostat recommends that the assets involved in a PPP should be classified as non-government assets, and, therefore, recorded off-balance sheet for government, if both of the following conditions are met:

- the private partner bears the construction risk;
- the private partner bears either the availability or the demand risk.

If the government bears the construction risk, the PPP will always be on the government's balance sheet, irrespective of the allocation of the demand and availability risks. If the private partner bears the construction risk, the PPP will be classified off the government's balance sheet unless the government bears both demand and availability risks.

The construction risk covers events related to the construction and completion of assets. In practice, it makes reference to events such as late delivery, non-compliance with specified standards, significant additional costs, technical deficiency and external negative effects (including environmental risk) which trigger compensation payments to third parties. The availability risk covers situations where, during the PPP operational phase, an underperformance linked to the

state of the PPP assets results in services being partially or wholly unavailable, or services fail to meet the quality standards specified in the PPP contract. Finally, the demand risk refers to the variability of demand (higher or lower than expected when the PPP contract was signed), irrespective of the performance of the PPP company. A change in demand could be the consequence of factors such as the business cycle, new market trends, a change in final user preferences or technological obsolescence. The demand risk is part of the usual economic risk borne by private businesses in a market economy. In addition, the IPSAS 32 sets out the typical types of arrangements for private sector participation in the provision of public sector services. It fixes a proper financial liability model with some substantial differences in comparison with the previous statement. Substantially it necessary to recognize the nature end the regulation of the service concession. In the case of PPP based on DBFO, the grantor shall presumably account for the liability “as a financial liability” (paragraph 18 and application guidance 37-38).

At this critical time the view of the aforementioned risks is obviously an element of additional concern. In order to comply with the Stability and Growth Pact, EU Member states have considerable interest in promoting PPPs, but at the same time they have to ensure that the costs arising from investment in infrastructure be considered off-balance sheet. Given the importance of the national debt and deficit treatment of a PPP, this represents a decisive issue for the Public Sector (Connolly and Wall, 2011).

3 The implementation of PPPs in Italy

In Italy, even though there have been no PFI programs, in the last decade some actions have been undertaken with the purpose of making rules more flexible in the context of public procurement and facilitating private participation in the realization of public infrastructures (most frequently by the DBFO formula). As is clear from a study by the Bank of Italy, the projects funded are relatively small. In the period 2002-2008, the average amount of bids amounted to around EUR 14.1 million and concerned the field of local public services with not very complex interventions. In the same period, the total value of the tenders increased from EUR 1.3 billion to EUR 5.8 billion, their number from 184 to 411 (representing 1,7 % of the total number of tenders for public works and 17.6 % in value terms) (Giorgiantonio e Giovanniello, 2009). According to data collected by Finlombarda (2012), in 2011 there was a decline in PF, although the government has repeatedly encouraged the use of the procedure. However, several obstacles seem to stand between the launch of initiatives and financial close, mainly due to the shortage of liquidity together with

lengthy procedures and unpredictable times. The awards amounted to approximately EUR 6.6 billion a year, but in the last four years, the financial close has stopped at EUR 1.8 billion.

3.1 A regulatory approach

In the Italian system, the PPP has its normative point of reference in the model of the “concession”, with or without private initiative. The PPP is, in fact, regulated by law, as in other countries (Belgium, Poland, Spain, Portugal) even if it is widely known that a specific PPP law is not a necessary condition for PPP development. The legal framework can also be provided by changing existing legal provisions which may have an impact on the PPP project (EPEC, 2011). Through a concession, the public sector, interested in the realization of an infrastructure, allows a private subject a concession whose provisions include:

- the duty, for the concessionaire, to construct the infrastructure through his own resources with a risk transfer to the private party;
- the right to manage it for an extensive duration, in order to allow a satisfying return on investment;
- the consequent ownership transfer to the public institution by the end of the concession.

The PPP arrangements are based on a long-term contract and must have appropriate mechanisms in place to ensure that VFM is maintained for the duration of the partnership. Since 1998, these rules have cleared up ambiguities regarding the utilization of project financing as a financial instrument, by widening the range of application of the discipline and increasing the transparency of some norms relating to contracts, controls, guarantees and risks. Moreover, a few European countries have provided further regulation in this sector by setting up a specific taskforce at governmental level. Even if an explicit program has not been launched, such as the PFI/PPP in the UK, in 1999 the Italian Government created a centralised office, the Technical Unit for Project Financing (It. Unità Tecnica Finanza di Progetto, UTFP) to facilitate privately-financed infrastructures. This organization as a taskforce of the Ministry of Economy and Finance, has the aim of promoting the use of PPPs, also supporting the public administration at the regional and local level, for its implementation. After the uncertain debut of the implementation procedures and an unclear meaning attributed to the PPP, the UTFP outlined a stable framework tending to identify PPPs in three main subcategories:

- the granting of construction and operation;
- the granting of services;
- other residual formulas.

Such a framework derives from the empirical analysis of the views of the PPP carried out by the National Observatory of PPP, sponsored by Union of Chambers of Commerce and the Chamber of

Commerce of Rome with the Ministry of Economy and Finance and the UTFP. The construction of an infrastructure is the key element distinguishing the first model from the remaining categories. The first group includes bids involving the preliminary design, the definitive design, the executive design, the execution of a work and its management. The second group includes the tenders carried out with the procedures concerning the granting of public service management through existing structures. For this second procedure, the private concessionaire normally pays a license fee, although government grants are not ruled out. The third group includes various formulas, such as joint ventures for the operation of public services, district contracts, and sponsorships.

