Value for money in a sick PFI hospital: a Gramscian perspective

Working Paper

Published Version

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Abstract

The literature on Value for Money (VfM) in Private Finance Initiative (PFI) projects in the UK has primarily examined VfM and its assessment in the contracting stages of the projects. However, most VfM issues arise at the post-implementation stage, where the contracts are executed towards the actual delivery of VfM. This paper contributes to the literature by examining VfM and its evaluation in operational PFI projects. It theorises VfM as a Gramscian 'common sense' and argues that no single conception is necessarily representative of VfM, but that different conceptions are contested and negotiated within the relations of power, and together represent a holistic notion of VfM. By drawing on a case study of a National Health Service PFI project, the paper problematizes the different conceptions of VfM and related VfM outcomes, through the use of interviews and document analysis. This paper finds that different conceptions are held of VfM and its outcomes, with each of them equally founded in social reason. These different conceptions follow to influence the operational management of the project. The paper also highlights different aspects of the operations of the project, and the impact those aspects have on the overall VfM delivery and outcome. Finally, the paper argues that the simplistic and one-sided representation of VfM in operational PFI projects as represented by HM Treasury, must be replaced by a complex and multi-layered representations capable of articulating a holistic notion of VfM, but in terms that maybe different and sometimes irreconcilable.

Keywords

Value for Money, Common sense, Private Finance Initiative, National Health Service

1 Introduction

To understand Value for Money (VfM) and its delivery in operational Private Finance Initiative (PFI) projects, it is not enough to limit the definitions and outcomes to that presented by HM Treasury as regards VfM, but to extend the notion to include other varied (and even contradictory) representations made thereof. The delivery of VfM is cited as the raison d'être for the use of the PFI (HM Treasury 2006b). Under a PFI contract, the public procurer engages a private provider in a long-term contract for the provision of infrastructurebased public services. VfM serves as the basis on which parties who may have nothing in common are brought together into a PFI contractual relationship; and as the referent point for the operations of the projects. With VfM therefore serving as a "boundary object"[1] mediating and stabilising various interests in a PFI relationship, it ordinarily follows that different

[1] Boundary objects are theorised as objects that are flexible enough to accommodate varying needs and meaning, yet robust enough to maintain a common identity across different spaces. For a further and better exposition see Briers and Chua (2001), Fujimura (1992), and Star and Griesemer (1989).

connotations will be given of it and its outcomes in operational projects (see Demirag and Khadaroo 2008). These differences however prove to be problematic in of arriving at a determinate conclusion on the actual delivery of VfM in operational projects.

At the heart of the evaluation of VfM in operational Private Finance Initiative (PFI) projects is a contest over meanings – a contest over the preferred meanings about the nature, practice and/or outcomes worthy to be termed VfM. Historically, VfM has been defined from a resource consumption perspective, where public sector bodies were expected to economically expend resources to efficiently and effectively achieve the related objectives (Grimwood and Tomkins 1986, McSweeney and Sherer 1990, Lapsley and Pong 2000). As the literature (*ibid)* argues, these conceptions have been increasingly difficult to operationalise in the public sector. This is exacerbated within the context of the PFI, where it is increasingly difficult to definitively define VfM or its outcome, especially at the operational stage of the PFI projects (Demirag and Khadaroo 2008).

HM Treasury represents VfM from a deterministic and economic perspective, defining it as the optimum combination of whole-life costs and fitness for purpose of procured goods and services (HM Treasury 2006a, 2006b, 2012). HM Treasury follows on to prescribe through various regulatory mechanisms, (which are adopted and adapted by the various government departments for their own use), the appropriate methodologies to assess and evaluate for VfM in PFI procurements. Most of HM Treasury's efforts have largely centred on the defining the appropriate methodologies and practices relevant for a PFI VfM appraisal at procurement. However, significantly less focus is dedicated to conceptualising and prescribing the appropriate mechanisms for the evaluation of VfM in operational projects. Broadbent *et al*. (2003) observation of the existence of a conceptual and practical vacuum in system design for the evaluation of operational projects remains valid, as HM Treasury and respective government departments are still as yet to develop comprehensive guidelines in this regards. The National Audit Office (NAO) has developed a framework for evaluating operational projects (NAO 2006b, 2006a), for which the adoption is not mandatory on procuring authorities.

The absence of explicit guidelines in theory presents grounding for the proliferation of different conceptions to be simultaneously held for the notion of VfM and its outcomes. These different conceptions may be irreconcilable because each of them is equally grounded in social reason. This paper argues these differing conceptions are not necessarily mutually exclusive, but are representative of the complex and multi-layered representations capable of articulating the same reality of VfM, but in terms that are different and sometimes irreconcilable. These different representations form the broader 'common sense' notion of VfM.

The objective of this paper is to understand the notion of VfM and its delivery in operational National Health Service (NHS) PFI projects in England. The paper uses Gramsci's 'common sense' (Gramsci 1971) to understand the varying conceptions which together form the notion of VfM. To understand the empirical manifestation of these conceptions, the paper employs a case study and the use of both semi-structured interviews and document analysis to understand the conceptions of and perceived delivery of VfM. The case selected for this paper is XYZ Foundation Trust's (XYZ FT)[2] PFI project, commissioned in 2010.

XYZ FT procured a hospital through the PFI, with the project reaching financial close in 2007. XYZ was said to have procured an operationally and clinically sustainable, but a financially unsustainable PFI project relative to its current conditions (PwC 2013b). The FT has since the commissioning of the project in 2010, found itself trapped in a cycle of deficits, and relying on financial bailouts from the Department of Health and HM Treasury to remain a going-concern. In 2015, the FT recorded an overall deficit of £38.5 million. Less than a year after the commissioning of the project, the FT had significantly breached their terms of authorisation and has since been subject to special measures[3] from its regulator – Monitor. The 'sick' hospital procured by XYZ FT thus presents a special case of a possible outcome of procuring through the PFI. This case allows for a clear contrast to be drawn on the various conceptions of VfM and their constitution to a broader common sense.

The paper is structured as follows. Section 2 presents a discussion of VfM from a Gramscian common sense perspective. Section 3 presents the methods used in the paper and discuss the use of both documents analysis and interviews to construct the varying conceptions of VfM and to evaluate the delivery of VfM. Section 4 then presents and discusses findings of the paper. It presents a brief background of XYZ FT and its PFI procurement, and the findings of analysis of the interview data and of the documents and archival records. Section 5 presents the discussion and analysis, with the final section, section 6 presenting the conclusions of the paper.

2 Theoretical framework: Common Sense Notion of Value for Money

2.1 Common sense

The concept of 'common sense' provides an intuitive and analytic base to understanding VfM and its evaluation in operational projects. Gramsci argues that different (and often contradictory) conceptions of reality tend to exist side by side to form an incoherent whole. These conceptions, he argues, are often externally imposed and passively absorbed, accepted and uncritically lived by an individual or a group (Gramsci 1988). He puts forward that:

> Common sense is not a single unique conception, identical in time and space. It is the 'folklore' of philosophy, and like folklore, it takes countless different forms. Its most fundamental characteristic is that it is a conception which, even in the brain of one individual, is fragmentary, incoherent and inconsequential, in conformity with the social and cultural position of those masses whose philosophy it is (Gramsci 1971: 419).

