

# **The Discontinuation of the Private Finance Initiative**

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## **An Analysis of the UK's abolition of the PF2 model**

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## List of abbreviations

CHPI	Centre for Health and the Public Interest
DfT	Department for Transport
EIB	European Investment Bank
EPEC	European PPP Expertise Centre
HMT	Her Majesty's Treasury
HOC	House of Commons
IUK	Infrastructure UK
MLP	Multi- Level Perspective
NAO	National Audit Office
NHS	National Health Sector
NPM	New Public Management
OECD	Organization for Economic Co-operation and Development
PAC	Public Accounts Committee
PFI	Private Finance Initiative
PF2	Private Finance 2
PPP	Public-Private Partnership
PUK	Partnerships UK
VfM	Value for Money

## Abstract

Public-private partnerships (PPPs) are long-term development and service contracts between the government and a private partner with the purpose of delivering infrastructure and public services. As an innovative public procurement approach, PPPs have gained considerable attention from academic circles, however, the UK's abolition of its approach to partnership arrangements, namely the Private Finance Initiative (PFI), poses a new topic in this field. This study explores possible influences on the decision to terminate the use of PFI/PF2 in light of discontinuation governance research. For that, based on theory on actor framing and multi-level perspectives (MLP), accessible government publications, parliamentary reports alongside quantitative datasets on existing PFIs serve as sources for a systematic understanding of the case. MLP theory serving as a structuring device contributes to the systematic analytical understanding of the case. The research focusses on key issues and events in order to draw a comprehensive picture of the specific situation and concludes that framing techniques make use of different connecting mechanisms in order to make considerations and specific understandings of complex situations accessible and applicable to others. This study contributes to research on the reflexivity of framing and points to the symbolic value of framing techniques in discontinuation processes.

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## 1. Introduction

Public-private partnerships (PPPs) are fundamentally not a new phenomenon. PPP contracts are usually seen as the result and derivation of the privatization movement and the rise of New Public Management, driven by Western liberal regimes throughout the 1980s and 1990s (Public Works Financing, 2013). In order to overcome the traditional disadvantages of public procurement, many countries and regions have promoted PPPs because they involve joint development and risk-sharing between partners. The great expectation in PPPs is that, at best, they will lead to lower costs and thus lower budget deficits, while at the same time increasing efficiency and effectiveness. PPPs are thus seen as an effective means of providing urgently needed infrastructure and services at low-risk and without increasing public sector borrowing (Wang, Xiong, Wu, & Zhu, 2017).

The PPP regime and its institutional framework in the UK have long been recognized as very mature and received praise from European organizations for their compliance with international standards (OECD). In the 1990s, the Private Finance Initiative (PFI) in the UK ascribed a pioneering role to private actors in the provision of public infrastructure and services based on the political conviction that the private sector can improve the delivery of urgently needed buildings, facilities and transport networks. The PFI was initiated in 1992 by the Conservative British government as a reaction to the recession that followed the real estate speculation bubble of the 1980s (Shaoul, 2011), but the PFI policy really became known through the Labour government in 1997. PPPs became a non-partisan policy that other countries and governments also advocated. Although it was the Conservative Party in Britain that first introduced PFI, it is now the same Conservative Party under which Philip Hammond, the Chancellor of the exchequer in the UK, abolishes the use of the model, because especially under the leadership of the Labour Party, a large number of project contracts have been signed and not all of them were carried out with full success (Davies R. , 2018). The British model in particular focuses on creating value for money, which includes an extensive performance audit to ensure efficiency and innovation gains for the taxpayer in the provision of public services (HMT(1), 2006). The cost-benefit calculation on which the concept is based and the government's supposed cost reduction and off-balance accounting are critically evaluated by the media and political actors. The government's concerns with PFI regarding it being too costly and inflexible led to a reform in attempt of creating a less expensive and accelerated procurement method, the PF2 of 2012. However, the use of private finance

procurement has reduced, though it helped build a large number of public assets, such as hospitals and schools (NAO, 2018). The framework around the model contract, the guidance and assessment approaches underwent some revisions and renewals over time, but the concept got the reputation of lacking in flexibility, burdening the public budget and falling short with regard to its main expectations. Concerns about the use of the funding mechanism have accumulated and PFI has entered into a public debate, presumably one of the most prolonged in the infrastructure sector.

In academic literature, PPPs are seen both as a political phenomenon, as well as a rather new governance tool. As the epitome of a new generation of public management, literature addressing PPP has shown substantive growth, suggesting a fundamentally new form of governance (Osborne, 2000). While one might argue that the trust in private management and know-how, which is rooted in the liberal movement of the 18<sup>th</sup> century, appears to be receding, the turning away from the previously used approach to private involvement in public service delivery is becoming reality in the United Kingdom. If the main desire to ease the burden on public budgets is disappointed by this cooperation, the strategic calculation of legitimation by political actors' collapses. In this context, the Treasury department announced the discontinuation of PFIs (Treasury, 2018). While literature provides for a vast discussion on factors influencing the performance of PPPs, there is no research on how the recent abolition of the policy in the UK came about. Given the exemplary role of the UK in this field of cooperative arrangements, a thorough analysis of the discontinuation process promises to provide insights into how PPPs are assessed from different perspectives, how information and opinions are conveyed and what the market implications of such a decision are. This paper focuses on the public presentation of reasons for the termination of PFI and examines the underlying processes that led to the announcement of the Chancellor of the Exchequer in October 2018. In particular, it looks at how the complex context of the case can be unraveled with the help of "Multi-Level Perspective" (MLP) theory, and how the relevant actors and institutions interact with each other, develop different problem understandings and react to external influences. Moreover, the investigation of how the internal negotiation of the PFI issue takes place and how the de-legitimization of PFI developed over time is an interesting part of analyzing such a discontinuation process. The stakeholders' perception of how this averting from PFI and the entire situation is formed cognitively and through interaction serves as a starting point for understanding political conflict situations in general and how the events in the UK correspond and complement the findings of existing theory.

### 1.1. Research Question

In the existing literature there is no consensus on a clear definition of what constitutes PPPs. This is due to the fact that such cooperative arrangements can take many forms. In this respect, it is equally challenging to assess the performance of partnership agreements, as the large number of actors involved have different definitions of a successful project. The difficulty of narrowing-down the subject matter of analysis of such a multi-level setting coined by a diversity of actors exposes problems of consideration, regarding the inclusion of all relevant elements. For the research interest of this work, in the context of the discontinuation of PFIs in the UK, the explicit focus is placed on the deconstruction and explanation of this process. In a more general rhetoric, this study sets out the following main research question:

*What are influences on the discontinuation process of the private finance initiative in the UK?*

Based on a timeline approach, the exploratory question directs attention to important events and factors that impacted the interaction of actors, their opinions and the ultimate decision of the Chancellor of the exchequer. The overall environment and context are ought to be analyzed in connection with specifics of how the situation is understood and managed, upon which the sub-questions and foci of analysis are based. In a more explanatory sense, I raise the question:

*How did economic considerations and the compulsory liquidation of Carillion impact the framing of the situation of the actors involved?*

The insolvency of one of the largest construction companies and private contractors in the UK, Carillion, can be seen as a cornerstone for the decision to discontinue the use of private financing in larger infrastructure projects. Consequently, the disappointment in the performance of PPPs and the ongoing criticism of the model shall be investigated. Subsequently, the decision of abolishing the previous approach is analyzed regarding its market-implications and the ways and means of how the discontinuation will be carried out. By not rejecting partnership contracts per se, the following question constitutes another focus of the study, which focusses on the instrumental use of framing for rhetorical functions.:

*How is the discontinuation of the PFI coined by symbolism and interactional framing techniques, given the persisting need for investment in public infrastructure and the negotiations on successor policies?*

## 1.2. Scientific Relevance

The research promises to contribute to the understanding of the UKs seemingly abrupt discontinuation of the frequently used partnership agreement model. This study thus provides substantial insights into the evaluation and standing of PPPs and addresses the role of economic considerations for policy decisions in this context. From a practical perspective, a thorough investigation of the interactional processes that are of decisive character for the framing of the PPP problematic demonstrates how issues are handled and presented publicly. Generating an overview of the factors that are criticized regarding the PFI regime, the evaluations of crucial interfaces may be meaningful to the situation of private involvement in public affairs in other countries outside of the UK. This work thus implicitly highlights certain content-related and procedural problems in PPP management and in particular the advantages and disadvantages of the processes in the UK framework. From a societal perspective, the research investigates the United Kingdom as a groundbreaking actor in the context of PPPs. As one of the first countries to make the involvement of the private sector in public affairs customary. Especially regarding the creation of model contracts and guiding texts, this case can be of considerable relevance to other countries in criticism of their management of PPPs. Moreover, the abolition of the PFI raises concerns in the private sector regarding the market for PPP-like projects in the UK in light of already existing contracts and the role Carillion's compulsory liquidation played in the decision. It being the first study dedicated to this issue, further research will undoubtedly lead to further insights, however a first step to grasping the critical situation in the UK is made.

Adding to literature on discontinuation governance, it is interesting to see how the theoretical approach of MLP and framing theory compliments one another in unravelling a complex environment, coined by highly intertwined processes. By pointing out certain patterns in framing mechanisms and the influence of overarching developments and relevant events, this case study contributes to theory in this field. The analysis of the underlying processes via the MLP approach also points to the incremental nature of policy termination and delegitimization. In addition, the case addresses the relevance of understanding politically conflictual situations, their instrumentalization, and the reminding power of public criticism.



## 2. Theoretical Framework

In an introductory manner and in view of the primary theoretical background of this work, it is meaningful to classify the termination decision in its fundamental form and to explain the decisive basic constellation of this research. Although there has been a rather public debate on the issue and some may have predicted an end to PFIs in the UK, the announcement of the discontinuation came in a one-off form when the Chancellor of the Exchequer made a designated statement in its announcements on the Budget last autumn.

In his rather general work "Termination as a political process", Bardach (1976) theorizes that every explosive-looking end in a policy change occurs through a single authoritative decision (Bardach, 1976). However, he points out that this is usually the product of protracted political negotiations in which several parties participated. The cases Bardach investigated show that the "bang" is the most common form of termination, which may be due to the resistant motives against termination. Bardach makes a distinction that divides the components of a termination, pointing to the relevance of actors. There are "Oppositionists" who are against the termination of the policy. So-called "Economizers" would like to start by rethinking, reallocating resources or redesigning the policy, while "Reformers" consider the termination of the policy to be an inevitable measure for improved policymaking in the future (Bardach, 1976, p. 126). With this basic distinction in mind, the positioning of the parties involved is considerably interesting in a discontinuation context. At the same time, these basic assumptions direct attention to the interrelations and processes that led to the abruptly appearing decision. Thus, from a political point of view, no termination decision is unexpected per se, and it is necessary to work out the relevant aspects and impactful factors in the case of the UK.

Likewise in the context of termination research, Bauer (2006) points to Behn's insight that the probability of termination is increased if there are fewer decision points that can be used by opposition members to exert influence (Bauer, 2006). As a logical consequence, the termination of a policy becomes more probable, the fewer actors stand in the way of a termination. This is in line with Bardach's understanding of Oppositionists. In addition, these findings cast light on the ideological backgrounds of the policy to be terminated and the extent to which these correspond to the general context and can be embedded in a "media-effective way" (Bauer, 2006, p. 5). There is fundamental agreement on the point that policy-making in its essence is a dynamic process and that the will to terminate can often lead to an adapted continuation. Brewer therefore theorizes that

"termination is (...) frequently only the replacement of one set of expectations, rules and practices with another." (Brewer, 1978, p. 339).

Stegmaier et al. conceptualize four different alignments-misalignment relationships in a theoretical approach to generate a cross-case understanding of pathways to discontinuation governance. Here a misalignment is regarded as a misconfiguration from constituting relations of a trajectory with wider social streams such that they do not stabilize (Stegmaier & Kuhlmann, as of 2018). The differentiation of alignment-misalignment relationships shows that misalignment and discontinuation with respect to their "ending configurations" can be of two kinds. There can be a phase-out, an incremental termination, or a ban, an abrupt termination. This refers not only to the proclamation of the termination, as addressed earlier by Bardach, but also to the practical handling and delegitimization of a policy. By the means of which factors, or perhaps also independently, a policy gets into a phase-out, but in any case, reaches misalignment and finally discontinuation, is addressed a.o. in the analysis of the case at hand.

## 2.1. A multi-level perspective on discontinuation

The introduction into discontinuation research proves that a look into the processes "behind the scenes" that lead to a termination decision can prove to be meaningful. PPPs are generally perceived as highly complex contractual agreements as their entire market is characterized by several institutions, rules and regulations, as well as administrative and managerial elements.

This study in particular is concerned with a transition of management and discontinuation of a certain procurement policy. Such multi-dimensional phenomena, like the abolition of the PFI, can be studied from various angles by different disciplines. Every approach is underpinned by (often implicit) ontologies, i.e. foundational assumptions about the nature of the issue and its causal relationships. The MLP theory integrates findings from different literatures as an "appreciative theory" and pragmatically makes use of insights from evolutionary economics, sociology, technology and innovation research (Geels F. W., 2002, p. 1259; Geels F. W., 2005)

However, the theoretical approach of MLP is a complex construct, which requires explanation. Especially the key concept of the regime level, a coherent, highly intertwined structure coined by established practices and procedures, as well as norms and regulations deserve further attention.