3.2 PPPs in the Italian NHS

As seen above, the typical PF features imply some observations about its beneficial application in the Italian NHS, by considering an increasing need for buildings and modernization, above all with regard to hospitals (Amatucci and Vecchi, 2009). In the last decade, the hospital sector has appeared particularly interested in the use of PF, because of the continuous evolution of technology and strategies implemented for a rationalization of health expenditure. The main factors behind the need for modernization are attributable to the following:

- the gradual increase in the average age of the population (involving an increase in per capita expenditure);
- innovation and advanced technologies;
- the scientific and cultural progress of the population catalysing the demand for services in healthcare in terms of quality and quantity.

In addition, there has been a gradual reduction in the number of ordinary admissions (acute patients) and a greater development of day hospital and day surgery care. More importance is given to the long-stay structures, where healthcare needs are to be considered with the request for comfort of the accommodation and the quality of the service. In general, according to the experience observed in the first wave (2000-2006) of PPPs, the method focused on a cost-benefit evaluation for both the Local Healthcare Units (LHUs) and users/patients, although this appraisal has led to large uncertainties. The PSC technique was never used in this first phase. Suffice it to say that it was only in 2008 that new, corrective legislation introduced the rule that in assessing the feasibility projects public authorities must draw up a real business plan to verify the economic and financial feasibility, the value creation and the sustainability of the initiative. VFM and PSC received a real impulse from the UTFP in a special document, in 2009 (Martiniello e Zaino, 2009).

In the Italian PPPs, the private partner usually takes on the responsibility for the management of the services mix regarding the functioning and maintenance of the structure and part of the core and non-core services. In particular, the system of services includes the following categories:

- the facility management for buildings and supporting systems such as the thermic heating system, refrigerator system, air conditioning, electrical equipment and plumbing, medical gas supply systems;
- hotel services (catering for in-patients and staff, cleaning, disposal of waste material, reception, reservation centre, parking);
- other services (stock management, hospital information systems, supply management, chemist, set-up of operating theatres, etc.).

Initially, the Italian model of PPP in the healthcare sector was not supposed to modify the hospital management, which normally has recourse to outsourcing for building maintenance. It should have achieved through the management of the concession an administrative simplification and an improvement in management, with consequent economies of scale. In the case of the PPP proposed in Italy, the only private aspect is the operation of the healthcare facility itself, not the provision of clinical care. Between 2002 and 2005 there was a 30.6% rise in the number of projects (27) and a 56.7% increase in spending (EUR 1,298 million). In value terms, 93% of the initiatives promoted involve the building or refurbishment of healthcare facilities, with non-medical support services (non-core) entrusted to the concessionaire. This proportion has remained unvaried over time. (Finlombarda, 2005; 2008; 2012). It is to be expected that LHUs will continue to control and monitor the impact of quality on users/patients.

The composition of the price for the economic exploitation of the concession consists of an annual fee and a tariff. The annual fee is paid by the LHUs when a new structure starts to run (from the service availability date). This consists of two components, fixed and/or variable, and has to cover the services management, the facility management and the assistance to the medical structure. The private partner is thus allowed to have a return on investment. The fee is determined and paid according to different criteria.

The tariff relates to the operating costs of both commercial spaces and services. The payment consists of revenues deriving from the lease or direct management of the adjacent commercial areas. Such a payment concerns the volume and typology of activities regarding the structure itself and is a function of the management system defined and/or contracted, from time to time, between the SPV and the LHU. For this revenue, the commercial risk is borne by the SPV. It is, however, clear that the main risk concerns demand. This means that any compensation arising from the operations of additional services partially affects the risk simulations contained in the business plan.

These two heterogeneous components justify the potential application of the PF in the Italian healthcare sector and in the specific case of the hospitals make it possible even in the presence of a public payment (subsidies). Hospitals appeared initially as belonging to a not self-financing category because of the lack of correspondence between utilization and payment of tariffs by users – reimbursed by the LHU on behalf of the patients (Amatucci, 2002).

Through hospital activity development and a clear identification of its components, it has been possible to postulate the application of PF for hospital construction. On one hand, the fee is like a shadow toll, paid by the LHU for supporting services; on the other hand there are the prices paid by users for commercial services. This mechanism does not rule out placing the instrument of the public contribution side by side with the two mentioned above (Amatucci and Biondi, 2002). In fact, the application of shadow tolls is commonly considered inappropriate because it implies such a low risk transfer as to put the project back on the public sector balance sheet (Yescombe, 2007:235).

Another issue regards the structure of the fee. It consists of a fixed part corresponding to the equivalent amount in order to cover building availability; and a variable part, representing the equivalent sum in order to reimburse the services delivered by the SPV, according to volume and quality parameters (payment for usage, volume or demand).