[2] XYZ FT is a pseudonym for the purposes of this study. The pseudonym is used for reasons of confidentially, and to maintain the anonymity of the participants.

[3] "Special measures" are short term interventions by Monitor designed to produce quick results. They are designed to support Trusts in need while maintaining their accountability to the public. FTs under special measures often have some of their financial and governance freedoms suspended by the government, and may lose their autonomous governance status, as indeed was the case of XYZ FT. See http://www.nhs.uk/NHSEngland/specialmeasures/Pages/about-special-measures.aspx [Accessed 15/02/16]

Common sense often captures a view of reality that is predominantly accepted and uncritically absorbed, naturalised, rationalised and universalised to the point of being taken for granted, and characterise the conformist representations of a given epoch within a given period.

Common sense, Gramsci argues, is made up of contradictory elements of truths and misrepresentations (Gramsci 1988). It is a chaotic ensemble of disparate conceptions, "and one can find there anything that one likes" (Gramsci 1971: 422). He argues that the conformist common sense does not usually go unchallenged, even within the mind of an individual, especially an individual subject to a broader hegemonic process. Gramsci describes the nature of the contradiction within a worker's consciousness as follows:

> His theoretical consciousness can indeed be historically in opposition to his activity. One might almost say that he has two theoretical consciousnesses (or one contradictory consciousness): one which is implicit in his activity and which in reality unites him with all his fellow workers in the practical transformation of the real world; and one, superficially explicit or verbal, which he has inherited from the past and uncritically absorbed. (Gramsci 1971: 641)

This consciousness which contradicts the conformist common sense (drawn from dominant norms and practices inherited and uncritically absorbed), is what Gramsci defines as the 'good sense'. Good sense is informed from practical activity and collective experiences, and requires an understanding of the social world. Good sense is a refined common sense; one that has more unity and cohesion – a specific mode of thought with some content of beliefs and opinions which become practical, but by no means necessarily rational or scientific. It is a practical empirical common sense (see Gramsci 1971, Thomas 2009).

Gramsci's discussion of the contradictory conceptions making up common sense allows him to approach the subject as a process of spatio-temporal thought and understanding capable of assimilating different statements as a coherent meaning. To Gramsci, every social stratum has its common sense that defies unity, yet is representative of the general conceptions of that stratum. Common sense is not rigid, but is continuously transformed and enriched by the residual sedimentations from previous ideologies as proof of their historical effectiveness (Gramsci 1971). Gramsci continuous to argue that common sense contains elements contributing to people's acceptance of situations of inequality and oppressions, by making those situations to appear as natural and unchangeable (Gramsci 1988). This is because the contradictory consciousness making up common sense creates a condition of passivity, where action or choice is not permitted, as the predominant common sense acts to direct the will and influence the conduct of the group to which it applies (Gramsci 1971).

2.2 Value for Money as a common sense

Applying the concept of common sense to VfM in the PFI allows for the development of a framework of VfM and its evaluation. The spatio-temporal nature of common sense in its application to VfM supposes that VfM and its outcomes varies within the same context relative to time, and varies within the same time period relative to different contexts. Thus, projects with similar contexts within the same time periods can have different conceptions and outcomes of VfM, and the same project can be perceived to be delivering VfM at a given time period but not in another. This is largely consistent with the nature of VfM delivery in operational PFI projects.

There is no universal agreement on an unambiguous theoretical and operational definition(s) of VfM, but rather of numerous competing meanings existing side by side. Contrary to the government's preferences, different stakeholders have different expectations and connotations of VfM and its outcomes (Edwards *et al.* 2004, Demirag and Khadaroo 2008) informed from different referent points and narratives. The contest is not over the phrase VfM *per se*, as that could be easily defined (McSweeney and Sherer 1990). The contest however, is over its substantive meaning, especially in the context of operational PFI projects, given that there is considerable uncertainty over the meaning and application of VfM (see Broadbent and Laughlin 1999, 2004). This is not to imply that VfM is conceptually and operationally meaningless, but rather that its meaning is contingent and negotiable. In practice, the struggle over the meanings ranges beyond the inferences associated with VfM to those for access to and control over the forces constituting the spatio-temporal arena within which these connotations are negotiated and transformed. The competing meanings could then trickle and filter into diverse discourses, with particular narratives consequently being favoured by occupational groups, governments, public authorities, and accountability bodies among others. The meanings that respective groups hold of VfM are informed and shaped by the values, myths, ideologies and other discursive formations that are uncritically absorbed and upheld by that group.

Within a democratic society, there is no functional and pragmatic way of ascertaining and negotiating the "truthful" meaning of what VfM should and could be, especially because respectively held connotations compete to establish a dominant narrative over the other. For a particular connotation to be seen as dominant, it must become embedded and unquestioned in the everyday experiences of the particular epoch, part of what Gramsci termed "common sense" (Gramsci 1971). The meanings however are not permanently fixed, but could be redefined, discredited or revised, depending on the strength of the competing groups adopting and promoting the narrative. This is especially relevant within the realms of public sector institutions like NHS Trusts who procure through the PFI. NHS Trusts in PFI relationships are generally institutions with strong professional and socio-political interests (c.f. Kurunmäki 1999, Kurunmäki and Miller 2011), with the possibility of different interest groups holding different meanings of VfM. The meaning each interest group holds, may not necessarily be informed from the same historical process or sources and would tend to lean towards the interests that group holds on to, with respective groups contesting over the acceptance of their meaning within the PFI relationship.

The resolution of the contest over these meanings depends on the historical and politicosocio-economic contexts, as well as the nexus of relationships between various axes of power. Within this nexus of power, attempts to solidify meanings are enabled and constrained by the organisation and distribution of power among the actors. The state (represented by HM Treasury in this instance), acting as one of the powerful actors, often has the ability to organise and strongly support a shift in meaning on what VfM is and should be. Regardless, no actor or group has the monopoly of defining the meanings to be ascribed to concepts like VfM or the practice of its evaluation, which are constantly defined as products of history and constantly reshaped relationally and contextually by the historical process.

The state has since the incursion of VfM in public discourse, sought to define and operationalise the concept for practical application. The meanings currently ascribed to VfM and promoted by the state rests on a logocentric conception wherein lies the belief that there exist objective and knowable relationships defining economic reality (McSweeney and Sherer 1990). HM Treasury defines VfM at the operational phase of PFI projects as a relative concept evaluated by comparing the presumed and actual outcomes of alternative procurement routes, and the impact they have on the organisation and its performance (HM Treasury 2006b, 2011a, 2011b). This definition of VfM draws from a logocentric "regime of truth" (Foucault 1980), presupposing a binary outcome of classified as either providing VfM or not. McSweeney and Sherer (1990) observe that the phrase VfM implies the existence of a knowable and appropriate or even an ideal relationship between resource expenditure and the related outputs and accomplishment, which could be used to define VfM and its outcome. This regime of truth however begins to crumble when faced with and opposed by the perceptions of the masses whose experiences have been illuminated by common sense. The masses among others, whose common sense experiences do not match those of the logocentric truth, proceed to contest the meanings instituted by the state, thereby forcing a refocus and redefinition of VfM, notably through additional regulations, with the object of retaining in the least, control over its meaning.