### 2.1.1. MLP as a structuring device

To generate a systematic overview of the multi-dimensional complexity of the situation, the theoretical approach of MLP is utilized as a starting point of analysis. A main aspect of this theory is the questioning of simple causality in processes of change. It is not assumed that there is a single reason or driver for political processes of discontinuation, but that it is the processes on multiple dimensions and levels that are simultaneously influential (Geels F. W., 2005). The core concept of the theory, is the division into different levels which are analytical concepts, contributing to the understanding of complex dynamics in policy change. MLP distinguishes three analytical levels: niches, where radical innovations may occur; regimes as being locked-in and stabilized on multiple dimensions; and the exogenous landscape level (Geels F. W., 2010). The various elements constituting the discontinuation process of the PFI are to be classified in order to understand the abolition of the policy. The highly interrelated framework conditions and the presumably stable structure of the PPP-market in the UK constitute part of the regime level, which stands at the heart of MLP theory. This meso-level is characterized by cognitive routines (Nelson & Winter, 1982) and different rules (Rip & Kemp, 1998). The policy regime is thus regarded as the overall rule-set in a complex of practices, processes, procedures and ways of defining problems and interaction among actors; all of which are usually embedded in institutions. Therefore, regimes are actively created and maintained by several social groups (Geels F. W., 2005). Their activities reproduce linkages within the regime and by providing coordination to the activities of relevant actor groups, regimes account for the continuity and stability of political systems and policies. As political processes are dynamic, so is the stability of regimes. Ordinarily, changes occur incrementally, leading to path dependencies and trajectories. Stability originates from the establishment of continuity and linkages of heterogeneous elements and dependencies over time (Geels F. W., 2002). The MLP proposes that transitions, which are defined as regime shifts, occur through interaction within and between the three levels. Such transitions from established systems do not simply occur, because the existing regimes, through their lock-in mechanisms and dependencies, are designed for incremental changes along predictable trajectories. Destabilizing landscape developments and pressures arising from the so-called “niche level” account for incentives of regime-restructuring. The MLP approach, however, is less meaningful considering the strategies different actors follow in such processes (Smith, Stirling, & Berkhout, 2005). The interaction of actors and institutions is hence highlighted by the use of the framing theory.

### 2.1.2. Linkages between the levels

To discuss the interdependencies and linkages between the levels, it is to clarify that the landscape is an external structure and context for the interactions of actors. Changes at the landscape level may put pressure on the regime and create openings for new policies (Geels F. W., 2002). In line with its claim on interdependences between the different levels, MLP argues that the development of new political perspectives depends on linkages with ongoing processes at the regime and landscape level. The relationship between the 3 levels is often described as a nested hierarchy, which refers to the embeddedness of regimes within landscapes and niches within regimes. The openings for new policies and changes are windows of opportunity created by tensions in the regimes or shifts in the overall landscape which pressurize the regime. Equally, once a regime is well-established, it can also contribute to changes on the landscape level (Geels F. W., 2005). Nevertheless, developments on the landscape level are not within the direct power of political actors. Niches are important since they provide the location for learning processes. Assuming that a regime is unstable or does not have an all-embracing interlocking character, efforts to revise the regime through the niche level can go in different directions. In niches, actors therefore work with specific functionalities to improve or change the current situation (Geels F. W., 2005). Work in niches is often directed at the deviancies of the existing regime by the means of problem-oriented work of the actors. Certain actors can support the work in the niches in the hope that they can eventually upgrade or possibly replace the regime. The function of new ideas is generated by the Niche level and often interpreted in the categories of the existing regime (Geels F. W., 2005). If a new idea breaks through, this can also have a gradual impact on the regime and cause further changes. However, niches are exposed to the other contexts and can therefore not easily and deliberately provide for innovations in the regime.

### 2.1.3. The transformation route

Public criticism of PFIs and, for example, the renewal of PFI to PF2 in 2012 indicate that several adjustments to the PPP regime have taken place over the years. Adapting the MLP theory to the overall context of policy discontinuation, Geels (2005) arrives at an interesting distinction between the "substitution route" and the "transformation route". Regarding the substitution route, the existing regime is relatively stable and characterized by gradual developments, with innovations taking place below the surface at the niche level and breakthroughs causing adjustments

throughout the regime. The transformation route, on the other hand depicts that as a regime becomes unstable and opens up, windows of opportunity arise, which are caused by constant problems within the regime or changes at the landscape level (Geels F. W., 2005). Such decisive events or susceptibilities of the regime then provide for simultaneous change on several regime dimensions. For example, through a certain landscape development, some policies, culture or even ideology can change the foundation of a regime at the same time. This loosening-up of the otherwise stable and locked-in regime then tempts actors to try out new options and to make use of the room for introducing alternatives.

There is thus a longer period of strategic manoeuvring, which cannot be equated with the procedures of incremental change. If one recognizes a transformation as a development that has an influence on other dimensions, such as regulations or symbolic meanings of certain aspects, then strategical negotiations take place. MLP theory emphasizes that changes and change processes take effect when developments at different levels can be linked. So, if a regime can trigger further changes at the landscape level, this would provoke further pressures on the old regime and offer new opportunities for restructuring. On the other hand, the specialized actors who focus their activities on certain task areas can also drive changes. What is important in any case, however, is the increase in support for a new political perspective. This dissemination makes changes assertive. The involvement of actors makes diffusion of new alternatives a non-linear process which is the result of shifts in perceptions and strategic interactions (Geels F. W., 2005, p. 692).

## 2.2. Framing in a discontinuation context

The interactions of actors and strategic aspects of termination processes, which are addressed in many places by the MLP theory, can be more precisely investigated with the framing theory. Framing theory is suitable, since the concepts of frames are particularly relevant for research on conflicts, negotiations and inter-group interactions (Dewulf, Gray, Lewicki, Aarts, & Bouwen, 2009). These inter-group interactions are emphasized by MLP theory as an important factor to explain the linkages between heterogeneous elements. Based on the large number of available documents, it can be assumed that the discontinuation process at hand implies several consultations, re-negotiations and renewed guidance versions.

Dewulf et al.'s (2009) disentangling approach reveals a threefold structure to framing, where conflicts are associated with differences in disputants frames of the current situation. Furthermore, negotiated terms may vary in their type and quality depending on frames. On top of that, reframing techniques may be applied to find a common ground in interactions. An example for this is that the way in which information and opinions are conveyed may be altered. This first summarizing introduction to framing theory points to the significance and meaning of frames. Certain politicians may be fundamentally opposed to the idea of involving the private sector in the delivery of public infrastructure and services, whereas others may ideologically justify it as the right concept (Aukes, Lulofs, & Bressers, 2017). The framing theory will inform the study in multiple ways, as one should investigate how opinions are conveyed in negotiations and decision-making in opaque processes like the abolition of the PFI.

### 2.2.1. Introducing Frames

In order to be able to analyze more complicated mechanisms of framing in interactive contexts, an explanatory introduction to the basics of frame theory is required. Lakoff (2010) and Dewulf et al (2009) both conducted studies generating explanations of the basics of framing theorys. In his work on "Simple Framing", Lakoff (2010) first establishes the understanding that real reason is subconscious, requires emotions and is based on the logic of frames. Facts must make sense within frame systems. Frames are generally conceptual structures, which are used in thought processes, because they result in implicit theories about situations (Lakoff, 2010). This relates to the cognitive linguistic aspect, where every frame is realized in the brain by neural circuitry. This circuit is reinforced each time that it is activated. In this respect, actual frame development takes time, and so does reframing since it requires a rewriting of the brain (Lakoff, 2006).

Minsky (1975) speaks of frames as cognitive representations of knowledge. These representations have fixed components of bundles of properties (Minsky, 1975). Frames can hence be regarded as a decision maker's conceptions of acts, outcomes and contingencies (Tversky & Kahneman, 1981). Other studies use mental models to explain decision-makers' frames. Mental models are used by Mohammed et al. as a cognitive structure or network of associations between concepts in the mind of the individual (van Hulst & Yanow, 2014). Such cognitive links consist of more general concepts that are used to understand a situation. Although cognitive maps and mental models are rather complex, they also conceptualize the substantive issues in a political conflict as cognitive

representations. Lakoff (2010) subsumes that frames form prior considerations and thus ensure certain actions and sensitize on the basis of already existing thought processes.

Dewulf et al. (2009) create a distinction between several types of frames. In the context of this work, four of which are worth mentioning. Characterization frames are brief ways of describing and judging people. The positive, negative or neutral attitude that can be assumed here creates certain expectations in the action patterns of others. Identity and relation frames refer to the meanings about oneself and one's relationships to other actor (in the political environment). Once such frames are established, it is difficult to separate from them because they are shaped and consolidated by relevant situations and past experiences. Hardy et al. (2005) suggest that rather than viewing identity as a cognitive construct, the focus should be on constructive effects of conversations in which participants describe themselves in terms of collective identity (Hardy, Lawrence, & Grant, 2005). Furthermore, Dewulf et al. (2009) discuss issue frames and process frames. Issue frames are the conceptual structures that give meaning to agenda items, events or problems. This therefore refers to the aspect of the different perceptions of a problem situation, or its relevant events. Process frames, on the other hand, refer to the cognitive presentation of interaction processes. On the basis of these perceptions, the actors are offered what Dewulf et al. call a "behavior script". Such process frames can have a decisive influence on other aspects. Lewicki et al. mention a predisposing bias associated with the behavioral script formed by individuals. These process frames consequently determine the approaches that an actor recognizes as possible for a problem situation and often limit the potential for issue resolution because the parties fail to agree on an appropriate forum for agreement (Gray & Putnam, 2003).

However, since frames are part of our natural thinking, we are often unaware of their role in our perceptions and actions (Schön & Rein, 1994). Policy relevant actors are exposed to different sources of information and it is therefore a difficult task to consciously steer opinions. If not only political actions and processes influence problem definitions, but also emotional aspects play a role like proposed by Lakoff, then changing a position can feel like a discarding one's (political) identity (Dewulf, Gray, Lewicki, Aarts, & Bouwen, 2009). When participants in a policy decision interact, they conceal their underlying frames, creating a perceivable discrepancy between what is said and what is meant (Rein & Schön, 1994). From a more analytical point of view, it is thus not easy to distinguish between real and potential shifts of frame and interpretative work becomes necessary.

### 2.2.2. Cognitive and interactional framing

The main distinction in framing theory is the differentiation between cognitive and interactional framing. There is the separation of the science that deals with frames as knowledge structures (frames as cognitive representations) and the science that focuses on how parties assign meaning through interaction (frames as interactional co-constructions). Frames as knowledge representations refer to the structures of expectations of people, objects, events and settings. Interactive frames refer to alignments that are negotiated in interaction with particular focus on how communication defines certain elements of what is going on in interaction.

According to Minsky (1975), cognitive representations of knowledge are stored in memory and are mental structures that serve the interpretation of incoming information (Minsky, 1975). The cognitive point of view on framing focuses on the way that people experience, interpret, process or represent issues or interactions. From this perspective, conflictual situations are often distorted by biases so that solutions focus on correcting the biases to cognitive reasoning. Thus, frames are cognitive heuristics that people use to interpret a situation at first. While Bartlett (1932) views knowledge schemas as constantly undergoing revisions, from a cognitive perspective, interaction is to be explained as playing out individual's internal cognitive representations as disputants interact (Dewulf, Gray, Lewicki, Aarts, & Bouwen, 2009). Therefore, the statements of the political actors offer indirect information about the cognitive frames of individuals. Cognitive frame theory portrays people as information processors who use frames in the processing of information, which depends upon their understandings and interpretations. The symbolic use of certain language is the tool for the representation of one's own perceptions. „Language forms the substance out of which frames are made, and framing is an action that is achieved through the use of language” (Dewulf, Gray, Lewicki, Aarts, & Bouwen, 2009, p. 164; Lakoff, 2010).

The early interactionist tradition is linked to Bateson's (1954) work on meta-communication in which framing is about exchanging indications of how interaction is to be understood. According to Bateson, the ambiguity of how to interpret interactions creates the necessity of framing. The work of Goffman (1974, 1981) can also be situated in this general interactionist tradition. In treating interactive frames as negotiated alignments created through interaction or co-constructions; Tannen and Wallat (1987) are in line with Bateson's approach as well (Jameson, 1976). These alignments are negotiated and produced in interaction through what Bateson introduced as meta-communication. It indicates how a situation should be understood, given the



communicative character of frames. Participants of interactions act in varying and recurrent constellations while co-constructing the meaning of the situation. Frame analysis began as a concern for meta-communication in interactions between actors. The focus is therefore not only on the political aspect of who is able to implement his or her ideas and how, but also on how people or groups perceive themselves to be (Dewulf, Gray, Lewicki, Aarts, & Bouwen, 2009). Picking up the previous division of different kinds of frames (Dewulf et al), this points to the aspects of identity and relation frames. Furthermore, interactional issue framing reveals how particular elements of an issue are stressed or downplayed when participants in multi-actor negotiations, with different standings on an issue, challenge each other's issue representations via subliminal linguistic variations (Dewulf, Craps, & Dercon, 2004). The statements of the actors are portrayed as communicative acts which are embedded in a certain context. Of primary interest is the ways and means in which people try to impact the problem definitions of others. At some point during the process, people assign an initial meaning to the situation at hand, and subsequently process further details and generalities which inform one another and the individual's framing of the situation. This displays an interconnectivity of the two main approaches to framing theory. The meaning of the acts and events resides from the entities themselves, but also arises from the course of interaction in and with those acts and events (van Hulst & Yanow, 2014). In conclusion on interpretative framing theory, it appears logical that cognitions and interpretations are reproduced and modified during the course of interaction. The reproduction and modification is due to the cognitive learning and sense-making of actors, who collect an accumulation of experiences and information and may then consider it as viable to alter their cognitive frames.

Grasping framing's dynamism rests on understanding that actors act on the basis of the pre-existing cognitive meanings and the meanings they acquire in the course of sense-making (van Hulst & Yanow, 2014).

### 2.2.3. Frames in policy processes

Policy-relevant actors construct the problem of the specific policy situation through frames that integrate facts, values, theories, and interests. Policy focused frame analysis highlights certain features of a situation, ignores others and binds the highlighted together into a coherent pattern. This reflects the ubiquity of frames and framing mechanisms. This kind of assessment of situations is possible through naming, selecting and storytelling procedures. Actors name the characteristics of a situation through language that reflects their understanding, thus selecting what needs to be

considered and disregarded. The aspects singled out in naming cohere in a storytelling manner of presenting (Rein & Schön, 1994). As framing is responsive to shifts in the context of the situation, according to Rein and Schön, four nested contexts are relevant to framing policy programs:

*A program may serve as its own internal context.*

*The proximate context is the policy environment in which the program is embedded.*

*Macro contexts can lead to symbolic reframing*

*Global shifts refer to the broadest level of change in the public context.*

(Schön & Rein, 1994, p. 154).