As a sector analysis by UTFP (2002) explained, greater attention is to be paid to the fixed component, which has a structure essentially correlated to the risk allocation according to the models of ‘availability payment’ and ‘capacity charge’. In the first case, the amount is a function of the bed occupancy rate. The availability services include everything from cleaning services, to the reception and clinical data information systems. This method contributes to the allocation of the commercial and operating risks between contractors and the LHU, using the bed occupancy rate as a reference parameter. As an alternative, the ‘capacity charge’ model consists of a fixed amount that the LHU has to pay independently of the utilization level of the infrastructure. Usually, this amount is not comprehensive of the relative amount for the special maintenance of buildings, systems and equipment. The criterion, therefore, does not transfer the risk to the private contractor. Consequently, in the case of the ‘availability payment’ method, the LHU makes a unitary payment, limited to the availability of areas and/or wards and to a given level of quality and efficiency of the services. According to this formulation, the contracts usually provide a proportional reduction in the case of an interruption of services or a lower level of quality or efficiency, with a series of contractual penalties. On the contrary, postulating the “capacity charge” application, LHUs make a separate payment of the two fee components. The fixed one must always be paid, and its reduction occurs only in a few cases; while the variable component concerns the quality and efficiency parameters in a more generic way than the availability payment.

4 Two case studies: a comparison

The research team has carried out the study starting from a definition of a legal framework and variants of the contractual formula, followed by an analysis of the conditions of applicability. Finally, it proceeded by the case study methodology, with reference to two LHUs of the Veneto Region (Stake 1995; Yin, 2008). The study benefited from the collaboration of the Managers of the Technical Departments, responsible for the procedure. Several interviews were conducted with them during the construction of the case studies, also with the support of documentation regarding the different phases of the PPP implementation (business plan, agreement, make or buy simulations). In both cases, the managers gave their utmost in terms of commitment and effort for the implementation of the procedure; and their ability in planning the preliminary project, following the procedure, and steering the internal and external coordination must be duly acknowledged.

In the course of the case studies, some different models of partnership emerged, which take into account various critical aspects and offer different solutions to legal, economic, social and environmental issues. In both cases, we reconstructed the PPP logic to explain the choice of the private financing in comparison with other financing formulas, by running the methodological framework again and analyzing the economic motivation, the influence of the critical aspects and their impact on management. Effectively we have traced a comparison between the empirical evidence drawn from two different experiences: the first for the renovation and extension of two hospitals (Case X); the second for the construction of a new hospital (Case Y). In both cases, the hospitals are not autonomous entities but are dependent on LHUs in different local contexts of the same region. We gathered information during 2005-6-7-8 with successive monitoring of the operation phase. To facilitate the comparison in this occasion, we used the criteria selected by the Resource Book on PPP Case Study of European Commission Directorate-General Regional Policy (June, 2004) with some additional information as follows (Schemes 1 and 2):

- Value of Investment and financial structure– the capital investment of the project as a stand-alone investment exclusive of the income stream or operational costs;
- Contract Duration – the duration of the PPP contractual relationship with respect to the initial investment;
- Transfer of Responsibility – the degree to which the private party is involved in the project defined by the contractual model and obligations, ownership of assets or operating rights and the project operational structure;
- Demand Risk and Availability Risk as explained above;
- Contract Type – the type of PPP contractual arrangement, using the typology of the Guidelines.

Scheme 1 – Case X

Case Study X	- Two Hospitals: completion of a hospital and construction of another one (in two different locations of the same territorial area under control of the LHU)
Total Amount	- EUR 147.328.168 (including VAT)
Private Finance	- EUR 91.340.754
Rationale/Objectives of the PPP (from the documents analysed)	- To increase efficiency; introduce new financial resources to complete the existing hospital, seize the opportunity to build a new hospital to meet an increasing demand
PPP Actors	- LHU-Firm, Private Consortium (SPV)
Financial Structure	- The investment is financed by public money (1/3) (LHU-Firm) and private (2/3)
Contract Agreement between Parties	- DBFO and concession
Risk Allocation	- The risk is principally borne by the private party, which is covering maintenance and operating costs.
Institutional/Managerial Structure	- Healthcare services are managed by LHU and non-core services (12), such as parking, catering, facility management are managed by a private Special purpose vehicle with LHU oversight on quality service. A particular tariff mechanism is in place to ensure equipment replacement.
Tariff settings	- Availability payment with some reference to qualitative standards aimed to boost the quality in service - Monthly fee - 51.94% for service management, 27.72% as payment for works carried out, 20.33% for plant and technological renewal
Causes of tariff variations	- Execution of additional works - Additional changes in services - Service fees fixed in proportion to the actual management activities: - Variations for the reduction in services (e.g. meals provided etc.) - A decrease in service fees of more than 70% of the value outlined in the business plan - Meals for in-patients: number of days patients stay in hospital - Meals for fee-paying* patients: number of days spent in hospital (* fee paid for single-room occupancy) - Change in the tax system relating to activities and materials - New laws and regulations setting out new tariff mechanisms or new conditions for the activity - Extraordinary and unexpected events, other than those mentioned above, if the pure cost of service management increases or decreases by more than 5%
Strong Points	- Transformation of the existing outsourcing of facility management (Global service) into PF with a low impact on the operational phase
Weak Points	- Lack of a management culture in order to effectively assess the investment convenience - Rigidities dictated by excessive duration of the contract - Increase of the investment for the presence of VAT, which represents a cost

	<p>for the LHU</p> <ul style="list-style-type: none"> - There is no surrender clause - There are only clauses of withdrawal for the SPV - There are no provisions for reduction of the fee if the company proceeds to renegotiate the conditions of the loan at an interest rate lower than the original - Excessive burden on the budget of the fee paid by the LHU
--	--