Whether the meanings articulated by the state remain predominant or not does not preclude the existence of alternate conceptions of VfM which will sit side by side with those of the state, with each conception subsequently informing the determination of a VfM outcome. HM Treasury's conception of VfM as the optimum combination of whole-life costs and fitness for purpose of procured goods and services (HM Treasury 2006a, 2006b, 2012), evaluated for through the relative comparison of expectations and outcomes, necessarily informs a practice construed towards that determination process. The state contributes to this regime of truth via the administering of various regulatory pronouncements, authored and implemented by the various accountancy bodies licenced and institutionally supported by the state (see Shaoul *et al.* 2007). This conception of VfM does not provide the complete common sense notion admissible to the exploration and understanding of the concept within operational PFI. This especially is relevant in the assessment of VfM outcomes, wherein state agents responsible for the operational management of projects with their common sense illuminated within the pretexts of the state, have contradictory conceptions emanating from their good sense, stemming from their practical engagement with the operational projects.

This conception of VfM and the related methodology for its assessment has been criticised and problematized in the practice as being too simplistic to assimilate the various complexities and the contextual costs and benefits related to the procurement (see Gaffney *et al.* 1999a, 1999b, Pollock *et al.* 1999, Lapsley and Pong 2000, Cooper and Taylor 2005, Grimsey and Lewis 2005, Shaoul 2005, Broadbent *et al.* 2008, Coulson 2008, Shaoul *et al.* 2008, Hellowell and Pollock 2009, NAO 2013). The government has however been accused of being dismissive of the criticisms and of discrediting and intimidating the critics (Greenaway *et al.* 2004, Shaoul *et al.* 2007). Regardless, there exist critical voices ranging from those in the literature (*ibid*), to those of trade unions (for example Lister 2003) among others. These varied conceptions, informed by different narrative beyond those of the state, exist side by side to form the overall common sense of VfM. To understand the actual concept and evaluation of VfM is therefore to understand the diverse conceptions coming together to form the common sense of VfM in operational projects, as each conception is grounded in social reason.

2.3 Value for Money Evaluation

As argued in the above sections, the conception held of VfM necessarily informs an appropriate practice directed at the evaluations of the respective outcomes of VfM. There are two broad spectrums through which VfM outcomes can be assessed: a narrow conception and a broad conception (Jeffares *et al.* 2013). VfM outcomes can be narrowly conceived to be concerned with the achievement of predetermined outcomes set-out in a PFI contract. Conversely, they can be broadly conceived to be beyond the achievement of objectives to include the wider costs or benefits to particular stakeholders, and the long-term impact the project has on the stakeholders (*ibid)*. This dichotomy in the basis of evaluation has brought forth divergent representations on the state and outcomes of operational PFI projects.

Research premised on the narrow conception, defining VfM outcomes in terms of the achievement of procurement objectives, generally returns a relatively favourable verdict on VfM delivery in the projects (see NAO 1999, 2009b, 2009a, Ive *et al.* 2010, NAO 2010, 2011, Monitor 2014). Conversely, research adopting a relatively broader basis of defining VfM outcomes beyond the achievement of procurement objectives, a relatively unfavourable verdict on VfM delivery (see Froud and Shaoul 2001, Edwards and Shaoul 2003, Shaoul 2005, Pollock *et al.* 2007, Shaoul *et al.* 2008, Pollock *et al.* 2011).

This paper takes the view that VfM outcomes should be defined beyond the achievement of procurement intentions (see Broadbent *et al.* 2003, Broadbent and Laughlin 2004, English 2007, English *et al.* 2010). This is because of the divergence between anticipations and factual happenings, which could not be reasonably expected to be captured and translated into contractual terms at procurement, yet are relevant to the operations of a project. Besides, the pursuit of VfM within the PFI is cited as a mechanism for the improvement in the delivery of public services (HM Treasury 2006a, 2012). Drawing from the historic representation of VfM to be the representation of economy, efficiency and effectiveness (Lapsley and Pong 2000), it is expected that a project that actually delivers VfM would be a source for the improvement of the operational and financial performance of the procurer, and not have a negative effect on it.

3 Research Methods

This paper adopts a case study method[4]: a qualitatively grounded method that allows for the intensive study and exploration of a single group, events, communities and/or their multiplicities (Yin 2009, Bryman and Bell 2011). The case study method is chosen as it allows the research object to be grounded within the context while explicating the richness and depth of the case as a special case of what is possible. The method also allows the elucidation of the

[4] Gerring (2007) submits that case study is situated somewhere between a method of data collection and a methodology (a research strategy designed to investigate a particular object in its 'real' social context) with Scapens (1990) emphatically submitting the case study is a research method and not a methodology. [5] It was stated the redactions are to protect "the commercial sensitivity" of the contracts.

shared meanings contained and shared by the research subjects within the broader context of the evaluation of VfM (cf Scapens 1990, Gillham 2000, Hancock and Algozzine 2006). This paper draws from a single case study – that of XYZ FT's procurement, because it represents a critical case within which the complexities of VfM and its evaluation comes to the fore. The case selected for the study is also unique in that it represents one of the few NHS PFI procurements procuring a comprehensive solution – the infrastructure, hard and soft facilities management services, and managed equipment supply. Nonetheless, the case is representative of the general PFI procurements in that it is subject to the same regulatory procedures as other procurements, and is one of the many Trusts incurring deficits post-PFI procurement. The findings from this case are therefore informative of a special case of a PFI procurement, and allows for a richer interpretation of the research issues (Humphrey and Scapens 1996).

This paper draws from an analysis of documents and archival records and interviews. In terms of document analysis, the paper principally draws from: 1.) reports and guiding documents from the relevant government departments (including the Treasury and the Department of Health); 2.) reports and expositions of public oversight and accountability bodies such as those of the NAO and parliamentary bodies; 3.) relevant PFI stakeholder publications; and 4) case specific documents (including the business cases, annual reports, and performance data of respective PFI schemes). The document analysis aided in the framing of the interview questions as well as identifying the parties to be interviewed in the study. It also served as a reference point for the triangulation of the views presented by the interviewees. Document analysis also allowed for identifying the structural set-up causing VfM to be understood the way it is, as well as influencing the methodology employed towards its assessment and evaluation.

The Full Business Case (FBC), upon which approval was given for procurement, was reviewed to establish the original case for the procurement as well as the VfM and affordability cases. This document was requested from the Trust under the Freedom of Information Act (2000) and was received albeit with a few redactions[5]. The FBC details the operational and post-contracting intentions of the Trust towards the delivery of procurement objectives. Analysis of the FBC elements related to procurement objectives also aids in providing a context for the procurement as well as emphasising the institutional arrangements

and structures affecting the procurement intentions with possible effect on the postcontractual evaluation procedures.

The Trust's Annual Reports also represented a significant source of information on the financial implications of the PFI's operations as well as the impact of those on an organisation wide basis. These were important in confirming both the prediction of the FBC and also the responses presented by the interviewees during the interview sections. In addition to the FBC, analysis is also made of special reports issued by public regulatory and accountability bodies. The broader literature on PFI and VfM is also examined, aimed at setting the broader field within which the PFI is situated, as well as setting the broader spectrum against which the analysis of the specific case is situated.