Frames shape policy definitions and the debate around them, but when they are not acknowledged as doing so, it becomes difficult to observe the reasons for the disagreements. This led Rein et al. to advocate for “frame reflection”, in which actors should consider how their own frames contribute to the conflictual situation about the issue. Rein and Schön regard conversing together as a first step to resolve disagreements, but van Hulst (2014) points to the fact that a significant obstruction to conversing together may derive from the identities of the actors. Conflicts over the meanings of a policy situation may originate from different views of the issue at stake. Moreover, the actual conflict may also be rooted in the perception of relevant actors regarding their own identity and the identity and relationships of others (van Hulst & Yanow, 2014).

Relating to the point of departure of Bateson (1954) and bringing framing’s communicative work into focus, meta-communication can complicate the situation as it allows for “endlessly recursive sense-making loops concerning policy processes” (van Hulst & Yanow, 2014, p. 12). Nevertheless, it is a relevant aspect since it entails what kind of policy-making actors intend to undertake. In line with Rein and Schön, the recursive sense-making can bring about reflective practices, through which actors question their basic assumptions that are of decisive character to their understandings and actions. Building on van Hulst et al. (2014) and considering conflict over the process through which the PFI policy has developed in the policy-making agenda, the narrative concerning which party or person introduced the policy, responding to which triggering events at the time, and the epistemic community in favor of the policy back in the 1990s: it hardly explains the substance of the policy, but is interesting for the social and political context. Van Hulst et al. elaborate that governments have frequently fought about the results of their own previous actions; although they only became aware of the fact that they themselves contributed to the situation one finds oneself in today. (van Hulst & Yanow, 2014, p. 13).

#### 2.2.4. Framing techniques and reframing

The previous discussion on framing theory indicates the importance of reframing for agreeing upon key issues of critical policy decisions. Each theory suggests different criteria for interventions to change frames or framing in conflict settings. Cognitive frame theory examines how different information or cognitive representations may cause individuals to adjust their frames, given the assumption that existing cognitive frames are likely to remain relatively consistent over time. In contrast to this approach, interactional framing theory focuses on whether and how framing changes over the course of interaction, as interactant's respond to the different framings of others (Dewulf, Gray, Lewicki, Aarts, & Bouwen, 2009).

Fundamental to the idea of framing techniques is the selection of specific aspects for attention. Other features could have been selected which might have evoked different configurations of decision-makers, and they might have brought other aspects of the situation into play. For the purpose of communicating about that framing, the selected features have to be named. Such policy naming invokes metaphors. Situation-specific categorizing of information and interpretations subsequently takes place (van Hulst & Yanow, 2014; Lakoff, 2010). Categorizing itself is a form of naming and entails identifying elements of a situation. Where the naming and categorizing aspects of framing might be expressed in one word (e.g. PFI), storytelling elaborates on the perceived problem and potential solutions. The policy that is framed through the iterative selecting, naming, categorizing and storytelling mechanisms is mainly the representation of ideas relevant to particular actors (Rein & Schön, 1994; van Hulst & Yanow, 2014). Actors intersubjectively assign meanings to the situation either directly as decision-maker or indirectly as experts, stakeholders or even media. The basis for potential re-evaluations of one's frames is, as pointed out by Rein and Schön, the conversing about the issue with others, or even more fundamentally, the observation of other people's understanding through interaction. Then, actors can adopt a technique in which they are able to frame their own definitions and solutions in a way that they are acceptable to other actors. Actors thus redefine arguments in a way that they have the potential to be integrated into the frame of actors that have different understandings and ideas. Van Hulst et al. (2012) point out that problem definition is a core interpretive activity. The sense-making that framing achieves takes place in the midst of acting and is oftentimes not explicitly strategized or a conscious activity. However, the successful framing of elements in a way that it becomes corresponding to others is essential for generating an epistemic community in favor of a specific argument. Therefore,

appropriate language is necessary for communicating one's opinion about PFI. Yet, most people do not have the overall background system of frames needed to understand PFI in the same way. The complexity of the subject matter indicates that a basic understanding is presumably not necessarily pre-existing in the general public.

Story-telling of framing implicitly or explicitly assigns approval or reprimand of other people's statements and actions as actors often do not agree on what is happening or should be done. While story-telling may serve the intention of persuasion, resting on instrumental use of language, it can also be a vehicle for parties to listen to others and to deliberately reflect and reframe (Forester, 1999). Agreeing on elements of the policy setting increases chances of reframing, keeping in mind that the actor's ability to reformulate elements in other actor's terms is crucial for this (van Hulst & Yanow, 2014). Consequently, framing can be seen as a tactic of strategical manipulation of political actors. Having said that, framing can also take the rather neutral form of triggering a learning process in which people acquire common beliefs (van Hulst & Yanow, 2014; Chong & Druckmann, 2007). Considering the rhetorical aspect of framing, the persuasive aspect of storytelling is used to win allegiance on an issue, but framing can directly inform the political process, explaining the content of prescribed regulations and procedures. Rein and Schön refer to these two sorts of framing processes as rhetorical and action frames (Rein & Schön, 1994, p. 32). Chong and Druckman (2007) state that individuals sometimes base their opinions on available and accessible considerations without conscious deliberation. In a more strategic manner, individuals also evaluate the applicability of accessible considerations. They conceptualize that framing techniques can work on three levels:

*By making new considerations available.*

*By making certain considerations accessible.*

*By making considerations applicable in people's evaluations.*

Framing effects, in turn, depend on the strength and repetition, the competitive environment of frames and individual motivations. Here, effective frames are not to be confused with superior arguments. Effective frames can be based on exaggerations and even lies, they rest on symbols, endorsements and ideology and shape opinions through heuristics (Chong & Druckmann, 2007, p. 111). Building on that, Chong et al. address the typical political strategy of connecting proposals to longstanding values and positive ideas that are widely available in the population. This strategy, along with the delivery of frames through credible sources are said to shift opinions.

### 3. Methodology - Research design

For the research question to be answered, a qualitative research design suits best in the quest of finding an appropriate answer. The research question of this study is of a descriptive exploratory nature and is approached by using a case study research design to explicitly investigate the situation in the UK. The fairly complex theoretical approach of “multi-level perspectives” requires many qualitative data (Geels F. W., 2002). On top of that, the framing theory demands an extensive analysis of documents, media articles and other data in which opinions and understandings of the PFI situation are conveyed. Since the research interest is pursued with specific theoretical tools in order to generate a comprehensive understanding of the abolition of the PFI, previous theoretical knowledge is of great importance and contributes to the quality of this empirical research (Strübing, Hirschauer, Ayaß, Krähnke, & Scheffer, 2018). This qualitative study design shall help to better understand how interdependencies and evaluations of actors, the overall setting of PPPs in the UK and the occurrence of certain events are of decisive character for the termination of the PFI. The selection of this research design hence implies to a plan for collection and analysis of indicators and evidence (Flick, 2016).

Starting point for this research is the case-wise sampling by Flick (Flick, 2007). Throughout the research process, critical events and factors will attract further analytical attention consistently putting subject matter central and the rest as dependent of this. An adaptable and reactive research design which is driven by new insights into the depths and contents of the case promotes the desired comprehensive understanding of the case at hand. Qualitative research also deals with the latent meaning of a situation, the subconscious parts and underlying conflicts (Flick, 2016). Given the complexity of the case and the intensity and strengths of the theoretical structuring device, a vast variety of qualitative data is ought to be analyzed. This design uses text as empirical material, starting from the notion of social construction of realities and is interested in the perspectives of the participants (Flick, 2007). This methodological decision compliments the usage of framing theory.

### 3.1. Case selection and sampling

The research problem is approached by using a case study research design. A case study is useful for the analysis of a contemporary phenomenon within a real-life context for which the relation between the phenomenon and its context is not entirely clear (Yin, 2003, p. 13). In view of the research question and the setting of a case study, the focus is on the exact description and reconstruction of the case. Therefore, a research design that supports the case-specific examination is appropriate. This design allows for the gathering of in-depth qualitative data to explore the diverse factors, considerations and events influencing the decision to discontinue the PFI. After having laid down the basic aim of the research, the intention behind the chosen design must be explained more narrowly (Yin, 2003).

The appropriateness of the case means not only a fitting of the method to the case, but also a coordination of theory, question, empirical case, method and data types (Strübing, Hirschauer, Ayaß, Krähnke, & Scheffer, 2018, p. 86). Regarding the case selection of this study, I differentiate between pragmatical and logistical issues and methodological reasons. The first step of choosing the broader topic of PPPs is due to its interesting aspects as a procurement method and governance tool (Wang, Xiong, Wu, & Zhu, 2017). The UK as the setting is reasoned in its pioneering role and its established market for PPPs, model contracts and the open, critical debate on PFIs. Having contracted 700 PFI and PF2 deals, amounting for a capital value of around 60bn pounds, and future charges expected to continue until the 2040s of about 200bn pounds, the UK displays profusely use of its models for PPPs (NAO, 2018). PPPs are not only a highly interesting procurement method for the UK government since they are also used and discussed in many countries around the world. International organizations like the EU and OECD creating guidances and regulations and tools suggests that PPPs are an internationally relevant topic throughout not only the infrastructure sector. This points to the relevance of the procurement method as a recently established form of public management and as a market for contracting firms to work and grow in (Roumboutsos, Alemán, & Agren, 2017; OECD, 2015).

After the review of the PFI in 2012, there was only limited use of the model but after the insolvency of one of the UK's largest construction firms and the most significant insolvency case in the Kingdom's recent history, the country is the first to completely abolish its partnership model without a subsequent alternative (Waerde, 2018). This negative setting provides the possibility of exploring the practical implementation under pressure to find solutions to public problems.

Regarding the practical and logistical issues, this case was selected since a prerequisite for the study was to conduct research in the field of discontinuation governance. The discontinuation of the PFI promises to provide insights on such processes in the broader sense, given the highly complex environment of economic considerations and public service urgency. Further reasons were the accessibility of documents, which is due to transparency regulations in the UK, as well as the recency of the issue at hand (NAO, 2018). A half-yearly experience of the researcher in the field of PPP-management at Europe's largest construction company raised prior interest in Public-Private Partnerships, the collapse of Carillion and the changes to the PFI market in the UK. Given the uncertainty in the market and whether a new model, different from the private financing approach will follow, suggests the possibility of a drastic abolition which in effect will not be as harsh as proclaimed.

### 3.2. Data collection methods

It is necessary to make use of data collection methods which provide necessary information about possible internal and external factors influencing the actions of the actors. Referring to the cognitive and interactional framing aspects as well as the overarching MLP context, detailed information about the environment of the situation should be gathered through multiple data sources. In order to investigate data on how the actors frame this environment throughout the process (Lakoff, 2010), primary sources (e.g. parliamentary reports and publications from the Treasury) and secondary sources (information about the institutional and structural context) are of considerable importance to this study. In establishing the relationship between the PFI-market developments and the governance of the initiative, an extensive document-analysis is required. An indispensable criterion for good qualitative research is that the research is just as dependent on theory as it aims to contribute to progress in theory (Strübing, Hirschauer, Ayaß, Krähnke, & Scheffer, 2018).

As a guiding tool for understanding the overall policy and context developments, the timeline approach structures the data collection and constitutes the overall frame from which deeper investigation and foci will be derived. It is necessary to capture the personal process of understanding the subject matter in a way that it remains comprehensible to readers. Regarding the complexity of PPPs in general, and the process of discontinuation in the UK, this is one of the main challenges of this study. This realization is addressed with the case-wise sampling approach discussed by Flick (2007) which ensures an in-depth approach towards the content and meaning

of PFIs. Interpretations can be very detailed, although their rationale lies in their connection to the big picture. At these points further material is used to make additions and to maintain comprehensibility. Variations of data types contribute to the analytical intensity; and the addition of data, which is guided by findings, enriches the previous analysis (Strübing, Hirschauer, Ayaß, Krähnke, & Scheffer, 2018).

Knowledge of the original PFI contract and its successor PF2 serve as a foundation to the analysis. Likewise, the previous work of a comparative contract analysis which contrasts the PF2 contract from the PPPs of France and Germany (appendix) provided an overview and intensive basic understanding of the subject area. The inclusion of technical updates, re-assessments, political statements and reports on the issue contributes to the understanding of the case. Media sources as a structuring device to the timeline approach reflect on aspects that caught the public interest and sorts the events chronologically. Interpretation of gathered information is inevitable in this research design. It cannot simply be assumed that actors mean the same thing, but it must first be explained which understanding of an object or term is customary for the participants in the investigation (Aukes, Lulofs, & Bressers, 2017). To counter the threat of the interpretive paradigm, adequate knowledge of the researcher about the subject matter and the ability to see the situation from the point of view of the actors are crucial. The trustworthiness of observations and interpretations is necessary to account for the validity of the findings (Flick, 2007). By examining the accessible publications focusing on their content on the one hand, and interpreting their meaning in the broader context on the other hand, a separation of observations from interpretations becomes clear and promotes the validity of the findings. On top of that, transparency of how the observations are interpreted makes the findings more valid. This is achieved through the close work with the theory which explains what the data actually means from a theoretical perspective. A threat to this study is the possibility of losing focus on the most influencing factors. This is a danger of the exploratory approach as it does not test existing theories in a deductive way. I try to minimize this threat by making extensive use of the literature on PPPs, pointing towards the most crucial aspects of Public-Private Partnerships. However, one must keep in mind that the potential threat that the research does not necessarily cover all relevant aspects cannot be eliminated. There data can be analyzed from different perspectives which leads to different interpretations. Therefore, different research may find other foci to be more relevant and by conducting interviews or selecting other methodological and theoretical approaches will inevitably generate new insights.