Scheme 2 – Case Y

Case Study Y	<ul style="list-style-type: none"> - A hospital in an area with high population density
Total amount	<ul style="list-style-type: none"> - EUR 254.902.050
Private finance	<ul style="list-style-type: none"> - EUR 120.163.197
Rationale/Objectives of the PPP	<ul style="list-style-type: none"> - To find funds to build a new hospital according to the standards of national planning in healthcare, with respect to an old project that was never realized
PPP Actors	<ul style="list-style-type: none"> - LHU-Firm, Private Consortium (SPV)
Financial Structure	<ul style="list-style-type: none"> - The investment is financed by public money (1/2) (LHU-Firm) and private (1/2)
Contract Agreement between Parties	<ul style="list-style-type: none"> - DBFO and concession
Risk Allocation	<ul style="list-style-type: none"> - The risk is principally borne by the private operator which covers maintenance and operating costs but the security package is less detailed than in Case X
Institutional/Managerial Structure	<ul style="list-style-type: none"> - Healthcare services are managed by LHU, non -healthcare services (22), such as parking, catering, facility management are managed by a private Special purpose vehicle with LHU oversight on quality service. There is a particular element with reference to the Radiology Ward and Analysis Laboratory whose administration, and not only maintenance, are attributed to the private contractor
Tariff settings	<ul style="list-style-type: none"> - Availability payment with some reference to qualitative standards aimed to boost the quality in service -
Causes of tariff variations	<ul style="list-style-type: none"> - Meals for in-patients: number of days patients stay in hospital - Meals for fee-paying* patients: number of days spent in hospital (* fee paid for single-room occupancy) - Change of the tax system about activities and materials - Execution of additional works - Laboratory service: number of tests - Diagnostic service: number of tests - Mandatory adjustment every four years
Strong Points	<ul style="list-style-type: none"> - Realization of infrastructure without making healthcare expenditure for investment worse. - Outsourcing of facility management

Weak Points	<ul style="list-style-type: none"> - Lack of a management culture in order to effectively assess the investment convenience - Rigidities dictated by excessive duration of the contract - Increase of the investment because of VAT, which represents a cost for the LHU. - There is no surrender clause - There are only clauses of withdrawal for the SPV - There are no provisions for reduction of the fee if the company proceeds to renegotiate the conditions of the loan at an interest rate inferior than the original - Excessive burden on the budget of the fee paid by the LHU - Progressive emptying of internal capabilities and unsuccessful involvement of the medical personnel in the major decisions regarding the project (e.g. the lay-out)
-------------	---

The comparison between the two procedures examined has made it possible to highlight the following characteristics:

- in Case Y, the PF initiative represents a true point of reference at the national level because it constitutes one of the first experiences conducted in the healthcare sector; furthermore there has been continuity in the implementation, for the legal provisions of “urgency and necessity” and given that it is deeply rooted in a project dating back to the 1990s. The concession started in 2002 and the PPP model is inspired by the first regulatory approach of the Italian law. Therefore, it may be considered as a pioneer experience in the Italian context;
- in Case X, the solution of some critical aspects of the procedure has indirectly benefited from an evolving practice of PPP in healthcare, even though it has suffered from a series of events holding up the course of the procedure. The first factor to consider (an instability factor at the decision-making level) was the uncertainty about the general manager’s permanency in the same LHU. The choice to undertake a PPP coincided, in fact, with the end of his appointment, so it was necessary to wait for a new general manager. At the same time the change in legislation caused further interruptions due to differences in interpretation and practice. The concession started in 2004;
- the two procedures started in a different manner. In Case X, the LHU did not need a request for proposal because the private party took full advantage of the opportunity offered by the change in the law in order to submit a proposal in relation to the requirements listed by the LHU in its three-year plan. Instead, in Case Y the request for proposal to activate PF played a focus role by attracting proposals from promoters and launching a new procedure;
- the object itself of the initiative may well be considered a focus element of distinction since it introduces some differences, influencing the procedure in terms of “time and costs”. In Case Y,

the manager dealt with a project already discussed at the political level but with a strong socio-economic impact on the territory of reference, while in Case X it was the completion of an existing infrastructure and its impact was smaller than in Case Y.

Despite the above-mentioned differences, the procedures have many elements in common, above all from the evaluation point of view, because at an institutional level, they were examined by the same advisors, the Regional Audit Office and the UTFP. So, both cases present an in-depth preliminary study, well-matched with the economic and financial model of the project, as intended in the first wave of Italian utilization of PPPs, in order to assure the maintenance of an adequate economic-financial equilibrium to the private contractor. From a financial standpoint, the initiative presents a different amount of investment.