VfM as discussed earlier has different meanings and is susceptible to differences held by different stakeholders (Edwards *et al.* 2004, Andon 2012). This assertion is especially relevant to the evaluation of the operations of the PFI towards VfM delivery. As conclusive comments can only be drawn after the contract has reached its end, an accentuated evaluation within any length of the project's generally relies on the perceptions of the principal stakeholders as to what VfM is, and whether VfM is delivered or not. This is not withstanding that the stakeholders' perception of VfM may be informed and further constrained by the institutional meanings and setup within which the project operates, as well as the constructive background that initiated and moulded the perceptions exhibited by the stakeholder.

The paper employed semi-structured interviews to access the perceptions of stakeholders primarily involved in the project's operational management. Interviews are used on the premise that it allows for the construction of an understanding of complex processes and phenomena in the same terms as understood by the participants (Blumer 1986). The interviews were semi-structured to allow participants the opportunity to freely discuss issues, whilst still centring the discussion on the primary object of the research. Interviews were conducted therefore with the Trust's PFI Project manager, and the Trust's Director of Finance and Deputy Chief Executive; and with the General Manager of the PFI Special Purpose Vehicle (SPV). The interviewees were selected based on their key roles in the monitoring and management of the PFI contract, and are able to give insights into the successes or failings of the management process (Broadbent *et al.* 2003).

Interviews were also conducted with a Partner and an Associate Director, and a Director of 2 of the 'Big four' accounting firms. The role of the accounting firms has long been confirmed towards the institutionalisation of the meaning of VfM in the public sphere (McSweeney and Sherer 1990, Lapsley and Pong 2000, Shaoul *et al.* 2007). Not only do the accounting firms, contribute towards the conceptual meanings of VfM, they also significantly influence practices towards the evaluation of VfM through the pronouncements on the state of projects and programmes procured under the PFI. In the case of XYZ FT, the role of accounting firms has been more pronounced. Accounting firms have been actively involved since the contracting and commissioning of the project, and owing to the financial distress faced by the Trust, are continuously being involved in the advisement of the operation of the project *inter alia* to deliver efficiency savings towards the streamlining of the financial operations of the Trust. The views of the 3 people from these firms, who have worked in various capacities in relation to PFI contracts, were thus important towards VfM's definition and in its perceived delivery in projects.

The findings from this study are thus based on both the document analysis the interview data. However, at the request of the interview participants and for ethical reasons, the names of the participants and their respective organisations are withheld. To aid in contextualising the findings from the research data, the following sections present background of the Trust and the PFI procurement.

4 Findings

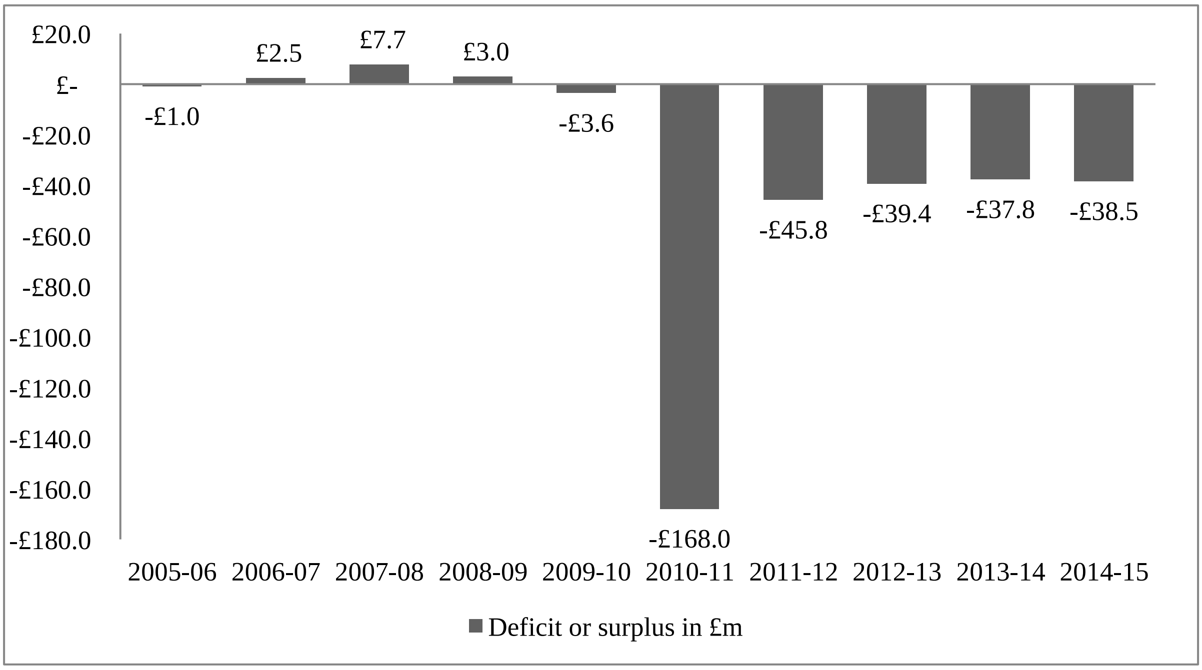
4.1 Case Background

XYZ NHS FT was one of the first acute Trusts given Foundation status under the Health and Social Care (Community care and Standards) Act 2003. Its foundation status means that it is a part of the NHS structure and subject to NHS systems of inspection; but owned, controlled and operated locally. The FT operates at two sites with a total bed capacity of 612; serving a catchment area comprising 3 different counties and 7 different local authority areas. Previously hosted on 4 different sites, the FT moved 3 of its facilities in the same city into a bigger hospital procured through the PFI. The FT serves a catchment population about 510,000 out of the total 3 million in the local health economy, with the population within their catchment area growing at 5% higher than the national average in England. The FT also serves an increasingly ageing population, with the growth within their over–80 age group (who tend to require additional care from acute services) being about 18% higher than the average in England.

The FT initiated the procurement of their PFI facility in 2003 just before gaining its foundation status. The deal reached financial close four years later for construction to begin, with the project being commissioned in 2010. The preferred PFI solution was for the provision of an acute hospital with a 612 bed capacity to aid in the centralisation of the hospital's hitherto disjointed operations. The PFI option was a comprehensive package to supply the facilities and the associated hard facilities management (hard FM), soft facilities management (soft FM), and also the provision of managed equipment supply. The SPV therefore has an amalgamation of entities for the provision of hard services, soft services, and for managed equipment supply: all services essential to the post-implementation needs of the procured service. Each service provider supplies their reports to the SPV to be used for the assessment of due unitary payments. The project commenced its operations with a book value of £301 million and a total liability (including financing) of about £411 million. However, just 10 months after the commissioning of the project, the FT was found to be in significant breach of its terms of authorisation as an FT, and was put into 'special measures' by Monitor.