### 3.3. Data analysis and coding

For reasons of adaptability of the research process, it is meaningful that data collection and data analysis take place simultaneously (Maxwell, 2009). The timeline approach makes the overall policy and context developments tangible. In attempt of exploring the diverse influences on the discontinuation process, a mosaic style of storytelling is used, shifting between different focal issues of in-depth analysis (Flick, 2007). Maxwell (2009) additionally mentions three qualitative data analysis strategies of which two will be used: categorizing and connecting. Two types of data are analyzed. The first type is data retrieved from the publicly accessible government publications and is examined by means of document and content analysis. Therefore, the connecting strategy seems appropriate with the basic purpose of exploring relationships and understanding data in its entire context. The second type of data is retrieved from national datasets on PFI projects and serves as secondary data, potentially underpinning the insights of the document analysis. The documents which contain the data relevant for the understanding and evaluation of theoretical concepts are approached with the categorizing strategy. Coding is integral for categorizing as it fractures the information to enable comparisons. Coding procedures function by means of a set of words indicating essential information (Maxwell, 2009). The sets of words are chosen alongside the concept's operationalization.

The coding procedure is accomplished by providing the data with codes in the program Atlas.ti. In the first stages of the work, which initially dealt with the case itself, the use of the software was not yet included in the methodological approach. Instead, by establishing a comprehensive timeline, it was possible to build on a sequence of relevant documents, statements and events. Along this timeline, which deals with the case in its chronological structure, the connections between the documents were explicitly emphasized, since most documents directly present the reference to other publications. When using Atlas.ti, it was primarily a matter of penetrating the various theories, working out key points and recognizing the references among each other in the theoretical context. Within the reading work, the connections between the theories were then recognized by codes and more precise insights were obtained along the network function.

The coding categorizes the 3 levels of MLP theory. Since the MLP theory deals in particular with the linkages between the three conceptual levels, the network function visualizes linkages between encodings and is therefore very practical for recognizing the relationships between the levels and

other aspects of the theory. With the theoretical findings in mind, the documents could then be systematically analyzed.

The framing theory is categorized in terms of the different types of frames, definitions of framing, the division between cognitive and interactional framing, as well as reframing and framing techniques. The omnipresence of framing theory required close work with texts since every sentence, statement and even the appearance of a document plays a role. Although the starting point of the analysis is always the work with the case, the gained understanding of the respective theoretical tools then required repeated reading and summarizing in order to become aware of framing mechanisms and the relation to the structure of the situation in the sense of MLP. For this, the conventional work with the texts intuitively proved to be more practical. Texts were integrated according to their date and relevance into the large set of documents. The main analytical work was to summarize texts, actively reduce them to their relevant content and highlight framing-related aspects.

#### 4. Operationalization

The basic principles constituting PFIs and the frequently discussed critical aspects are analyzed based on the standard contracts, guidelines, assessments and government publications, regarding the basic elements of the problem. Fundamental administrative processes and responsibilities shall be presented, serving the analysis of the empirical context and contributing to the understanding of the case via the MLP approach. The MLP conceptualization of three analytical levels accounts for the operationalization of each of those levels. To clarify what belongs to the case and which methodological approaches its analysis requires a broad introduction of which document and elements are necessary for which level is provided.

On the landscape level, government changes and ideological convictions regarding the involvement of the private sector in public affairs are to be examined based on government publications, infrastructure plans and media articles.

The level of PPP regime is regarded via the timeline approach, analyzing how the institutional framework emerged and changed over time. With respect to the complexity of the regime, reconfiguration processes are particularly relevant. Apart from the documents available on existing networks, sector policy and government communication practices, the underlying purpose of the regime is looked at by the means of a thorough document investigation. The different understandings of certain actors and institutions are of interest as well. Shifting between different

elements of the regime enables an analysis of the impact of regulations, institutions, governance practices and emerging problems (Geels F. W., 2002). The niche perspective is then operationalized by considering specific critical elements like the work of taskforces and thinktanks as well as supplementary innovations and regulations within the model.

Concerning the framing theory, making interpretations of documents and publications is inevitable, especially since interviews are not conducted with the participants. Well-based interpretations are crucial, since cognitive and interactive framing mechanisms employed are not clearly displayed in the available data and often function sub-consciously. Therefore, interpretations must be backed by theoretical arguments on framing. When examining the interactional framing, the function of actors is expected to have implications on the collective understanding of a situation in interaction. Interdependencies, hierarchical structures and accountability for policy decisions are relevant (Aukes, Lulofs, & Bressers, 2017). Cognitive framing in turn refers to the individuals understanding of the situation. Since the criticism and web of opinions on the PFI is plentiful, particular events and factors are subsequently to be selected in order to analyze how impactful they are and how they are perceived by individuals of interest. It is thus operationalized according to the theoretical concept of individual's internal cognitive representations of an issue. It is the task of this part of the analysis to reveal underlying cognitive structures of people as information processors who use frames as heuristic devices in the gathering of information.

Apart from this twofold differentiation, particularly relevant to this study are the different kinds of frames. The four kinds of frames (characterization, identity/relation, issue and process frames) that form prior considerations of actors are introduced by Dewulf et al. and operationalized along their definition discussed in the theory section. The retrievability of such frames in the data is ensured by considering the descriptions, definitions, judgements and statements of actors and institutions as indicators for the cognitions of the actors. Furthermore, the naming, categorizing, selecting and storytelling techniques are analyzed by investigating the actors literal expressions, the way in which information is presented and the use of language in interactive procedures, as well as by including the overall elaboration of actors on issues into the analysis. Where instrumental use of for example specific metaphors can be observed, the implication on the ascription of blame, persuasive intentions are critically assessed and interpreted based on theory.

A shift in the position or expressions of actors then presents the effects of framing techniques and may confirm interpretations on reframing. Playing into analytical considerations as well is the discernible extent to which considerations are made available, accessible and applicable in the framing of the actors (Chong & Druckmann, 2007). On top of that, presumable framing effects are evaluated based on their strength and repetition. Considering to the possibility of symbolism in the framing techniques employed, I fundamentally operationalize language as the substance of frames and framing as being achieved through language use (Dewulf, Gray, Lewicki, Aarts, & Bouwen, 2009). With respect to termination and discontinuation research, the relevance of the underlying processes and factors is evaluated based on the debate and procedures being led by “Reformers” (Bardach, 1976). This is achieved by using framing theory as an analytical tool.

## 5. Analysis

In the first step of looking at the discontinuation process in the UK and its potential influencing factors, events, as well as the impact of economic considerations and interactional framing techniques employed throughout the process, an in-depth description of the case is appropriate. To briefly address the initial context of the research problem, I refer to the origin of PPPs which is rooted in the NPM movements of the early 1990s. In many western-liberal regimes it became a priority to provide high-quality services valued by citizens, to rely on the benefits of competition and to consider the delivery of public services by the private sector. Despite divergent and contradictory views on the meaning and implications of this doctrine, there is no doubt that it has become extremely influential in the theory and practice of public administration since the 1980s. A new model of public management emerged in most advanced and many developing countries by the early 1990s (Kalimullah, Alam, & Nour, 2012).

The OECD summarizes in retrospective, that PFI was introduced in the early 1990s to provide an alternative mode of infrastructure financing at a time where the traditional government financing was showing its limits (OECD, 2015). In July 1999 the first edition of PFI contracts was published to provide guidance on the issues arising in PFI projects and to promote the achievement of commercially balanced contracts and enable procuring authorities to meet requirements and deliver Value for Money (VfM) (HMT(1), 2006; HMT(2), 2007). These factors along with the pipeline for projects put in place by the previous government caused an increase in the use of PFI. This was reinforced with a series of policy documents from HMT to encourage the development of the market and provide guidance on key issues. With the change of government in 1997, a

review of the process was carried out to improve its effectiveness and rationalize the implementation of the early PFI projects. A specialized taskforce within HMT was established to promote PFI expertise within the government. The market grew significantly during the post-1997 period and a considerable amount of guidance and standardization was provided to reinforce the government's approach. The idea was to promote a common understanding and to continuously reduce the time and costs of negotiations (IUK., 2010). A second PFI review was published in 1999 recommending the establishment of a permanent organization, Partnerships UK (PUK), to replace the PFI taskforce. The last Version to the PFI came in 2007 after a second and third edition in 2002 and 2004. Since then PFIs and the framework surrounding them, have evolved significantly in the UK. The model contract has been adjusted over time and rules and norms have been updated for the market to develop and mature (OECD, 2015).

In 2010, the government reviewed the PFI and intended to reform the model and create a replacement that takes advantage of private sector know-how while lowering the costs. Nevertheless, the government elected in 2010 has continued to sign PFI projects that were already in procurement and in line with the VfM principles (EPEC, 2012). Based on the government's call for evidence and review of PFI, the government's successor PF2 was introduced in 2012 as an update to inject more flexibility and public oversight into PPPs. This update stems from a political need to address criticism expressed by public and private stakeholders to speed up the procurement process. PFI was criticized in the media and by Parliament, as well as the Committee of Public Accounts (PAC) and the Treasury Committee, which both published reports in 2011 (NAO, PFI and PF2, 2018, p. 35). The main expectation of PF2 remained that at best, it can deliver assets on time and budget while at the same time providing innovative solutions and effective risk transfer (HMT(4), 2012). The PF2 referred to a comprehensive overhaul of the way privately financed infrastructure projects and services were procured and executed (HMT(4), 2012). Along with it came a review of the VfM assessment guidance (2013), which essentially reviewed the achievement of the desired combination of costs and quality of services. Generally, the procurement should not favor the lowest cost bid, but require comparison of alternative procurement options (HMT(1), 2006). PF2 was largely supported by public and private stakeholders, but the pipeline of projects was not as large as hoped for by some banks and industry representatives. However, approximately 800 PFI projects have been transacted in the UK, 700 of

which are operational, making the UK one of the most active PFI markets in the world even to date (OECD, 2015).

Throughout the evolution of the PFI market in the UK, the National Audit Office (NAO) plays a key role in informing the public debate through its regular reports to Parliament (OECD, 2015; NAO, PFI and PF2, 2018). The NAO assesses projects and programs for VfM and derives lessons for further improvement of the framework of PFI/PF2 projects. Criticism started to accumulate in 2017, when peak payments of the early contracts were due, with independent thinktanks identifying the amount of taxpayer's money which has been transferred to the profits of PFI companies. There were calls for the government to reconsider its use of the initiative and evaluate the possibility of using the arguably cheaper alternative of public borrowing for future investments (CHPI, 2017). PFI have been criticized for a number of reasons, first of which is the fact that the public can generally borrow money at lower interest rates. But considerations of the amount of return on investment of the private sector and the crucial VfM assessment, which is the primary criterion for the procurement via private finance, have widened. According to the CHPI (2017) report, returns by those investing and lending to PFI projects are said to be higher than anywhere else. Justification of high rewards becomes questionable, particularly when adopting the view that PFI projects are not very risky investments after all. Under contract, the public makes payments to the PFI company unless the service is not available or below agreed standard. Over time, the impact of such long-term PFI investments on departments raised concerns (CHPI, 2017). Criticism of the Initiative within the institutional framework focused on the balance sheet incentives of using PFIs and the lack of data proving that it is truly beneficial and VfM to opt for private financing. In general, the NAO (2018) reports that HMT discourages public bodies from private financing, but an exception is made with PFIs since they promise to provide risk transfer and efficiency gains which can outweigh the higher financing costs (NAO, PFI and PF2, 2018).

In the meantime, the government remained committed to relying on private involvement in the delivery of public services and the improvement of infrastructure productivity and performance (Authority, Transforming Infrastructure Performance, 2017; IUK., 2010). Although the government reduced its use of PFI after the financial crisis of 2008 and the implementation of PF2 in 2012, the amount of projects that are in place now (data Jan.2018) "amount to a capital value of 60bn pounds of which annual charges amounted to 10.3bn in 2016-17. Future charges for such deals will continue until the 2040s and amount to around 200bn pounds" (NAO, PFI and PF2,

2018, p. 4). The NAO (2018) found out that there are additional costs and challenges associated with PFI in their report which came just before the insolvency of the UK's second largest construction firm Carillion (BBC, 2018). After the company issued its first profit warning in July 2017, its value dropped significantly. A second warning followed in September of 2017, which led to a third warning and the compulsory liquidation of the company. Carillion held several PFI contracts and even won further contracts during the process of announcing profit warnings (Davies & Stewart, 2018).

The Chancellor of the Exchequer, Philip Hammond, announced that the government will no longer use PF2 in its presentation of the budget in October 2018. He states that existing contracts will be honored and that the government intends to establish a Centre of Best Practices and take steps to come up with alternatives for the model (HMT(7), 2018). While there appears to be agreement that the public criticism and the insolvency of Carillion decreased the confidence in the private sector's ability to deliver public services, the government remains committed to supporting private investment in infrastructure (HMT(7), 2018; Authority & Vickerstaff, 2019).

### 5.1. Multi-level perspectives on influencing factors

With the use of MLP theory, the subject matter is analyzed in the quest of identifying relevant influences on the discontinuation process. Apart from elaborating on the changes that occurred in the PPP-regime in the past, findings are classified in line with the MLP's threefold structure of landscape, regime and niche. In order to achieve a structured and analytical understanding of the case in light of the MLP theory, it must be clarified what constructs the PPP-regime. The regime as the conceptual heart of MLP theory (Rip & Kemp, 1998; Nelson & Winter, 1982) comprises the institutional framework of the PPP-market, the associated procedures and regulations directly connected to the policy. A summary overview of the PPP regime in the UK was prepared by the OECD in 2015 (OECD, 2015). However, this presentation refers to a much more current state of affairs. Initially, the regime was merely consisted of the work of HMT and procuring authorities, accompanied by the first versions of the standardized contract model and few guidance defining the internal procedures of the regime. A first guidance document on VfM assessment was published in 2004, as technical notes from the taskforce within HMT had previously been used for the management within the regime (HMT(1), 2006).