Although in mixed proportions, both initiatives have benefited from a public payment including the LHU's own funds in Case Y. It means that in relation to the new financing mechanisms in force for LHUs, PPP in the healthcare sector may be implemented with the participation of the regional administrations in the financing. This raises a series of doubts and criticisms of the PPP utilization for the sole purpose of obtaining some of the missing resources, rather than through recourse to traditional forms of finance. Under the profile of the financial sustainability the business plan highlighted a provisional detailed articulation and a consistent economic return for private investors without a very substantial assumption of risk. As the accounting treatment imposes, this may constitute a severe problem in order to demonstrate the debt as off-balance sheet, above all in the light of several critics that have been descending on the intrepidity of the regional government that allowed the procedures. In general the LHUs dealt with a grid of financial ratios aiming to demonstrate the financial sustainability of the investments, their convenience, and the profitability for the private counterpart. A discouraging note derives from the fact that neither case presents the same perspective of internal procedure analysis, since in Case X a series of estimates and comparisons with the traditional procedure were made and are available. In Case Y, there was no validation test about the real VFM of the initiative. The same thing seems to occur in many cases of the UK experience also outside the hospital context (Kakabadse et al., 2007). With reference to financial sustainability, in both cases, the debt service cover ratio (DSCR) is positive, so it should ensure coverage of the loan repayment and guarantee the conditions for financial stability of the SPV. Under the conditions examined and tariffs charged, the results show that the two PPPs are too expensive. The hospitals remain the property of the SPV for the length of the contract and the remuneration obtained is superior to any other investment. Thus the private sector seems to be the only one to have convenience.

From an accounting point of view, the assets do not appear in the budgets of the healthcare organizations, and the tariffs are treated as operating costs. Their incidence, therefore, has a double meaning. On the one hand, the costs weigh very heavily on the management of the LHUs and,

consequently, of the regional group of reference, by eroding part of the funds allocated to healthcare; on the other hand, an evaluation according to the Eurostat statements would indicate that this kind of PPP has a negative effect on the public deficit.

5 Conclusions

The real and tangible advantages of PPPs lie in the contribution of private capital for the realization of infrastructures that would not otherwise be possible, and a reduced incidence on public expenditure for investments. This should mean that initiatives may be considered somewhat off-balance sheet. Another key advantage is that a single approach gives multiple answers to the potential complexity of many outsourcing contracts whose risks are on the private partner. However, as highlighted in the two cases examined, the contractual formula should certainly be refined in order to mitigate those risks that in the PPP framework should be on the private sector.

In the case of hospitals, if the construction risk is on LHUs or Regions (on which they depend), or if the private partner bears only the construction risk and no other risks, the assets are classified as public assets. This implies significant consequences for public finances, both for deficit and debt. The initial capital expenditure relating to the assets will be recorded as public fixed capital formation, with a negative impact on public deficit/surplus. Above all, the most relevant effect lies in the integration of forces aimed at the functioning of a public service. It is advisable to envisage two counterparts (public and private) only in the programming phase, when rules and roles are fixed, but, once the work is implemented, the strategy for a successful partnership consists of a coordinated combination of actions in a unitary perspective. Therefore, in national accounts the assets involved in a PPP can be considered as non-government assets only if there is strong evidence that the partner is bearing most of the risk. What is mentioned above may lead to some repercussions on the utilization of PPP since effectiveness and efficiency in the long term may be affected by the private partner with an overestimation of costs in order to ensure a surplus in the PPP. Last but not least, it is possible to claim an effective contractual risk transfer by observing the contract performance when in use. This delegation of the operating process does not mean a loss of control on hospital functioning and service quality, for which the LHUs (NHS) remain responsible. The message launched by these experiences emphasizes the concept of mutual exchange in the PPP regarding the lack of financial resources. It is crucial to know whether, in the long run, the results will meet expectations.

In general, the hospitals observed in the case studies seem to take advantage of potentialities offered by this financing and operational mechanism since it represents the ideal tool for a realistic example of public-private integrated management.

Several PPPs, already underway, present some elements of analysis from which to draw lessons for the future, given that the system is aiming to increase exemplary practices. As observed, what is problematic concerns the following factors: overcoming the merely opportunistic propensity to use the PPP, the use of ex ante test methodologies able to make realistic simulations on the future of the partnership, the flexibility to be given to contracts, so that risks shift to the private party but can also be adjusted when external variables require it. Of course, in the hospital case it is necessary for an ex ante evaluation to be able to count on reliable estimates concerning the use of hospitals and that the risk on the private party is not being excessively compensated by revenues that the private party itself would be prevented from reaching under normal market conditions. This is the paradox to be avoided.

References

- [1] Accounting Standard Board (ASB) (1998), *Application Note F to Financial Reporting Standard 5: Reporting the substance of transaction*, ASB, London, UK.
- [2] Amatucci, F. (2002), *Il Project Finance nelle Aziende Pubbliche*, Egea, Milano.
- [3] Amatucci, F. and Biondi, Y. (2002), "Project Finance nel Settore Sanitario Italiano: Esperienze e Modalità di Applicazione" in Anessi Pessina E., Cantù E. (Eds.) *L'aziendalizzazione della Sanità in Italia, Rapporto OASI 2001*, Egea, Milano.
- [4] Amatucci, F. and Vecchi, V. (Eds.). (2009), *Le Operazioni di Project Finance: stato dell'arte e indicazioni per il futuro*, Egea, Milano.
- [5] Andon, P. (2012), "Accounting-related Research in PPPs/PFIs: present contributions and future opportunities", *Accounting, Auditing and Accountability Journal*, Vol. 25 No.5 , pp. 876-924.
- [6] Ball R., Heafey M. and King D. (2000), "Private Finance Initiative – a good deal for the public purse or a drain on future generations?", *Policy and Politics*, Vol. 29 No.1, pp. 95-108.
- [7] Broadbent, J. and Laughlin, R. (1999), "The Private Finance Initiative: clarification of a future research agenda", *Financial Accountability and Management*, Vol. 15 No. 2, pp. 95-114.
- [8] Broadbent, J. and Laughlin, R. (2002), "Accounting Choices: technical and political trade-offs and the UK's Private Finance Initiative", *Accounting, Auditing and Accountability Journal*, Vol. 15 No.5, pp. 622-654.
- [9] Broadbent J. and Laughlin R.(2003), "Public private partnerships: an introduction", *Accounting, Auditing and Accountability Journal*, Vol. 16 No.3, pp. 332-341.
- [10] Broadbent, J., Gill, J. and Laughlin, R. (2003), "Evaluating the Private Finance Initiative in the National Health Service in the UK", *Accounting, Auditing and Accountability Journal*, Vol. 16 No.3, pp. 422-445.
- [11] Broadbent, J., Gill, J. and Laughlin, R. (2008), "Identifying and Controlling Risk: the problem of uncertainty in the Private Finance Initiative in the UK's National Health Service", *Critical perspectives on Accounting*, Vol.19, pp. 40-78.