The initiation of the projects operation with the commencement of unitary payments have since coincided with the FT's financial performance showing a high level of deficit, as outlined in figure 1, and has since remained so. The case has been a subject of national and local political debate, and has featured in an NAO study into the PFI's operations in terms of its financial affordability and the institutional failures leading to the approval of the project. The project also featured in a Public Accounts Committee report, and has also been the subject of a review by a Contingency Planning Team instituted by Monitor and headed by accountants and advisors, to investigate and recommend on the financial and operational sustainability of the FT.

Figure 1: The Trust's reported financial performance from 2005-06 to 2014-15



Note: the deficit of 2010-11 includes an impairment charge of £167m. Though the surplus/deficits of other accounting years do contain impairment charges, the charge for 2010-11 is the most significant contributor to the deficit of that accounting year.

Source: XYZ FT Annual Reports

The FT in 2015 had a continuity rating of '1' from Monitor[5] , and was still subject to special measures from the regulator. These developments parallel the VfM arguments that were contained in the business cases upon which approval from the Department of Health and HM Treasury were given, and the Trust's financial performance have not matched those of anticipations in the FBC. Critical commentary on the FT's struggling financial (and sometimes operational) performance often places the blame on the financial pressures resulting from the PFI's procurement.

The PFI project since commissioning has been a self-monitoring contract, with the providers producing their own performance and monitoring reports. The management of the project and PFI relationship is one which in principle transcends the operational level to the strategic level. Whereas there has been relative stability in the turnover of the management personnel on the side of the SPV, the same cannot be said for those on the banks of the Trust. At the time of data collection, the Trust's PFI project responsible for operational management had only been in post for about 8 months. There was also a high turnover at the strategic management level also. The FT has had five respective Finance Directors and Chief Executive Officers (including interims) 2010 to 2015, and has had a series of interims acting as the Estates and Facilities Director since the substantive director left soon after the commissioning of the project. This relatively high turnover in the FT's senior management with direct implications

[5] Meaning the Trust is facing serious risks impacting on their continuity as a Foundation Trust.

for the management of the PFI has an effect on the perceived and actual delivery of VfM, as will be discussed later.

4.2 Case for the project: VfM argument

This section presents the case that was made for the procurement especially with reference to VfM delivery. It is important to emphasise the need for the procurement as it informs the conception of VfM during the procurement stage. This 'need' simultaneously informs the conception of VfM in the operational stages of the project.

The FBC used for the procurement presents an account of the conditions leading to the procurement. The FBC cited mainly reasons of efficiency as the basis for procurement. The FT had operated with fragmented estates facilities some of which were constructed in the 1920s. Some facilities exceeded their functional and economic useful lives by 2007, with the rest of the functional estate saddled with backlog maintenance of over £10 million. The FBC argued that the FT was constrained by the estate which had insufficient capacity to absorb then and future activity growths. The FBC also argued the original estates could not accommodate new models of care being introduced, and also represented a constraint to meeting the requirements of clinical staff and patient care. It further stated that the fragmented estates accounted for the poor functional relationship between the departments, and significantly contributed to the non-achievement of national efficiency targets. It presented that the state of their estate proved a threat to the Trust as a going concern, as their accreditations were threatened to be withdrawn, by virtue of the non-compliance of their estate to building and care standards. The FT estimated the capital costs of complying with NHS building standards and dealing with backlog maintenance to stand at over £200 million – two-thirds of the capital cost of the new build. The FBC concluded that the old estate made clinical care difficult and expensive and made the case for the procurement of new facilities under the PFI scheme.

However, the procurement was initiated at a time the PFI was considered the "only game in town" (see Treasury Committee 2011: 33). The Department of Health recognised the FTs need for the project, but presented the PFI as the only financing option. Regardless of the VfM case for a public finance however, there was not to be a publicly financed option. This effectively offered an incentive to skew the VfM assessment in favour of the PFI. The result was that the scale, scope and terms of the procurement were continuously tempered with to ensure the project met the bare minimum required in terms of VfM and affordability for approval to be granted. The timing of the monthly unitary payments under the contracts for example were changed from accrual based (under which most PFI projects operate) to prepayment basis, to counter a late surge in the cost of the project that would have thrown the VfM and affordability cases off-balance.

The NAO (2012: 9) noted from a review of the minutes of the FT's board that the board was committed to replacing the existing facilities and hence "developed and enthusiastically supported" an overly optimistic and unaffordable scheme. However, viewed from the backdrop of the conditions necessitating the procurement, the conclusion is arguably only valid to the extent of the excess capacity acquired through the scheme, and also in terms of the unrealistic assumptions used in the procurement. Maintaining the status quo was not an acceptable alternative, and procuring through the PFI was considered to be the only alternative. The FT's Deputy Chief Executive, in commenting on procuring through PFI submitted that:

> I don't have an alternative. So it's the only alternative to doing nothing on some occasions. So the government took a decision probably over a decade ago now not to put capital into new hospitals, and to schools and to other public organisations".

Adding that:

> So doing nothing is never an option for a building that is functionally used.

In the process leading up to the approval of the procurement, Monitor raised concerns about the assumptions used in the FBC and the resultant affordability of the Trust, concerns which were ignored by both the FT's board and the Department of Health (NAO 2012, Public Accounts Committee 2013). Indeed, the Department of Health ignored its own independent assessor's advice on the affordability of the deal. The assessor had submitted that the projected proceeds to flow from a land deal included in the assessment presented a significant risk to the affordability of the project, without which the assessment would not meet the affordability threshold the FBC was expected to adhere to. Nonetheless, the assessor, while expressing the reservation, recommended the approval of the scheme.

In hindsight, it is perhaps understandable why the Department of Health approved the project despite the reservations. In this instance, the need for procurement exceeded the need to demonstrate VfM and affordability of the scheme; hence the FT's board's skewing of the assessment procedures and assumptions to secure the approval for the project, and the Department's approval of the scheme. These pre-procurement conditions may not in themselves be informative of the conception of VfM, but contribute to influence some of the conceptions presented of VfM in the operational stage. This comes to light when considering the VfM conclusion that the NAO (2006c) made in case of the cancellation of Paddington's health campus scheme.

The Paddington scheme in London bore close resemblance to the case of XYZ's scheme. The cancelled Paddington case, also driven by clinical and operational need, was to replace three rundown hospitals through £300million (capital cost, and at year 2000 prices) PFI scheme. While several reasons were cited for its cancelation, the NAO (2006c: 1) concluded that:

> The cancellation of the scheme represents poor value for money for the patients, visitors and staff who have been left with hospital premises that are long overdue for renewal and specialist clinical services which have failed to meet the recognised need for reconfiguration.

In this instance, the NAO conceptualised VfM from a needs standpoint. As will be discussed later, the procurements need invariable sediment the conceptions held for VfM and its outcomes by some of the interviewees.

4.3 Conceptions and outcomes of VfM: Common sense against good sense

It is a policy requirement in the Department of Health that capital projects with values in excess of £1million be evaluated for VfM in their operations (DH 2002). Capital projects (including those under the PFI) are expected to include (and later execute) a post-project evaluation system in the FBCs before approval is granted for the project. Yet in the case of the PFI, little guidelines relative to those for pre-procurement assessment have been developed in this regard.