It is meaningful to take a first look at the overall conditions on the landscape level and consider their influence on the development of the regime. The emergence of NPM reflects the changed

political agenda which paved the way for PPPs. The management of public services has undergone considerable change which led to the replacement of traditional managerial techniques. “Support for expansion of public sector activity was replaced by policies intended to ensure contraction relative to the private sector” (Wilson, 2004, p. 49). The wider paradigmatic shift, which was fundamentally anti-public sector, had the new public management striving for more flexible management. The partnership is a management reform in the quest for efficiency gains in the context of the privatization movement, changing the way in which the public sector functions. Legal and operational barriers were removed to allow for competition in the provision of public services in the attempt of improving efficiency and VfM (Wilson, 2004, p. 56).

Another ideologically overarching development on the landscape level, which is viewed as superior to the shifts and implications of regular government changes was the introduction of the “Big Society” policy under David Cameron of 2010. This was a further step in the direction of a decentralized distribution of government tasks. One of the main demands was access for the general public to comprehend public procedures, transactions and decisions. This development not only enables the data collection for this study but is generalized in the management of public services and the management of society as a whole (Finlayson, 2012, p. 9). By enhancing transparency and increasing competition, there still is an overall development that is rather anti-public, and transparent to avoid the isolation of the public sector. Public actions are openly presented and the complexity and obscurity of the work of the public sector was to be reduced.

These ideological developments do not seem to have been a burdening pressure factor on the PPP regime, as the UK has remained true to its fundamentally liberal economic course in the recent past.

Within these two exogeneous developments, the governments have directly and indirectly influenced the PFI policy and the use of PPPs. As the general idea of NPM was adopted in the UK, the Conservative government of John Major (1990-1997) was able to dismantle restrictive regulations and actively establish the PPP-regime in cooperation with the private sector. In 1992 and 1993, the first steps were taken to promote the use of private financing (EPEC, 2012). First elements of the regime and components of the framework included the examination of opportunities for private financing of HMT, and the creation of the Private Finance Panel, which essentially created the foundation of the regime. With the first model contract in 1999 and further adjustments and supplementary texts generated on the niche level, the stability of the regime and



the confidence in the market on both the public and the private side increased in the subsequent years (IUK., 2010).

The expansion of the policy and the PPP-regime occurred particularly under the Labour governments under Tony Blair and Gordon Brown (1997-2010). During this period of governance, more than 600 PFI contracts were signed and the commitment to repayment streams amounted to 206bn pounds (Campbell, Ball, & Rogers, 2012). The overall usage demonstrates the acceptance of PFIs which was due to the exploitation of established procedures which in turn emerged from the linkages between the different levels. The stability in the developments of the overall landscape context were coupled by the advocacy of the policy by the government and the well-coordinated work on the niche level. Departments were able to deliberately initiate innovative services and infrastructure without making high up-front investments (Helm & Inman, 2009).

In 2004, the first VfM assessment guidance replaced the niche-work of the Treasury taskforces. This shows a clear connection to theory regarding the goal-oriented work of niches, which serves improve minor deficiencies of the regime and contribute innovations (Geels F. W., 2005). The updated VfM guidance document of 2006 was followed by the new edition of the PFI contract (version 4) in 2007. From a theoretical point of view, it appears that the PPP-regime is, at this point in time, in line the conventional course of a substitution route in which it shows serious stability and only gradual developments take place. A new idea is followed by a slight adaptation of the regime along a predictable trajectory (Geels F. W., 2005). Predictability of the trajectory of the regime accounts for an increase in market certainty which in effect yields to further use of the initiative. The VfM guidance remained in line with previous supplementary niche-works by maintaining the 3-step process of project evaluation. Changes and upgrades included the tightened peer reviews of so-called "soft services" in contracts, the importance of operational and financial flexibility, as well as the instructions for procurement procedures where only one provider places a tender (HMT(1), 2006). This last adjustment clearly shows that though PPPs were originally introduced by a desire for competition, projects existed where the desired aspect of competition was not always present. The new version of the standardized contract did not contain any major changes either, as the three main objectives of creating a common understanding of risks, allowing standardization across similar projects, reduction of time and costs of negotiations were retained. (HMT(2), 2007). However, a great degree of adaptability of the regime is discernible at that time.

A first shock to the PPP-regime, but also widely to all parts of the public and economy worldwide, was the financial crisis in 2008. The government limited its use of PFI, as the cost of private finance increased (NAO, PFI and PF2, 2018). The financial crisis can be seen as having had an influence on the PPP-regime in the sense that, as a result, the initiative was used less, was increasingly critically assessed and a large number of changes and supplementary texts were added to the regime in the following years despite the limited use (Campbell, Ball, & Rogers, 2012). In the context of the policy update of 2010, which intended to create more market certainty, the transparency of the public sector envisioned by David Cameron and the Conservative Party, in coalition with the Liberal Democrats under Nick Clegg, was addressed. In this respect, this landscape development has ensured that from now on tender documents, contracts, and any government transaction over 25,000 pounds would be published (IUK., 2010). Before the 2010 election, both Liberal Democrat Nick Clegg and Conservative Osborne raised discussions about Labour's extensive use of PFIs. An alternative to the Labour initiative was to be created and Osborne instructed Philip Hammond, then shadow chief secretary to the Treasury, to work out alternative models with transparent accounting as the first priority. And indeed, Labour was voted out of government responsibility and in December 2012 the government published "A New Approach To Public-Private Partnerships" (HMT(3), 2012). A new standardized model, PF2, was introduced constituting an overhaul of the PFI and a renewed commitment to private financing (HMT(4), 2012). Moreover, a review of the VfM assessment in 2013 has been prepared by the NAO in response to the Treasury Committee's request and further marginal supplementary documents, like the consultation on public sector equity in PF2s, were drawn up contributing to further incremental changes on the regime level (HMT(5), 2013; NAO, 2013). MLP theory points to the specific functionalities on the niche level and its dedication to specific issues of the regime. The review of the VfM assessment demonstrates the instruction of the Committee, underlining the nested hierarchy of the three different levels in an MLP approach (Geels F. W., 2005). The critical assessment of the NAO pointed towards several grievances of the PPP-regime, indicating that the tool fails to answer the key question of VfM and lacks in consistency regarding its comparison to alternative procurement options. In line with the theoretical understanding of the niche level as a location for learning processes, the review provides a variety of ideas to improve the assessment. This time depicts a window of opportunity created by the developments on the landscape level.

Consequently, the political intentions and the contributions of the niche level initiated substantial changes to the regime.

In 2015, the OECD published its report on the public governance of PPPs in the UK, concluding that the UK lives up to the international principles for PPP management. It points out that the impact of the landscape development towards increased transparency is clear in the UK and contributed to the debate leading to the renewal of the standardized model, PF2, in 2012. The institutional set-up is praised for its clarity and coherence and the capacity of the HMT's consulting IUK department is said to appropriately assess the use of PF2 as a procurement method. Though positive appraisal on the institutional framework of the PPP-regime is emphasized, the Office for Budget Responsibility, which makes government liabilities transparent, and the NAO, which informs the public debate and assesses the VfM tools, are both increasingly critical of the practices, processes and procedures within the PPP regime (OECD, 2015; NAO, 2013; Geels F. W., 2005). Public criticism in the subsequent years and especially the report of the Centre for Health and Public Interest (CHPI), reported on the profits made by private companies under PFI, uncovering the poor economic undertakings of the initiative (CHPI, 2017). Following the adjustments in the years 2011-13, the regime did display considerable use of PF2 and changes to the institutions or practices did not occur either. The diminished market certainty discouraged the reproduction of linkages between the levels contributing to stability of the regime. The learning processes on the niche level continued to address problems of the regime but did not trigger further adjustments (Geels F. W., 2010). The lack of influence of the propositions created on the niche level is the main reason why the necessary responsive adjustments have not been made to the initiative leading to the accumulation of criticism based on the proposals and findings on the niche level. Based on the distinction made by Geels (2005), the PPP-regime failed to remain in the substitution route, where incremental adaptations are satisfactory. Instead the regime got discredited and unstable.

Infrastructure strategist Declan O'Brien published an article on this issue: "Still suffering from a PFI hangover" and addressed the announcement of a new set of projects to be procured under PF2 which indicates that the National Infrastructure Commission (independent advisory body to the government) continued to be supportive of deploying PF2 (O'Brien, 2017). The debate on VfM over previous transactions contributed to the limited use and stands prove that the dedicated work of the niche level may not have caused changes in the procedures but rather contributed to uncertainty on the market. Due to the protracted nature of the PFI contracts already concluded, the

obligations and problems of old decisions are noticeable in the long term, but the influence of changes in the regime is rather insignificant. Stemming on the annual government publications and the criticism on the issue, the political debate was resumed as the Labour party proclaimed (Sept. 2017) that a future Labour government would compensate shareholders of PFI companies and bring contracts back in-house (Stewart, 2017). Adding to the internal problems of the regime, a considerable shock to the PPP-regime and policy-related actors occurred in 2018. On 15 January, the UK's second largest construction company entered compulsory liquidation. Equally to most shocks of termination, the insolvency of Carillion did not occur entirely unexpected (Bardach, 1976). The firm issued its first of three profit warnings in July 2017. According to law, a company of such system relevance as Carillion could have been designated as "high risk". Subsequently, government documents stipulate that, a "crown representative" would be appointed to the company in order to rectify the situation and further awarding of contracts should be reduced to contain the potential risk. According to the Guardian investigations, no representative has been appointed and Carillion was able to sign further contracts after all its profit warnings (Davies & Stewart, 2018). Just three days after the insolvency of Carillion became publicly evident, the NAO put forward a briefing presenting information on the rationale, costs and benefits of PFI. This briefing indicates the impact of PFI&PF2 independent of the insolvency of Carillion (NAO, 2018). The information presented by the NAO sets out the long-lasting liabilities of the initiative despite its reduced use and addresses the issues of capability, flexibility and VfM. Public debate on the problematic situation of private financing and Carillion consequently revealed that the company had been a significant holder of PFI contracts raising skeptical voices about the government's procurement practices. Although MLP theory suggest the possibility of regimes influencing developments on the landscape level, the insolvency of Carillion is not necessarily a product of the actions on the regime level, yet it cannot be ascribed to an exogeneous development on the landscape level, especially when considering the fact that the insolvency of Carillion was not entirely outside the power of relevant actors (Geels F. W., 2005).

However, like the landscape developments of 2008 (financial crisis) and 2010 (election, Cameron's Big Society), the situation at the beginning of 2018 created a window of opportunity or rather a compelling pressure factor on the PPP-regime (Geels F. W., 2005). Carillion directed the attention towards public mismanagement despite any transparency provisions and established a clear link to the already criticized initiative. This problematic situation led to a report of the

House of Commons (HOC) directed at HMT(20 June 2018) in which specific inquiries to the Treasury are set out regarding its governance of PPPs (PAC, 2018). Ultimately, the Chancellor of the Exchequer announced the abolition of PFI and PF2 for future projects in his announcement on the Budget in the HOC on 28 October 2018 (HMT(7), 2018).

Although the findings using MLP theory illustrate the linkages of levels and actors, it cannot provide an accurate explanation of why niche level work and landscape developments have not ensured that the PPP regime has remained adaptable and in the substitution route. The non-linear process of discussing the proposed alternatives and the situation of PFI is due to shifts in perception and strategic interaction between actors (Geels F. W., 2005, p. 692).

## 5.2. Economic considerations and their impact on framing

Essential to NPM and the establishment of the PPP-regime is competition in the creation of public services accompanied with the hope for economic considerations such as VfM and efficiency gains. Since the transparency provisions provided undisputed and publicly available evidence on the usage of PFI&PF2, the data and knowledge basis for judgements and criticisms became fundamentally the same. By the means of framing analysis, the different economic considerations are uncovered and the extent to which their influence can explain the aforementioned developments in the instability of the PPP-regime are evaluated.

The starting point for this part of the analysis it is therefore the VfM Guidance of 2006 as it represents the rather initial considerations regarding PFI (HMT(1), 2006). First of all, it should be noted that guidance documents generally serve the informative function for the political process, which Rein and Schön call “action frames” (Rein & Schön, 1994). At the same time, every form of political articulation contains a rhetorical aspect of the communicative definition of a situation. The work with the individual documents proves that publications on the niche level always contain an improving and contributing undertone. The same applies to the framing of the standardized contract concepts (HMT(2), 2007; HMT(1), 2006).

For the first time, an official policy update document acknowledges that PPPs contain a significant financial commitment in 2010 (IUK., 2010). The need for HMT approval for any PPP project is emphasized and it is presented that the lessons learned from the 680 projects to date will not be lost. The aspiration is to stay at the forefront of international standards and expand the VfM evaluations. At this point, it is noted that the NAO's proposals for the VfM considerations have been taken into account and a form of frame reflection based on mutual listening has taken place

(IUK., 2010; Rein & Schön, 1994). As framing is reflexive to shifts in the context and the interactive framing of other actors, the economic debate ahead of the 2010 elections focused on risk transfer and public sector accounting. Nick Clegg described PFI as "dodgy accounting" and "a way for government to pretend they're not borrowing when they are" (Helm & Inman, 2009). In terms of issue framing, the aspect that PFI represents a possibility of off-balance investments is emphasized in particular. In 2011, Cameron announced that the coalition agreed to end Labour politics and its "wastefulness" with a new model (Adams, 2011). PF2-renewal is the answer to the events of the financial crisis, the development of transparency regulations and the criticism of the contracts signed to date. The relevant contexts for this policy framing are the developments at the landscape level and the more direct policy environment (Rein & Schön, 1994). Although the new standard contract reveals that the "government believes that private sector investment, innovation and skills should continue to play a role", the PF2 also does justice to the new economic conditions. As a reaction, the public sector can now inject equity and, where appropriate, should not necessarily transfer risks if they can also be borne by the public sector (HMT(4), 2012, p. 2).