- [12] Burger P., Tyson, J. Karpowicz I., and Coelho, M. (2009), "The Effects of the Financial Crisis on Public-Private Partnerships", *International Monetary Fund*, WP/ 09/144, http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1442246 accessed 15 January 2013
- [13] Carr, G. (1998), "The Canadian Council for Public Private Partnerships", *The Canadian Council for Public-Private Partnerships*, available at: <http://home.inforamp.net/~partners/oxford.html>
- [14] Connolly, C. and Wall, T. (2011), "The Global Financial Crisis and UK PPPs", *International Journal of Public Sector Management*, Vol. 24 No. 6, pp. 533-542.
- [15] Cori, R., Giorgiantonio, C. and Paradisi, I. (2010), "Risk Allocation and Incentives for Private Contractors: an analysis of Italian project financing contracts" *Bank of Italy Occasional Paper*, http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1825983, accessed 20 February 2013
- [16] Demirag I. Dubnick M. And Khadaroo I. (2005), "A Framework for Examining Accountability and Value for Money (VFM) in the UK's Private Finance Initiative (PFI)", in I. Demirag, (ed.), *Corporate Social Responsibility, Accountability and Governance: Global Perspectives*, Greenleaf Publishing, Sheffield.
- [17] Demirag, I. and Khadaroo, I. (2008), "Accountability and Value for Money in Private Finance Initiative contracts", *Financial Accountability and Management*, Vol. 24 No. 4, pp. 455-478.
- [18] Demirag, I. and Khadaroo, I. (2011), "Accountability and Value for Money: a theoretical framework for the relationship in public-private partnerships", *Journal of Management and Governance*, Vol. 15 No. 2, pp. 271-296.
- [19] Demirag, I. Khadaroo, I., Stapleton, P., and Stevenson, C. (2011), "Risks and the Financing of PPP: perspectives from the financiers", *The British Accounting Review*, Vol. 43 No. 4, pp. 294-310.
- [20] Dunnigan M. and Pollock A. (2003), "Downsizing of acute inpatient beds associated with private finance initiative: Scotland's case study", *British Medical Journal*; Vol. 326 No.7395, pp. 905.
- [21] ECONOMIC COMMISSION FOR EUROPE (ECE) (2002) "A Review of Public-Private Partnerships for Infrastructure Development in Europe", *Working Party on International Legal and Commercial Practice Fiftieth session 11 – 13 March 2002*.
- [22] Edwards, P. and Shaoul, J. (2003), "Partnerships: for better, for worse?", *Accounting, Auditing and Accountability Journal*, Vol.16 No.3, pp. 397-421.
- [23] English, L. and Guthrie, J. (2003), "Driving privately financed projects in Australia: what makes them tick?", *Accounting, Auditing and Accountability Journal*, Vol. 16 No. 3, pp. 493-511.
- [24] English, L. and Skellern, M. (2005), "Public-private partnerships and public sector management reform: a comparative perspective", *International Journal of Public Policy*, 1(1), pp. 1-21.
- [25] English, L., Guthrie, J., Broadbent, J. and Laughlin, R. (2010), "Performance Audit of the Operational Stage of Long-Term Partnerships for the Private Sector Provision of Public Services", *Australian Accounting Review* Vol. 20 No.1, pp. 64-75.
- [26] Flinders, M. (2005) "The Politics of Public-Private Partnerships", *The British Journal of Politics & International Relations*, Vol. 7 No.2, pp. 215-239.
- [27] Froud, J. (2003), "The Private Finance Initiative: risk, uncertainty and the state", *Accounting, Organizations and Society*, Vol. 28 No.6, pp. 567-589.
- [28] EUROPEAN COMMISSION, DIRECTORATE-GENERAL REGIONAL POLICY (2003), *Guidelines for Successful Public-Private Partnerships*, http://ec.europa.eu/regional_policy/sources/docgener/guides/ppp_en.pdf accessed 20 June 2012.