HM Treasury's representation of VfM in operational projects arguably informs a narrow conception of VfM, wherein the definitions and outcomes are reliant on the achievement of stipulations in the FBC. VfM, HM Treasury presents, is the product of the relative comparison of the potential and actual outcomes of alternative procurement options: the procurement method used and that of the counterfactual (HM Treasury 2006b, 2011a). The main counterfactual to a PFI at the procurement stage is the Public Sector Comparator (PSC) (Grimsey and Lewis 2005). Despite the ability of the PSC to serve as a 'disciplining device' (*ibid)* with the ability of 'disciplining' the costs in the operational stages of the PFI (English *et al.* 2010), the infeasibility and hypothetical nature of the PSC; and the tendency to use to PSC to demonstrate that the VfM from the PFI could not have been achieved via an alternate means (Heald 2003)[6], reduces the suitability of the PSC as a benchmark at the operational stage. The Green Book (HM Treasury 2011a) encourages the construction of a more recent counterfactual for evaluation purposes, which mostly is impractical, given the complex and unique composition of a PFI solution. It is often the case that there are no comparable composite solutions provided on the market, with significant impracticality in composing a cocktail of a similar solution to that of a PFI. This therefore leaves the option of comparing the stipulations and outcomes of the PFI procurement as the basis with a direct linkage to the objectives and outcomes of the procurement.

All the interviewees presented VfM as a relative concept, but differed in their choice of the counterfactual for the relative assessment. The Trust's Finance Director, and the interviewees from the accounting firms defined VfM as the composition of economy, efficiency and effectiveness, and presented conceptions of VfM consistent with that of HM Treasury.

An Assistant Director in one of the accounting firms argued that:

> So the post-contractual stage, ideally it should be; if you set up a case for VfM pre-contract, my hope is that it's easy just to keep testing that. So if you thought a certain outcome would happen, did they happen? So did you pay what you expected to pay?

This opinion is also shared by the interviewees from the other accounting firm. Effectively matching the progress of the project against those of anticipations requires an active ongoing monitoring regime, rather than a periodic systematic evaluation of the operations of the project. While the FBC required a systematic post-project evaluation of the project, no such activity has been explicitly undertaken by the FT, with preference rather deferred to monitoring the performance of the providers, and benchmarking the performance of only the soft services

[6] See Heald (2003) for a further and better exposition of this argument.

provider (whose services were retained). This conception therefore concurs with the current practice of the contract in terms of performance monitoring and management.

The FT's finance director in concurring with HM Treasury's conception and commenting on the need for monitoring presented that:

> So, historically we would have had typical people who manage estates in hospitals. Now we don't need that because our PFI partner has all of those people. But we have people who can manage a contract, who know how these work, who know what the terms and conditions are, who know the performance – so you've seen PFI contracts and they have lots of performance standards. So we now have people who monitor the contract against those performance [standards], and make sure we are getting what we're paying for. Because we are paying a very top level price for a great hospital, but we have to make sure we are getting what we are [paying for], and if things break, we make sure we are getting the penalties for those.

Concurring with this opinion, the Trust's PFI Project manager when asked if any systematic evaluation has been undertaken, responded with:

> Well, we are five years in now, I don't know if anything was done immediately after the PFI hospital opened. A lot of these things are, you know we'd like to think *[sic]* that they are ongoing. I'm not aware that we've had a specific sort of one-off evaluation if you like. It may have happened, but I haven't been party to that.

The Trust does defer an accentuated and systematic assessment of VfM as prescribed for in their FBC to that of the performance management of the project. This therefore presents the ongoing performance monitoring as the evaluation criterion for the determination of VfM delivery.

The Finance Director applied this evaluation criterion, by comparing the outturns to the expectations set out in the FBC case for the project in submitting that:

> This hospital was built to budget, to time, and had the same repayments in it as the business case. So all our elements of the physical buildings of this hospital and the running costs of the PFI were exactly the same as in the business case….

However, the Finance Director quickly added that reliance is made on anticipations of the FBC PFI projections because there was no real option from HM Treasury as embodied in the PSC.

HM Treasury's representation of VfM and the practice of evaluation thereof constitute the common sense, or the theoretical consciousness of the interviews. On this common sense, the project is delivering VfM, as the outturns match those of stipulations. However, this position is heavily contrasted with those of the good sense, or the practical consciousness, of those primarily engaged in the operational delivery of the project.

The Trust's Project Manager and the SPV's General Manager had differing views however. Though conceptualising VfM as a relative concept, their definition of VfM at the operational stage was referent to the fact that there was no option other that the PFI, and the state of the estate prior to the procurement. They both observe the contrast of the PFI option to the 'do nothing option', since the PSC was not an option to begin with. The SPV's General Manager's conception was remarkably closer to that of HM Treasury, as her conception was relatively restricted to HM Treasury's logocentric regime of truth. To the SPV's General Manager (who had worked with the estates department of the FT during the procurement), having seen the state of their estates and its inefficiencies prior to the procurement, VfM was described as follows:

> So effectively what you're getting is: yes, you're paying a bigger bill, but the kind of pay off if you like is, you are getting a building that is fit for purpose for whatever the period of the concession is.

The SPV's manager's conception, she argued, was informed by her experiences while serving with the NHS. She was of the opinion – an opinion shared by the other interviewees from the FT, that whereas the PFI locks in maintenance regimes through the unitary charges, the same cannot be expected from a traditionally funded and operated hospital infrastructure. The SPV's Manager in expressing sentiments related to the maintenance culture in the NHS noted that:

> From my point of view having worked previously for the NHS, what you typically get in NHS building is a situation where government cuts, efficiency savings, not enough money etcetera, drives a situation whereby if you typically look at the ERIC[7] returns for non-PFI buildings, the backlog maintenance gets into millions and millions. Having worked in the NHS myself in the old hospital, you only got to walk around and you could see that that was the case. So typically they don't want to take money out of nursing services, so it always gets taken out of the estates budget, therefore things aren't always done as they should be. For me, one of the reasons that this hospital and groups of NHS organisations decided to go for PFI was to protect against that.

To the SPV Manager therefore, the ability to lock in maintenance regimes was a source of VfM delivery as it maintained the operational capacity and longevity of the procured estate over periods longer than that which would have been derived through a conventional procurement. All interviewees also pointed to weaknesses in the NHS maintenance tradition and the need to return the buildings at the end of the concession period in conditions similar to those at commissioning – 'Condition B' in informing their VfM judgement. This suggests the exit condition of the building informed the judgement of today's outcome.

The Project Manager's conception of VfM, when asked, was that:

> I think it's getting what you've paid for, and hopefully getting a little bit more out of it.

Regardless of the conceptualisations each interviewee held of what VfM was, several outcomes were identified whose VfM impact depended on their VfM conceptions. One such outcome is the recurring deficit the FT faces. This is relevant within the context of the theoretical distinction between VfM and affordability (HM Treasury 2006b). As per stipulations in the FBC, the FT expected to generate consecutive surpluses after the commissioning of the project, but has since failed to do so. The NAO (2012) concluded that the projects affordability in the FBC was overestimated, with a larger infrastructure procured with unrealistic estimates of patient numbers and the related growth thereof; and also of operational efficiencies expected

[7] Estates Return Information Collection (ERIC).

to be delivered. The cost of the PFI (a nominal unitary charge of £33million p.a. excluding variations and the effect of inflation) has been concluded to be the primary contributor to the overall deficit of the Trust (NAO 2012, PwC 2013b, 2013a).