With the review of the VfM assessment in 2013, economic considerations are gaining in importance. The NAO explains differences in frames between its proposals and the beliefs of the HMT (NAO, 2013). Conflicts based on differences in frames are in this case also due to the nested hierarchy, in which the subordinate approaches of the NAO are not necessarily taken into account by the regime-steering HMT. Thus, the process frame becomes clear, which imposes a behavioral script on the interaction and at the same time determines which steps are possible to settle the differences (Dewulf, Craps, & Dercon, 2004). The NAO therefore begins a list of proposals with the introduction: "we would like to see departments and Treasury use improved quantitative analysis to assess the merits of using private finance" (NAO, 2013). Economic considerations concerning the PPP-regime are raised at the niche level in particular, while other economic issues were addressed primarily by independent thinktanks and the media, contributing to the public debate especially in the years after 2013. Critical understandings of the situation prioritize different aspects in their issue frames and are generally based on the data of the PFI&PF2 summary data 2016 and the CHPI report. Media reports and the CHPI report examined the situation of PFI within the National Health Sector (NHS). Since the basic systems of frames for understanding the PFI situation are not necessarily available in the population, the "Independent" wrote in a simplified form: "projects work like a mortgage - there is just one snag: interest rates are scandalously high".

The PFI debts of the UK are over 300bn for projects worth only 55bn (El-Gingihy, 2016). The CHPI report significantly shapes the debate by evaluating how much profit the PFI companies made in the previous 6 years. "(...) around 8% of all the money which the NHS has paid to these companies over the course of these 6 years has left (...) in the form of pre-tax profit and is not available for patient care" (CHPI, 2017, p. 5). The reference is always found to what else could have been financed with the money, in times of austerity and especially regarding the aspect that it is the taxpayer's money.

Framing techniques focus on the intention of selecting certain elements and thereby invoking specific considerations of actors and the public (Chong & Druckmann, 2007). By naming the conflictual aspects of profits and comparing the value of the projects built within the NHS with the money that was paid for them, this form of categorizing identifies and emphasizes the elements of VfM and profit payments of the controversial situation at the time (Rein & Schön, 1994; van Hulst & Yanow, 2014). The way in which specific groups elaborate on the issue displays the attribution of blame and is persuasive in the sense that the taxpayer is directly addressed through statements such as "(this report) identifies for the first time the amount of taxpayers' money that has been transferred to the profits of PFI companies" (CHPI, 2017, p. 4). This story-telling was used by the Labour party as an opportunity to listen to public concerns. John McDonnell of the Labour party emphasized that "the scandal of the PFI (...) has resulted in huge long-term costs for taxpayers while handing out enormous profits to some companies" (Stewart, 2017). The framing of the issue has shifted towards a debate on taxpayer money and the privatization ideology in general. In the meantime, the government and voices from the industry criticized Labour's pledge to bring PFI contracts in-house, emphasizing that it would not be VfM to terminate existing contracts and that the claim is of unsettling character to the industry and private investors (Stewart, 2017).

An economic consideration already present in the announcement of PF2 was continuously highlighted in infrastructure plans like "Transforming Infrastructure Performance". The emphasis remained on further investment of the public but also the private sector (Authority, 2017). In the beginning of 2018, the impact of Carillion's compulsory liquidation and the NAO's overall report on PFI&PF2 made new economic considerations available to the framing of the situation (Chong & Druckmann, 2007). Though reaching the public at about the same time, the NAO's report has been prepared in advance to the insolvency of the construction company. The report explicitly

reflects on its function of “not form(ing) a view on the VfM of PFI and PF2” but mentions key points which the NAO would like to mention (NAO, 2018, p. 5). This is an active approach to issue framing, revealing which agenda items are considered to constitute the problem at hand and simultaneously selecting and emphasizing certain points right away (Dewulf, Gray, Lewicki, Aarts, & Bouwen, 2009). A decisive finding that, in a sense, puts the previous political debate into perspective, is the recognition of similarities between PFI and PF2. Essentially, the PF2 model is said to have remained the same considering the fundamentals of the financing structure in PF2 deals. Another aspect that turned out to be consistent over the entire duration of the PPP-regime is the fact that the balance sheet incentives of private financing remained. Furthermore, the NAO refers to the Office for Budget Responsibility’s fiscal risks report of July 2017, in which the use of off-balance sheet vehicles like PFI are cited a “fiscal illusion” (NAO, 2018, p. 5). Disagreements about the VfM assessment endured since the review of 2013 and the NAO revealed HMT’s neglect of publishing updated versions. This investigative report points towards several economic considerations and makes new insights available. It attributes blame to HMT in an objective way and presents the persistence of differences in frames between the NAO and HMT regarding essential economic considerations.

The insolvency of Carillion added to the controversy and media reported in a highly critical way about the situation surrounding the private finance initiative:

*UK finance watchdog exposes lost billions (18. January 2018) – Financial Times*

*The great PFI heist: The real story how Britain’s economy has been left high and dry by a doomed economic philosophy (17. February 2018) - Independent*

Most criticism is directed at the actors of the HMT and related participating groups, indicating that the availability of new considerations generated by the NAO became applicable to the framing of other actors. The report of the HOC (13 June 2018) demonstrates the significant impact on the framing of the situation. The report is comprehensively critical of the overall development of the PPP-regime and points towards several actions of the Treasury that it considers “unacceptable” (PAC, 2018, p. 3). First and foremost, it addresses the lack of adaption regarding flexibility and VfM despite the criticism of the PAC. The report requests clarification from the HMT regarding its economic considerations and decisions about PFI and PF2. In the end, a response providing the requested arguments did not follow. Instead, the Chancellor of the Exchequer abolished the use of



the initiative framing it as “putting another legacy of Labour behind us” in his announcement on the Budget in the House of Commons (Davies R. , 2018).

### 5.3. Interactional framing techniques and their impact on the discontinuation

In the final step of this analysis of the discontinuation process of the PFI in the UK, the interactions and framing techniques are considered in more detail. Therefore, the function of the actors, the dependencies and the setting of the nested hierarchy is relevant (Aukes, Lulofs, & Bressers, 2017). Independent of which economic considerations determine the framing of the situation, the literal expression and the use of specific language and its effect in the sense of reframing are analyzed. As the focus is also on the symbolic value, documents and statements up until April 2019 are included in view of the ongoing need for investment in public infrastructure and services. Since the preceding analytical steps already address the general development of the discontinuation process extensively, this part focuses on the interactions from 2018 onwards, with flashbacks to illustrate correlations, functions and contexts of the framing techniques employed.

The starting point to investigating interactional processes is the analysis of the framing techniques with respect to the insolvency of Carillion. In an article for the Global Construction Review an expert is quoted for his metaphorical comparison of the company with the behavior of a conglomerate. In addressing the fundamental difficulty of companies specializing on outsourcing contracts, he states that "many conglomerates just churn through contracts and move into areas they don't understand, until their luck runs out." (GCR(1), 2018). The framing of the situation developed in the midst of interaction as the Labour Party calls on the government to explain what due diligence measures were taken before awarding Carillion further contracts worth billions of “taxpayer’s money” (Davies & Stewart, 2018; van Hulst & Yanow, 2014). Framing focusing on irresponsible spending of taxpayers' money was previously used by the Conservative Party to criticize the excessive use of PFI contracts by the Labour Party (Helm & Inman, 2009). The issue frame gives the agenda items meaning and the technique of referring to taxpayer money ensures that a specific consideration is made applicable to the public (Chong & Druckmann, 2007). According to Guardian reports, Jon Trickett is expected to ask which ministers were involved and the Labour party intends to highlight the links between the government and Philip Green, the chairman of Carillion who advised the prime minister on corporate responsibility throughout the process (Davies & Stewart, 2018). By pointing to the Labour party’s reaction, the Guardian employs framing techniques evoking critical views on the government by selecting Labour’s

investigative approach for their story-telling and by elaborating on the potential mismanagement of the government (Dewulf, Gray, Lewicki, Aarts, & Bouwen, 2009).

The NAO report, which concludes on the use and benefits of PFI, acknowledges its informative purpose to the policy process in light of action framing, but interactive framing techniques are apparent (Schön & Rein, 1994). The report states that the overall performance of the initiative has not been quantified and points out that the PAC (2011) and the NAO already highlighted this. Although no clear rhetorical attributions of blame are discernible, the provision of possibly new considerations, that the necessary indications for the need for an overall evaluation were made, is an interactive framing technique in itself (Chong & Druckmann, 2007). Characterization and process frames are used for framing purposes, because it depicts the HMT's evasion of a revision of VfM and shows that HMT ultimately refers to the Green Book and does not reveal any intention of revising its VfM considerations. Summarizing the costs of PFI, the NAO states that 7.7bn pounds are paid annually over the next 25 years. Rather than simply stating the total amount and duration of the payments, this presentation makes the extent of the costs tangible and thus specific considerations accessible (Chong & Druckmann, 2007; NAO, 2018). Also, the former claim of the Labour Party and the interest of some departments to buy back PFIs is addressed (Stewart, 2017). In this sense, considerations become applicable in people's evaluations. This buyback, however, requires significant upfront funding, which was exactly the aspect of the PFI that initially made it attractive, as it always remained an off-balance sheet transaction. In addition, there is the clarification of a similarly critical phase in the evaluation of the PPP regime before its renewal in 2012. After the government expressed concerns that the contracts were too inflexible, costly and opaque, the Chancellor at the time addressed the termination of the initiative. In 2011, HMT decided instead to initiate a call for evidence and to reform and rename the initiative. In 2012, according to the NAO, the idea of transferring PFI debt to the balance sheets of the government was discussed yet rejected (NAO, 2018). The disclosure of the limited changes of PF2 gives meaning to the problem at hand and shapes the issue frame, as well as the understanding of the situation (Dewulf, Gray, Lewicki, Aarts, & Bouwen, 2009).

With the informative findings of the NAO report and the insolvency of Carillion in mind, the effect of the framing was reinforced by the media. Repetition of critical frames and the effectiveness of the framing are thus supported. The mostly informative explanations were made rhetorically applicable for the general public because of the fact that problems which the NAO framed as e.g.

“additional costs and challenges” were presented in the media as “billions of pounds in extra costs for no clear benefit” (NAO, 2018; Mance & Parker, 2018). Previous assessments of e.g. the CHPI were picked up by focusing the framing techniques on “catastrophic waste of taxpayer's money” and “financial time bombs”. This type of fear mongering uses the naming mechanisms via linguistic phrases in order to promote certain characteristics and a specific understanding of the situation (van Hulst & Yanow, 2014). The storytelling of the media points out that the insolvency “shone a bright light on state contracting and outsourcing”. This link also supports the effect of deconstructing the situation into graspable figures like annual financial liabilities. “We need to look at annual payments” (Chu, 2018). This analysis shows that the effect of “making considerations applicable” (Chong & Druckmann, 2007) often follows a connecting strategy. In order to make the understanding of the situation tangible in cases where the necessary systems of frames are not available, the explanation of the overall liabilities is achieved via the proportional value of the payments in the total GDP. In the sense of process framing, a bias is created that PFI are already “politically friendless”, and thus actors who would have had the intention to defend the initiative and adopt the “Oppositionist” position becomes unattractive (Dewulf, Gray, Lewicki, Aarts, & Bouwen, 2009; Bardach, 1976). One could have also framed the insolvency of Carillion in a way, representing the cognitive understanding that it is apparently a sign that it is not that profitable of a venture for companies to enter into PFI contracts after all. The public call for an all-encompassing performance review would also be explicitly taken up by the HOC a few months later, thus underlining the effect of media framing. Another article reveals that a spokesman of HMT allegedly said that HMT does not agree with the NAO report because it did not check the quality of all 700 contracts (BBC, 2018). But it is exactly this lack of a performance analysis which was also criticized by the NAO report. At the same time media reports point out that the basic idea of PPPs is not banished from the beliefs of all political actors. Old statements, for example of Cameron in 2011 (Adams, 2011), are being discussed again to prove that ultimately all previous governments have contributed to the current situation. Generally, the critical frames are increasingly being repeated, fueling the debate over the abolition and termination of PFIs supported by the Labour Party, which finds itself in the “Reformer” position (Bardach, 1976). The PAC hearing demonstrates that the Green Book continues to serve as an explanation for past decisions, stating that “projects should consider a range of financing options, including PF2” (Roxburgh, 2018).

In May 2018, the Global Construction Review concentrates on the criticism of the distribution of profits to private firms and the alienation of money from "cash-starved" public services in a conclusion on the current situation. Second permanent secretary at HMT, Charles Roxburgh is said to have denied that the government will abandon the Initiative altogether. Criticism is not addressed in relation to PFIs but is primarily about the justification of actor's policy-decisions. According to Roxburgh, no new PF2 contract has been concluded since April 2016 and PF2 is only used if VfM exists. He adds "That's a pretty high bar, particularly when there is an awful lot of other public investment going into infrastructure" (GCR(2), 2018). If one considers interaction as the platform for the appropriate interpretation of a situation, it is extraordinary that Roxburgh does not respond to the criticism of the content of the initiative in the sense of the often negatively framed profit problem and tax money problem. This avoids such negative frames and their repetition and reinforcement, which may burden the regime in the future. This kind of passive defense is not unique in the political arena, it simply refers to the non-erroneous work of recent years and addresses the positive prospects for the future: "we think there are some promising projects on the horizon" (GCR(2), 2018). In general, the pronoun "we" is always used in any spokesman's statement, which presupposes an epistemic community with the same opinion. The chief executive of the IPA, Tony Meggs, also stressed that the possibilities of the public sector to design and build itself have improved. This is said to have reduced the value of risk transfer for the public sector and he uses a positively connotated frame of learning. "We have learned a lot along the way" presents the learning mechanisms as neither enforced through criticism from the niche-level, nor by regime-internal grievances, nor by any other external pressure factors (GCR(2), 2018). The framing in relation to the overall situation surrounding PFI is at this point very critical of the use of PFI and any relevant actors. The latter hardly enthusiastically defend the initiative, but rather justify past decisions. The focus is usually on the last couple of years in which not much has happened. The compelling evidence that opposes the initiative no longer necessarily leads to a discussion about the current VfM considerations or risk-sharing arrangements but addresses the destabilized regime and the indispensability of learning lessons.