- [29] EUROPEAN COMMISSION, DIRECTORATE-GENERAL REGIONAL POLICY (2004), *Resource Book on PPP Case Studies*, June 2004, http://europa.eu.int/comm/regional_policy/sources/docgener/guides/pppguide.htm, accessed 20 June 2012
- [30] European PPP Expertise Centre (EPEC) (2011), *The Guide to Guidance How to Prepare, Procure and Deliver PPP Projects*, www.eib.org/epec/g2g/index.htm, accessed 20 June 2012.
- [31] Finlombarda (2005), *Finlombarda Survey of project finance in healthcare sector. IV Report* <http://www.finlombarda.it/>, accessed 20 June 2012.
- [32] Finlombarda (2012), *Finlombarda Survey of project finance in healthcare sector. X Report*, Maggioli Rimini.
- [33] Gaffney, D. and Pollock, A.M. (1999), "Pump Priming the PFI: why are privately financed hospital schemes being subsidised?", *Public Money and Management*, Vol. 17 No.3, pp. 11-16.
- [34] Gaffney, D., Pollock, A., Price, D. and Shaoul, J. (1999), "NHS Capital Expenditure and the Private Finance Initiative – expansion or contraction?" *British Medical Journal*, 319, 48-51.
- [35] Gao, S.S., Handley-Schachler, M. (2003), "Can the Private Finance Initiative Be Used in Emerging Economies? Lessons from the UK's Successes and Failures" *Managerial Finance*, Vol. 29 No. 5-6, pp. 36-51.
- [36] Gao, S.S., Handley-Schachler, M. (2004), "Public Bodies' Perceptions on Risk Transfer in the UK's Private Finance Initiative", *Journal of Finance and Management in Public Services*, Vol. 3 No.1, pp. 25-39.
- [37] Giorgiantonio C., Giovanniello V. (2009), "Infrastrutture e project financing in Italia: il ruolo (possibile) della regolamentazione", *Questioni di Economia e Finanza. Occasional papers*, Bank of Italy, n. 56.
- [38] Grahame A. (2001), "The Private Finance initiative (PFI)", *Research Paper 01/117* 18 December 2001 Economic Policy And Statistics Section House Of Commons Library.
- [39] Greve C. and Graeme H. (Eds.) (2013), *Rethinking Public-Private Partnerships*, Routledge, London.
- [40] Grimsey D. and Lewis M.K. (2004), *Public Private Partnerships. The Worldwide Revolution in Infrastructure Provision and Project Finance*, Edward Elgar, Cheltenham, UK .
- [41] Grimshaw, D., Vincent, S. and Willmott, H. (2002), "Going Privately: Partnership and Outsourcing in UK Public Services", *Public Administration*, Vol. 80 No.3, pp. 475–502.
- [42] Hebson, G., Grimshaw, D. and Marchington, M.(2003), "PPPs and the Changing Public Sector Ethos: case-study evidence from the health and local authority sectors", *Work, Employment and Society*, Vol. 17 No.3, pp 481–501.
- [43] Hellowell, M., and Vecchi, V. (2012), "An Evaluation of the Projected Returns to Investors on 10 PFI Projects Commissioned by the National Health Service", *Financial Accountability & Management*, Vol. 28 No. 1, pp. 77-100.
- [44] Hood, C. (1991), "A Public Management for All Seasons?", *Public Administration*, Vol. 69, Spring, pp. 3-19.
- [45] Hood, C., (1995), "The "New" Public Management in the 1980s: variations on a theme", *Accounting, Organisations and Society*, Vol. 20 No. 2/3, pp. 93-109.
- [46] House of Commons Committee of Public Accounts(2003), "The PFI contract for the redevelopment of West Middlesex University Hospital Nineteenth Report of Session 2002–03", Published on 6 June 2003 by authority of the House of Commons London: The Stationery Office Limited,

http://www.parliament.uk/parliamentary_committees/committee_of_public_acc accessed 20 May 2008.

[47] House of Commons, Committee of Public Accounts The PFI contract for the redevelopment of West Middlesex University Hospital Nineteenth Report of Session (2003), Published on 6 June 2003 by authority of the House of Commons London: The Stationery Office Limited.

[48] House of Commons Committee of Public Accounts (2003), "Delivering better value for money from the Private Finance Initiative", Ordered by The House of Commons to be printed 9 June 2003 by authority of the House of Commons London: The Stationery Office Limited, http://www.parliament.uk/parliamentary_committees/committee_of_public_acc, accessed 20 may 2008.

[49] Jackson, A. and Lapsley, I. (2003), "The Diffusion of Accounting Practices in the New "Managerial" Public Sector", *International Journal of Public Sector Management*, Vol. 16 No. 5, pp. 359-372.

[50] Kakabadse, N. K., Kakabadse, A. P. and Summers, N. (2007), Effectiveness of Private Finance Initiatives (PFI): study of private financing for the provision of capital assets for schools, *Public Administration and Development*, Vol. 27 No.1, pp. 49-61.

[51] Khadaroo, I. (2008), "The Actual Evaluation of School PFI Bids for Value for Money in the UK Public Sector", *Critical Perspectives on Accounting*, Vol. 19 No. 8, pp. 1321-1345.

[52] Kouzmin, A., Leivesley, R. And Kakabadse, N., (1997) "From Managerialism and Economic Rationalism: towards reinventing economic ideology and administrative diversity", *Admin. Theory Praxis*, Vol. 19 No 1, pp. 19-43.