While the PFI places a substantial burden on the Trust, the Finance Director argued the PFI is not directly responsible for their deficit situation. The Finance Director argues that the deficit situation is the result of the Payment by Results (PbR) system used in the commissioning of health care services in England. The Director's reference point of discussion fell back on her conception of VfM. She argued that:

> So there were things in the business case that didn't actually happen. The hospital was built to time by the private sector, to plan, to budget and they charged us exactly what they said they were going to charge us for that. So there is no variance on that bit of the business case. The reason we overspend is because of the way we get paid per patient, as we've not had enough patients to cover the overhead and the fact that when we moved into this hospital, with 60% single rooms, we realised we couldn't look after our patients with the same levels of nurses and doctors, as in a hospital that didn't have single rooms. So there are other things affecting why this hospital is not affordable, or why we overspend. They're quite different to whether the PFI is affordable or does it prove VfM. So our business case delivered on the PFI side of it.

The Director's discussion, while identifying deficiencies in their revenue streams, also argues for the exclusion of such events within her conception of VfM. Her discussion however also raises the question of whether the extra-staffing costs should not be assessed within her conception, as that should have been foreseen; and directly resulted from the project's design.

In 2013, a Monitor convened Contingency Planning Team concluded that the FT was clinically and operationally sustainable but financially unsustainable (PwC 2013a). The team also presented as part of their recommendations that the FT make "better use of their underutilised estates" for additional bed and clinical capacity with the hope of generating additional revenue (PwC 2013b: 6). While ignoring the impact of the resultant cost of issuing a variation order for the moment, an increased capacity will not contribute much to the recovery of the underlying deficit. The Finance Director argued that of their recurring deficits, £10 million related to the fact that PbR system does not take account of the premium cost of the hospital which cannot be absorbed by any increase in the number of patients cared for by the Trust. This is because under the PbR, payments are not differentiated for the capital and revenue into capital and revenue recoveries, making it difficult to absorb such costs.

The Finance Director's position concurred with that of a Partner of a professional accounting services firm who argued that the PbR system effectively subsidises other Trusts that have procured using public finance and with lower costs of finance, leaving those with PFI projects insufficient funds to cover both the capital costs of the procurement and the implicit rate of interest.

Linking the affordability of the project to VfM delivery however, an Assistant Director of another professional accounting firm, citing this FTs procurement as an example, argued that when the VfM case is based on the volume of activity, affordability becomes wedded to the

VfM case. He therefore questioned whether on the basis of activity level, a VfM outcome could be comparatively judged with reference to the business case.

A difference in the conception of the same outcome is observed when these views are contrasted with those of the FT's Project Manager, had a different conception of excess capacity procured and the impact on VfM. He argued that changing care needs are not adequately catered for in the relatively inflexible PFI building, producing outcomes considered not to be delivering VfM. While the physical infrastructure itself was built to excess capacity he argued, the evolving care needs of the population are not increasingly accommodated within the PFI infrastructure, causing the use of variations orders, which further creates pressures on VfM delivery. The FTs Finance Director admitted that variations orders created outcomes which were not necessarily VfM. On this, the Finance Director presented that:

> And every time we have a transactional variation, it's clear to me that they are in it to make a profit rather than a partnership, because PFIs were supposed to be Public Private Partnerships in the beginning. We're definitely in a partnership because they want the hospital to be good, effective and clean and meet standards, but at a business level, it comes down to the impact on their profit, and increasing their profit every time we do a transaction with them, which is not something the health service really likes, it doesn't feel nice. But it's the reality of a commercial [relationship], and the inevitability is that they are much better at contractual changes and negotiations than NHS people. So it's different.

The Project Manager echoed this sentiment on variations orders when he noted:

> Well, some of those [variations that are not VfM] I think are around the variation request where we want to change something. It is very expensive when you've got various sets of lawyers, and the Technical Adviser involved who are charging what I will regard as very high values as add-ons for getting consent and approval to do a variation cost. I won't necessarily say that is value for money.

The project manager gives as an example, the need for the construction of additional Linear Accelerators (LinAccs) for cancer treatment not hitherto anticipated in the contract:

> So we started at two [LinAccs], we are now having to build another two because the demand is there that more people are needing to be treated and that sort of thing. Well, a LinAcc bunker or two LinAcc bunkers that we are building is probably going to cost somewhere in the region of about £5 million. So, they are expensive variations that we have to make to the building. And yes, we would like some additional bunks so we are looking to see how we can deal with that.

Variation orders therefore become an outcome that irrespective of the conception of VfM, was viewed negatively.

At the contracting level, several aspects of contract management affect the conception of VfM and its outcome within the procurement. Expertise in contract management has since been recognised as an important determinant to the process of securing rights within any contractual process (Lonsdale 2005, NAO 2006b, NAO 2006a). However, there was limited continuity on the part of the FT's employees in relation to the contract management process. Since the commissioning of the project, the Trust has hardly had any continuity with their Director of

Estates and Facilities services, and has rather been working with a series of interims. The Finance Director noted that the current Project Manager was poached from a different SPV to help to secure their interests in the PFI relationship and has since spent about a year on the job. The SPV's General Manager noted the effect of the discontinuity of Trust employees as both affecting their working relationship as well as affecting the rapport between parties. The Manager noted that:

> ... certainly when I left, the Estates Director who was my boss, she left probably about 6 months afterward, and they've had a series of interims. And every time somebody new comes in, they don't understand the contract. So from our side, we're working with them to get them to understand the contract. We get to a point where they have sort of a basic level of knowledge and then they leave, the next person joins… so I think from the Trust point of view, one of the things that I'm keen on is that they start to get a stabilised estates team because for me, that's better for: a) working relationships; [and] b) understanding the contract. So I think a lot of their frustration comes out of not always understanding what they've signed up to.

Both the Project Manager and the Finance Director shared this sentiment on the competency of the staff and them understanding the contract requirements. These especially are important in proving the existence of faults and the party upon whom the responsibility it is to remedy such. Trust authority notes delays in fixing faults with the roofing and flooring, which the Finance Director writes to the relative discrepancy between the competencies of the SPV and those of the Trust employees. The Project Manager however narrows that down to the constant need to refer to contract documentations, and the allowable times inbuilt within the contract to secure the actions which generally favour the SPV. The Project Manager, while alluding to the importance of developing the expertise of the project management team, pointed to weaknesses in the payment mechanism which is not robust enough to capture such delay and non-compliance. The Project Manager presents that:

> …some things are very quick. Other things take longer. The way obviously the system works is that if there is an issue [that] arises, it is supposed to be reported via the helpdesk and it is then picked up as a reactive maintenance issue. But it is ensuring that those aspects are responded to and prioritized in relation to what the nature of the issue is. The payment mechanism that we have, I don't think is robust. Perhaps it could be and I think that it would have been helpful for us as a Trust if the payment mechanism and some of the performance parameters are tighter than they currently are.