The report of the HOC, prepared by the PAC in June 2018, is directly addressed at HMT in an interactive form. It attributes the initial gains of PFI to the HMT since it keeps expenditure off the balance sheets and elaborates on the problematic situation, blaming HMT. It acknowledges the public debate on inflexibility of contracts and points out that HMT has no plans to assess the VfM

of PFI. Most of these insights appear to be generated from the NAO report, emphasizing the learning procedures that niche-work can trigger. The effect of the report and public debate becomes particularly apparent in the HOC' disappointment in the little progress that has been generated despite PAC criticism: "The deal is not working for the taxpayer" (PAC, 2018, p. 3). The deprivation of arguments about the alleged benefits and the response to the profit and taxpayer issue frame relates in turn to the findings and thus to the destabilizing effects caused by the framing of the CHPI report a.o.. The HOC' report interprets the limited use of PF2 as a sign for the government having lost its faith in the initiative. Therefore, it demands that the government provides explanation of its position on PFIs (PAC, 2018, p. 3). Furthermore, it is framed as "unacceptable" that the HMT has not provided data representing the benefits of PFI and its provision of VfM. The framing of the relation between the institutions and reference to the expectations of earlier action by HMT stresses conflict in the individual process frames.

In analysis of the context reflexivity of the framing techniques employed, it is discernible that by the time in June 2018, the shock of Carillion's insolvency as well as the critical findings of reports generated on the niche-level, transformed into a coercion for action on the side of HMT and an actor formation in line with Bardach's distinction between "Reformers" and "Oppositionists" emerged.

The abolition of the initiative by Hammond, Chancellor of the exchequer, presents itself for a flashback to reconstruct actor constellations in the past. In his announcement he mentions that he never signed a PFI contract and would not do so in the future (Youtube, 2018). Almost 10 years earlier, George Osborne had already commissioned Hammond, then chief secretary to the Treasury, to explore alternative procurement options to PFI. At that time, the interactive representation of opinions went in the direction of ending a Labour policy (Helm & Inman, 2009). In October 2018, Hammond instrumentalized the abolition of PFI&PF2 for a party-political comparison. He speaks of terminating "another Legacy of Labour", symbolically ending the initiative, but adds as stated in the official policy document on the Budget that existing contracts will remain in place (Davies R. , 2018). A buyback is not considered to be VfM. This versatility of the issue frame of VfM represents the typical political strategy addressed by Chong and Druckmann (2007). VfM is a well-accepted social norm, with which criticism but also political legitimacy of certain policies is justified. However, since Hammond does not exclude the conclusion of future partnership agreements, the question arises as to whether this discontinuation

rather constructs a symbolic termination of the so-called Private Finance Initiative, instrumentalized for the carrying-out of political conflicts between Conservative and Labour governments. In light of the fact that the use of the initiative was already greatly reduced and, in particular, regarding the verbal expression of framing PFI as a legacy of the Labour Party indicates that there is a certain symbolical meaning of the termination.

Before the announcement of terminating the use of the initiative, no alternative was agreed upon. Instead, an open consultation of the Infrastructure Finance Review was convened in 2019. Similar to about 25 years ago, the expertise of the private sector is used in the search for models of public-private cooperation. The framing and criticism seem to differ primarily in their intensity from the situation of 2012, as VfM, risk transfer and efficiency gains are still the main considerations for partnership agreements. In the policy documents following the announcement of October 2018, the framing technique emphasizing the characterization frame of a “learning government” is repeatedly applied (IPA & DfT, 2019; Dewulf, Gray, Lewicki, Aarts, & Bouwen, 2009). Established and successful tools shall serve as a basis for future considerations on PPPs and a Centre of Best Practices shall be established (HMT(7), 2018). Both the Infrastructure Finance Review and the Infrastructure Efficiency Strategy emphasize the importance of continuing to involve the private sector in the provision of public services and to restore market certainty (DfT, 2019; HMT & IPA, 2019). In a speech in April 2019, Matthew Vickerstaff of the IPA states that successful existing projects in cooperation with the private sector have not received sufficient attention and praise (Authority & Vickerstaff, 2019).. Logically, this would have created a different framing of the overall situation, however, this would not have been in line with the compelling evidence on long-term liabilities and additional challenges attached to PFI&PF2. A symbolic statement in his speech sums up, what the analysis on the PPP-regime and the framing of the situation finds as well:

*You can have the best, most well designed governance structure in the world, but really it comes down to the behaviors and culture of the people in the system* (Authority & Vickerstaff, 2019, p. 3)

Vickerstaff points out that the government remains true to its statement that it is not looking for like-for-like replacement and is not aiming for a mere renaming of the policy as it effectively did in 2012. Proposals such as PF3 or those that come too close to the previous model of PFI or PF2 will not be considered as a serious proposal of the consultation (HMT & IPA, 2019). The

fundamental requirements to VfM as set out in the Green Book will be the basis for the assessment of new proposals arising from the consultation, although the strong attachment of HMT to the Green Book has previously been criticized by the NAO for restricting innovations to the VfM assessment (NAO, 2018). It remains to be seen what exactly the consequence of this discontinuation of PFIs will be. There seems to be no final abolition of the general idea of PPPs, yet at least the symbolic termination of the alleged Labour policy appears to have been a relevant step in UK fiscal policy, as well as party politics.

## 6. Conclusion

The results of the MLP analysis point to the stability of the regime and the extended use of the initiative up until the first shock to the regime emerging on the landscape level. The predictability of trajectories within the regime and the gradual adaptations to the regime are the result of well-established linkages between the levels. PFIs were politically promoted and minor deficiencies of the regime were addressed by the dedicated work on the niche level. The financial crisis then led to uncertainty on the PPP-market and the initiative was critically discussed before the 2010 elections. The overarching development of “the Big Society” imposed transparency regulations on the regime and the usage of the initiative remained limited even after the introduction of PF2 in 2012. The disagreement with the execution of previous PFI-projects suggested a substantial reframing of the initiative, however the practices within the regime demonstrated a certain degree of continuity. After the switch to PF2, however, misalignment occurs within the regime, as no further adaptations are made, the influence of the proposals from the niche level remains low. The lack of new adaptations is due to the already reduced use of PF2, leading to a destabilizing development (no demand= no supply= no demand). A key finding of the study is the change from the “substitution route” to the “transformation route”, where the regime becomes unstable due to inconsistency in the reproduction of linkages of the different levels. With limited political support and no significant pipelines for projects, the regime experienced a time of “zero gravity” as it was also resilient to influences from the niche level. Although the OECD concludes that the UK established a well-designed regime, there is criticism from the Office for Budget Responsibility and the niche level regarding practices and procedures within the regime. Contributing to theory, the findings show that windows of opportunity are not only imposed by developments on the landscape level, but that inactivity of the regime in terms of inadaptability creates room for critical reports generated on the niche level CHPI and NAO and in term the accumulation of criticism.

This criticism no longer led to adjustments on the regime level but contributed to the reduced use of the initiative and thus the de-legitimization and de-stabilization of the regime. Additionally, the characteristics of PPP-contracts limit the influence of regime changes on the overall situation, since liabilities and consequences of past decisions remain of protracted nature. While regime adaptation could have contributed to a more conscious and effective use of the initiative, it could not have dismissed the unambiguous annual data on financial commitments, profit payments and unsuccessful contracts. The compulsion to take action due to Carillion's insolvency and the clear criticism of the initiative then led to the termination. Regarding the case of Carillion, the study shows that shocks and pressures on the regime and political actors can derive from the mismanagement within the political arena yet must not be directly connected to the practices of the regime. This points to the limitation of the MLP theory with regard to the difficulty of assigning any event to one of the three levels

A closer look at the framing of economic considerations that played a role in the discontinuation process reveals that economic considerations are usually initiated at the niche level. The renewal of the 2012 model demonstrates the context responsiveness of framing by addressing the previously mentioned considerations of transparency, VfM and risk transfer. At the same time, however, the nested hierarchy and the function of the individual actors determine the framing of a situation. Therefore, the NAO remains primarily within the informative action frame due to its subordinate role. In the years after 2013, in which there were no more considerable adjustments made to the regime, the media and independent thinktanks increasingly determined the economic considerations and the framing of the situation through selecting and naming mechanisms. The focus was on the profits of PFI companies and the dissatisfaction with the VfM aspect. Regarding the storytelling on the situation, it can also be seen that the situation is framed in such a way that it becomes comprehensible for the general public and certain considerations are made applicable. The development of the economic consideration on the VfM aspect is particularly striking. Since the principle is so strongly anchored as criterion for effectiveness in society and the political arena, the framing of VfM changed from an informative character at the beginning, to a frame of critique and is used as justification of political action at the same time. After Carillion's insolvency, the framing of the situation repeatedly concentrates on the aspect of the government's responsibility to the taxpayer and the need to learn the necessary lessons. Generally, the framing of the situation suggests a negative understanding of the situation. Overall the economic considerations influenced



the framing of the situation in the sense that they rationalized the process in the beginning, but later on as the considerations were not addressed and implemented on the appropriate levels, they fueled the criticism and public debate on the situation.

In the analysis of the interactional framing techniques, it turns out that from 2018 onwards the framing of the problem was characterized by accusations and the meaning of investigations to the taxpayer. Predominant framing techniques that influenced the understanding of the situation were the accessibility of new considerations and the applicability of such new considerations to the system of frames in the general public. Rhetorical devices and the simplification and reduction of the subject matter served in the promotion of critical views on the initiative.

In the party-political debate, the Conservative Party continuously criticized the Labour Party for its wasteful use of the initiative and the Labour Party criticized the Conservative Government for its management of the situation in 2018 and its frivolity in the case of carillions. New considerations are made available on the nice level by the NAO and annual data publications. The public debate is then actively formed by the rhetorical framing employed by the media to present the issue in a certain way and attract public attention on specific aspects by emphasizing certain elements and ignoring other. Earlier statements and political debates are re-addressed to make considerations applicable in the evaluations of the public and political actors, pointing to the reminding power of the media. The framing effects of critical views are reinforced by repetition and publications by credible sources (HOC report). In the justifications of political decisions, negatively connotated frames are avoided and reference is made to the legality of previous actions (Green Book). A distinction between "reformers" and "oppositionists" can be made on the basis of the framing techniques applied. The termination is of symbolic value to the political process since it is instrumentalized for party-political purposes. The real meaning of the termination is not quite clear as framing techniques repeatedly point out that governments will learn from experience, but policy documents and the public consultation for follow-up initiatives make it clear that the commitment to future cooperation remains and that market certainty is to be ensured.

In summary, this study supports the theoretical assumption that contextual developments generate a certain responsivity in the regime and in the framing of the situation. The nested hierarchy of the MLP theory is also reflected in the institutional framing of the situation, whereas media reports influence the political debate through selecting and story-telling mechanisms. Another new insight is that there seems to be a certain connecting-strategy in framing that contributes to making

considerations applicable to other people. In most cases, an epistemic community is suggested by pointing to other actors' frames and joining their framing intention. This provides for credibility of the statements. In addition, rhetorical phrases are often used to make facts tangible when the necessary frames are not yet available. Simplification of language and comparison to other things are particularly used in the complex context of PPPs. Finally, it is noticeable that reframing can function in a strategical and symbolical way but can also be enforced by public pressure. The public debate and discussion, as well as policy statements and publications regarding the situation, have established fundamental frames regarding PPPs. This transformed PPPs from a purely administrative consideration to an issue of taxpayers' money, public spending and public sector transparency.

## 7. Discussion

First, it should first be stressed that this is the first study on this case and the discontinuation of a PPP-policy. A number of aspects had to be taken into account before approaching the topic. The necessity of explaining the origin and content of PPPs, the theoretical foundations and analytical tools of the research had as a consequence that the case could not be dealt with in its entirety.

Though the extensive work with the theory was necessary so that it can serve as a useful tool for understanding the case, the scope of the work does not allow to go into many theoretical meanings of the findings. Only a fraction of the documents on the discontinuation process have been included in the work, and some sacrifices have had to be made in the selection process (the appendix provides a more thorough document analysis). This is due in particular to the fact that the work could not build on any previous research, but instead introduced the case in its entirety. Therefore, this work is only a first step to the analysis of the case and more extensive studies should follow.

Although the analysis is meaningful regarding the research interest of the study, the discontinuation of PFI and PF2 in the UK and PPPs in general raise many more questions. For example, the landscape development of the UK leaving the EU and the changing relationship with the EIB were not included in the analysis. The future relationship between the UK and the EU is likely to have an impact on cooperation and investment opportunities in infrastructure and public services. In addition, one question remains largely unresolved, about which this work can only provide initial indications. The question of whether the discontinuation of the PFI policy and the failure of the PPP-regime were simply due to the regime's inability to implement and adapt, or whether it is "bad policy" that needs to be reinvented entirely. The possibility of a model emerging

which omits necessary changes and thus leads to a kind of continuation of the discontinuation is not to be disregarded. As mentioned before, future research in this field will gain other insights through other interpretative approaches and foci, which may contradict the results of this study. Ideally, this work will provide incentives for further scientific studies of specific PPP-regimes in order to contribute to public understanding and sustainable governance of PPPs in the future. With the scientific starting position created, especially with regard to the relevance of MLP theory as a structuring device and the omnipresence of Framing Theory, this work provides a basic understanding of different aspects of the situation in the UK and allows future research to choose a specific approach.

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## 9. Appendix

### Changes in MLP Theory:

Changes are understood to be configurations, constituted by linkages between heterogeneous elements, which result from activities of social groups (Geels F. W., 2002). In the context of the discontinuation of the PFI in the UK, such social groups are quite diverse. The cultural meaning of public services is rather produced in interaction of politics and citizens, whereas infrastructure plans rather result from the societal demands and values. Adding to the complexity of the subject matter are aspects such as market structures or budgetary circumstances. The activities of these social groups are aligned to one another and coordinated (Kemp, Schot, & Hoogma, 1998).