[53] Lane, J.E. (2000), *New Public Management*, Routledge, London

[54] MacDonald M. (2002) 'Review of Large Public Procurement in the UK' www.hmtreasury.gov.uk/media_store/otherfiles/greenbook_mott.pdf accessed 15 June 2008.

[55] Maddok, S. (2002), "Making Modernisation Work", *The International Journal of Public Sector Management*, Vol.15 No.1, pp. 13-43.

[56] Martiniello, L.; Zaino, A. (2009), "Analisi delle tecniche di valutazione per la scelta del modello di realizzazione dell'intervento: il metodo del Public Sector Comparator e l'analisi del valore", Settembre, Unità Tecnica Finanza di Progetto, http://www.utfp.it/doc_eco.htm, accssed 20 October 2012.

[57] National Audit Office (1999), *Examining the Value for Money of Deals under PFI*, Report of Comptroller and Auditor General, HC 739, Session 1998-99, The Stationery Office, London.

[58] National Audit Office (2001), *Managing the Relationship to Secure a Successful Partnership in PFI Projects*, Report of Comptroller and Auditor General, HC 375, Session 2001-2002, TheStationery Office, London.

[59] Osborne, S. (ed.) (2000), *Public-Private Partnerships: Theory and Practice in International Perspective*. London: Routledge.

[60] Parker, D., and Hartley, K. (2003) "Transaction Costs, Relational Contracting and Public-Private Partnerships: a case study of UK defence", *Journal of Purchasing and Supply Management* Vol. 9.No.3, pp. 97-108.

[61] Pollitt, C., S. van Thiel & V. Homburg. (eds.). (2007), *New Public Management in Europe: adaptations and alternatives*, Palgrave MacMillan, Basingstoke.

[62] Pollock A., Dunnigan M., Gaffney D., Macfarlane A. And Majeed F. (1999), "The private finance initiative: PFI in the NHS-is there an economic case?", *British Medical Journal*, Vol. 319, pp. 116-119.

- [63] Pollock, A., Shaoul, J., Vickers, N. (2002), "Private Finance and Value for Money in NHS hospitals: a policy in search of rationale?", *British Medical Journal* Vol. 324, pp.1205-1209.
- [64] Pollock A., Price D., Player, S. (2005), "The Private Finance Initiative: a policy built on sand", UNISON, (October), pp. 1-23.
- [65] Pongsiri N (2002), "Regulation and Public-Private Partnerships", *The International Journal of Public Sector Management*, Vol. 15 No. 6, pp. 487-495.
- [66] Private Finance Panel (1996), *Risk and Reward in PFI Contracts*, HM Treasury, London.
- [67] Rosenau, P.V. (Ed.) (2000), *Public-Private Policy Partnerships*, MIT Press, London.
- [68] Savas, E.S. (2000), *Privatisation and Public-Private Partnerships*, Chatham House Publishers, New York, NY.
- [69] Savas, E. S. (2005), *Privatization in the City: Successes, Failures, Lessons*. Washington, DC: CQ Press,
- [70] Shaoul, J. (2005), "A Critical Financial Analysis of the Private Finance Initiative: selecting a financing method or allocating economic wealth?", *Critical Perspectives on Accounting*, Vol. 16, pp. 441-471.
- [71] Smith, R. (1999) "PFI: perfidious financial idiocy", *British Medical Journal*, Vol. 319, pp. 2-3
- [72] Spackman M. (2002), "Public-private Partnership: lessons from the British approach", *Economic Systems*, Vol. 26, pp. 283-301
- [73] Stake, R. E. (1995), *The Art of Case Study Research*, Sage, Thousand Oaks.
- [74] Torres L., Pina V. (2001), "Public-Private partnership and Private Finance Initiatives in the EU and Spanish Local Governments", *The European Accounting Review*, Vol. 10 No. 3, pp. 601-619
- [75] UTFP (2002), "Edilizia sanitaria. Analisi di settore", Estratto dalla relazione annuale dell'Unità tecnica Finanza di Progetto 30 gennaio 2002, http://www.utfp.it/doc_settori.htm, accessed 20 November 2011.
- [76] Vecchi V., Amatucci F. and Favretto F. (2010), "Il finanziamento degli investimenti sanitari: il partenariato pubblico privato "su misura", in E. Anessi Pessina, E. Cantù (Eds.) *L'aziendalizzazione della sanità in Italia: rapporto OASI 2010* (Egea, Milano).
- [77] Vecchi V., (2011), Il Project Financing per gli Investimenti Sanitari – il punto di vista degli operatori privati, in E. Anessi Pessina, E. Cantù (eds.) *L'aziendalizzazione della sanità in Italia: rapporto OASI 2011* (Egea, Milano).
- [78] Wall, A. and Connolly, C. (2009) "The Private Finance Initiative: An evolving research agenda?", *Public Management Review*, Vol.11 No.5, pp. 707-724.
- [79] Wang, N. (2010). "Risk Allocation in the Operational Stage of Private Finance Initiative Projects", *Journal of Performance of Constructed Facilities*, Vol. 25 No. 6, pp. 598-605.
- [80] Yescombe, E. R. (2007) *Public-Private Partnerships. Principles of Policy and Finance*, Butterworth-Heinemann, Oxford UK.
- [81] Yin, R. K. (2008), *Case Study Research: Design and Methods (Vol. 5)*. Sage, Thousand Oaks, CA.