The SPV concurs that the performance of the hard facilities services particularly is a concern for the contract. While the soft facilities management services were recently benchmarked and the providers retained; with the medical equipment services perceived to be delivering as expected, the performance of the hard facilities management have not met the expected standards. The General Manager of the SPV's commenting on the reason for the sub-par performance of their hard FM services presented the provider of the hard FM services only has one FM service contract and office (the one with and in XYZ FT's hospital), and hence does not have any avenue for sharing expertise and learning from best practices from other sites. The Manager added that the hard FM service provider does not also have any specialist on-site.

Other aspects impinging on the delivery of VfM are integral within the contract itself, taking account of improper assessments undertaken by the Trust and codified into the contract. The Trust's Project Manager gives an example of equipment replacement procedures to buttress this point:

> This particular documentation, it allows for the replacement of medical equipment. But what it doesn't do is, it doesn't allow for, is the cost of having to come up with replacement of temporary medical equipment while they are replacing say a scanner for instance. Now there is a planned program for replacing scanners under life cycle, so you take one out, it's down for a very short period of time and you put another one in. Now what it doesn't allow for is when that the scanner goes down unexpectedly outside of the planned program. So it goes down unexpectedly, it is not possible to repair it and it needs replacement, that replacement could take anything up to 3 to 6 months. In the meantime, we are trying to operate with a scanner that has gone down.

The SPV acknowledged that the Trust could and does find aspects of the documentation unfair, but argued that such is the nature of contracting and of the PFI.

5 Discussion

The common sense of VfM within this project highlights the different conceptions which together form the notion of VfM. Nonetheless, the meaning HM Treasury holds and promotes influences the other conceptions of what VfM should be. All meanings ascribed to the concept by the interviewees largely rested on an economic determination, pointing to the acceptance of the meanings articulated by HM Treasury. This conception therefore arguable maintains dominance over the other meanings ascribed to VfM. Viewed from the broader VfM common sense however, it becomes clearer how this conception contributes to the acceptance of outcomes that may not necessarily represent VfM from different viewpoints. HM Treasury's notion of VfM is predominant among the interviewees, who have been systematically exposed, trained on, and work with the various regulatory and policy pronouncements pushed through and sometimes authored by HM Treasury. This notion however significantly contrasts with those of interviewees who have not systematically engaged with HM Treasury's pronouncements, but have their common sense illuminated by their everyday experiences and the resultant spontaneous feelings. Thus, an actor simultaneously exposed to these sources of 'sedimentation' to their common sense, will have varying notions which may seem contradictory, but coherently fit together as a whole.

In evaluating the operational delivery of VfM in PFI projects Broadbent *et al.* (2003) and English *et al.* (2010) recommend that consideration is given to 'backward-looking', current and 'forward-looking' information and emphasis in the procurement. In the case of XYZ Trust, these considerations were made, but not in terms that would have been expected. VfM was judged principally with respect to the state of the estate prior to the procurement; the current challenges in the operational management and delivery of the project; and finally in terms of prospective conditions of the estate on return to the project.

Gramsci also argued that common sense can be profoundly misleading, obfuscating and disguises the real problems under different prejudices (Harvey 2005), and that common sense often contributes to the state of moral and political passivity (Gramsci 1971). These come to prominence within the context of this case study. Firstly, HM Treasury perpetuates symbolic violence, by representing and ideal of the constitution of VfM founded on a narrow conception. The effect of this violence is that peoples' categories of perception permeated with HM Treasury's representation follow to make a 'factual' representation on the VfM delivery in operational project, a representation which is irreconcilable with the reality of the projects. Secondly, the actions recommend upon the FT (some of which have been implemented), follows from the effect of this symbolic violence. The recommendations from both the contingency planning team (PwC 2013b, 2013a), and NAO (2012) and the FT's own internal reviews are aimed at improving efficiencies to accommodate the costs of the PFI, but not to address the terms of the PFI contract terms, which are taken for granted. These recommendations do not also actively address the impact of the PbR scheme, which has an adverse effect on all projects financed through the PFI.

Finally, HM Treasury's conceptualisation of VfM and the practice of its evaluation present avenues to the accounting consultancy and advisory firms to accrete and appropriate symbolic and material value. The pursuit of VfM and affordability within PFI procurement requires the engagement of professional bodies to provide assurances on the procurements in terms of their VfM case. When XYZ FT ran into financial difficulties, additional business was created for the consulting firms, as their services were again demanded through the contingency planning scheme, in the attempts at turning around the fortunes of the FT. As the Public Accounts Committee (2013) notes however, the consulting services were procured at a significant expense, but in practice had little effect in alleviating the impact of the financial strains put on the Trust.

6 Conclusion

The various meanings ascribed to VfM in operational PFI projects extend to inform the practice of its evaluation and the criteria of determining VfM outcomes. These varying notions, though contested, together form the overall common sense of VfM. The paper evaluated the operations of the XYZ FT PFI project in term of VfM by adopting Gramsci's common sense (Gramsci 1971). Theorising VfM at the operational stages of a PFI project as a Gramscian common sense represents an important contribution to understanding the complexities associated with the operationalisation of the abstract concept of VfM. VfM may have a central focal point to which other conceptions of the concept refer and infer (albeit a deterministic and financially focused) as represented HM Treasury. But in operational projects, VfM becomes a concept of multiple meanings that are incoherently held together to form the common sense of VfM. This ultimately impacts on the definition of criteria of defining a VfM outcome, impacting not only the basis of judging an outcome, but also of the outcome itself. With regards to VfM and its delivery, judgement on whether successfully delivery of VfM has transpired in the operational stage of the project differs depending on the conceptions held of VfM and its outcomes in the project.

The representations made by HM Treasury as regards the concept of VfM form the basis of the overall common sense of VfM and its evaluation in the operational PFI projects. The good sense formed by people practically engaged with the operational management and delivery of these projects however generally contradicts HM Treasury's representations, by allowing for a broader basis on which VfM could be evaluated from. In the case of XYZ FT's PFI project, were VfM to be evaluated from the spectrum of the achievement of procurement intention, the project could be classed as delivering VfM. Same cannot be said however in the instance where the spectrum of analysis is extended to consider the impact of a procurement on a procurer's operation, on which basis the delivery of VfM can be found lacking.

The impact of each criterion in defining a VfM outcome cannot be overemphasised with respect to the policy implications. If VfM is judged on the basis of the achievement of procurement objective, the policy implication will be that attention will be diverted from addressing the underlying problems of a PFI procurement, to addressing incidental impact of the procurement. A broader criterion addressing the inherent complexities of a VfM evaluation would allow for a broader appreciation of the impact of the procurement and the related causes. In the case of XYZ FT's procurement, attention has been drawn away from the structural aspects relating to and contributing to the adverse impact of the PFI on their financial performance, to rather considering the issues incidental to the procurement.

For an NHS FT – which has the responsibility of delivering on the healthcare needs of their constituents, it will be difficult to justify a criterion for the examination of VfM restricted to a narrow representation. To the extent that a PFI procurement limits the ability of an FT to discharge its responsibilities, such a procurement cannot be reasonably classed as delivering VfM, irrespective of the achievement of the procurement objectives.

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