### The initiation of the PPP-regime in the UK:

Due to rules imposing strict conditions for the involvement of the private sector in public affairs, the UK governments were constraint in their ability to use private capital to finance public sector projects prior to 1989. As these rules were withdrawn and the private sector encouraged to propose schemes for privately financed roads, the Chancellor announced in 1992, that the Treasury (HMT) was examining ways to increase the scope for private financing in general. To give a stronger impetus, the Private Finance Panel was established in 1993, composed of senior executives, mainly from the private sector, to encourage greater participation in PFI, promote new ideas and find solutions to the problems that hampered progress (EPEC, 2012).

For clarification, the following is a brief explanation of what constitutes the Private Finance Initiative in their original and rather basic form. In order to reduce the impact of a potentially specific framing and understanding by a certain actor or institution, I refer to the explanation given in the early Value for Money Assessment guidance (2006):

*PFI is an arrangement whereby the public sector contracts to purchase services from the private sector on a long-term basis. Under the contract the private sector needs to construct and maintain infrastructure to deliver the services required. The private party contracting with the public sector will be a special purpose company which will use private finance (mix of equity and limited recourse debt) to fund the up-front construction works.*

*A unitary payment that includes principal and interest payments on the debt and a certain return for the private sector shareholders plus an amount for the services delivered will be paid to the*



*special purpose company. These payments commence after the completion of the construction works and is at risk to the contractor's performance. It will be reduced if services do not meet the agreed standard. The private sector bears cost overrun, delay and service standard risks.*

(HMT(1), 2006, pp. 5-6)

#### →The basic criticism of VfM and the PF2-renewal

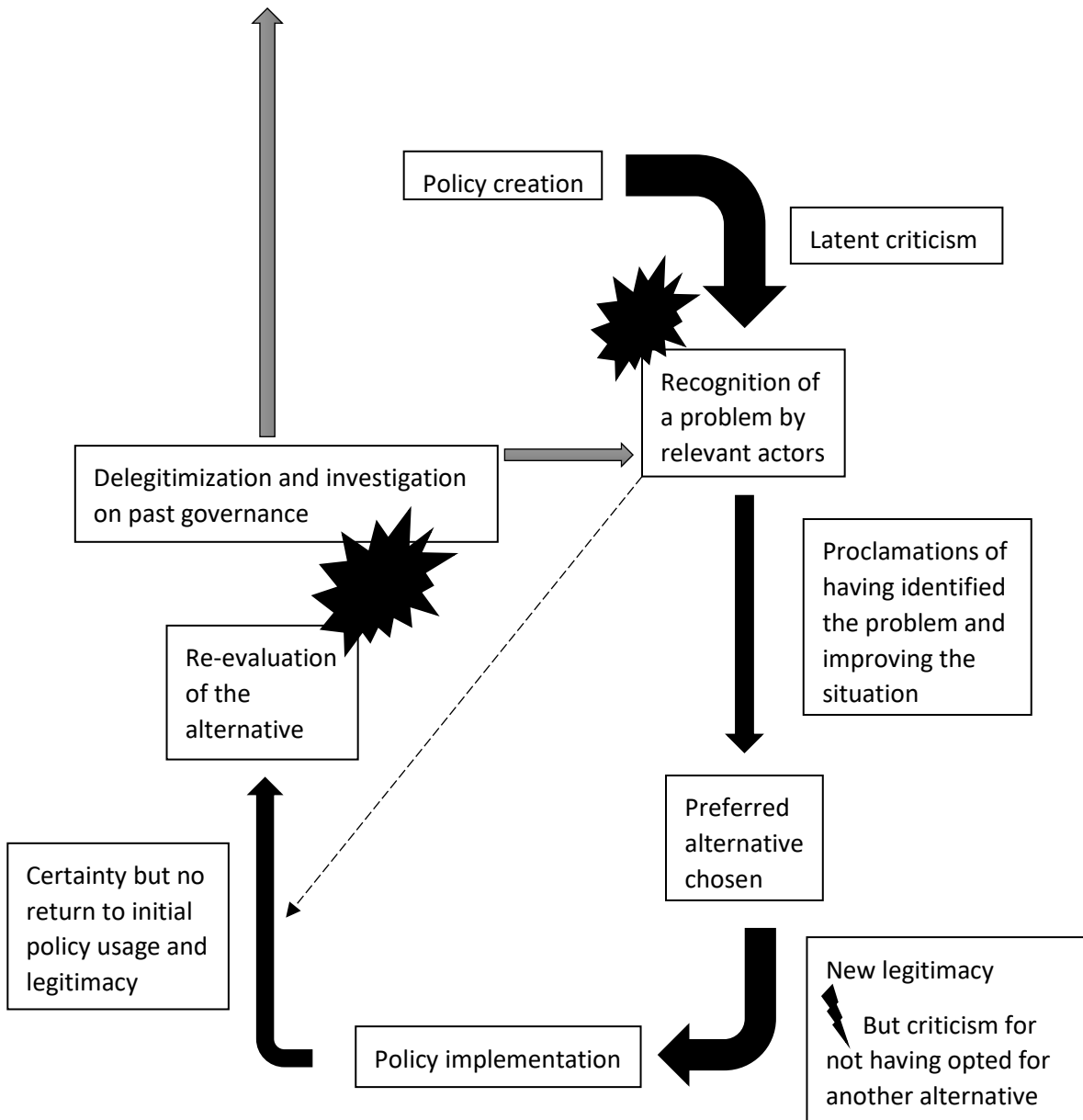
There has been much debate about the public sector alternative and the VfM assessment of PFIs. Although, the new regulations within the standardized PF2 contract enabled the public sector to take on more equity investment in the project, the financing arrangements have not changed under PF2. The debt-to-equity ratios remain in the vicinity of 90% debt to 10% equity. But in line with commitments to transparency, there are annual summary data publications of the initiative, providing official data on the costs and usage of PFI and PF2 (HMT(6), 2016).

#### The key change of the PF2-renewal

Under PF2 the government increased its involvement in projects through the ability of taking minority equity positions in the special purpose companies. This ensured that the government would profit from return on investment in the project. Moreover, the increased involvement coupled with new regulations on transparency of project management was meant to alleviate the information asymmetry between the public and the private parties. The newly established equity unit, Infrastructure UK (IUK), responsible for minority investments of the government, was commissioned to mitigate the risks associated with the government actively investing in projects (HMT(4), 2012).

#### The legal system of the UK:

In the common law system of the UK, legislation and case law influence all principles of risk-allocation and commercial transactions. Interpretation and jurisprudence are based on judicial precedent and there is not a specific PPP law which is applicable to all contracts. This however also implies a certain degree of flexibility within the statutory and common law framework to recognize and permit PPPs (EPEC, 2012).



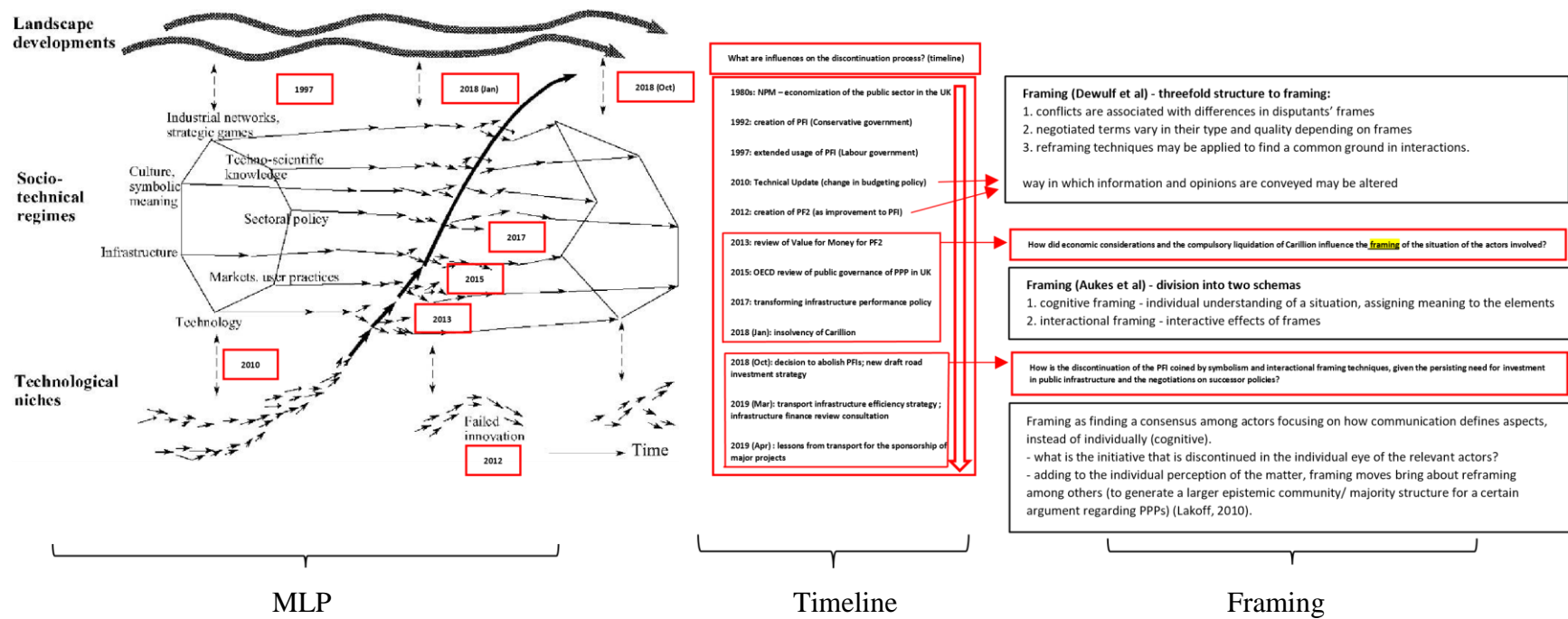
The case of PFI - how de-legitimization of the policy and its governance led to the discontinuation.



Market certainty and usage of private financing



Options in the case of PFI in the UK



Document content analysis	<p><b>TIMELINE</b></p> <p>Starting point to the document analysis of the case shall be the latest VfM and PFI model before the renewal in 2012/13.</p> <p>At first a brief summary of the documents included, and their core content will inform the work before adopting a multi-level perspective and investigating the framing employed in the case</p> <p><b>Value for Money assessment guidance (2006)</b></p> <ul style="list-style-type: none"> <li>-VfM assessment guidance August 2004 (replaced Taskforce technical note 5 for PFI) introduced 3-stage assessment process (updated version retains 3-stage process and the application of both a qualitative and quantitative test during stages 1 and 2)</li> <li>-the guide is to be used by procuring authorities who are considering the use of PFI for procurement</li> <li>- Emphasis in all stages is on evidence, early assessment (bc late changes to a project once procurement has commence erode VfM), sufficient resourcing and planning (procurement needs to be well planned, executed and transparent – authorities must have sufficient capable resources to apply to the procurement) - Guidance now includes strengthened test for soft services and details on factors of operational and financial flexibility, the process for single bidder procurements and consideration of duration caps.</li> </ul> <p><b>Standardization of PFI (2007)</b></p> <p>The three main objectives of the guidance remain unchanged. First, to promote a common understanding of the main risks which are encountered in a standard PFI project; secondly, to allow consistency of approach and pricing across a range of similar projects; and thirdly, to reduce the time and costs of negotiation by enabling all parties concerned to agree a range of areas that can follow a standard approach without extended negotiations.</p> <p><b>Joint ventures guidance (2010)</b></p> <p>The publication sets out a range of approaches which have been developed to address the diverse needs of different public sector bodies</p> <p><b>Technical Update (2010)</b></p> <p>The Government has confirmed it remains committed to Public Private Partnerships (PPP), including those delivered via the Private Finance Initiative (PFI), and that such arrangements will continue to play an important role in delivering Britain's future infrastructure<sup>1</sup>. To strengthen the current regime for PPPs, and increase the confidence of both public and private sector participants in this market, HM Treasury and Infrastructure UK, in coordination with government colleagues, have been focusing on the following areas:</p> <ul style="list-style-type: none"> <li>- changing the way local authority PPPs are supported by central government;</li> <li>- increasing the transparency of our commitments;</li> <li>- reviewing our approach to</li> </ul>	<p>This promotes an understanding of the previous changes that have been made in order to improve the PFI market in the UK</p> <p>-VfM is defined as the optimum combination of whole-of-life costs and quality of the service to meet the requirements. It is not the choice of services based on the lowest cost bid. VfM is a relative concept which requires comparison of potential or actual outcomes of alternative procurement options (Stage 1&amp;2) – comparison with conventional procurement – this requires a high degree of estimation especially where experience and data on similar projects procured under another route is limited. Care must be taken when comparing and benchmarking current situations to historical information.</p> <p>The documents of 2010 are primarily interesting for the adjustments that have been taken. Though, the government is highly committed to the use of private finance, it appears that certain things needed to be improved (criticism already existed (see article below)</p> <p>The main objectives of the guidance remain unchanged and are to:</p> <ul style="list-style-type: none"> <li>- Promote a common understanding of the main risks;</li> <li>- To allow consistency of approach and pricing across a range of similar projects;</li> </ul>
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	<p>project scrutiny and testing value for money; - updating our guidance relating to financing. This note sets out recent changes made and confirms the delivery framework that remains in place going forward.</p> <p><b>EPEC- Framework UK (2012)</b></p> <p>The European PPP Expertise Centre (EPEC) is an initiative involving the European Investment Bank (EIB), the European Commission, Member States of the European Union, Candidate States and certain other States</p> <p>This publication has been prepared to contribute to and stimulate discussions on public-private partnerships (PPPs) as well as to foster the diffusion of best practices in this area.</p> <p><b>15. July 2012 – PFI will ultimately cost 300bn pounds &amp; PFI contracts-the full list &amp; We'll bring a new model PFI, vows Osborne</b></p> <ul style="list-style-type: none"> <li>- repayments on contracts will grow to 10bn pounds a year by 2017-18, say guardian figures, and government is still striking new deals</li> <li>- cost of Britain's controversial private finance initiative will continue to soar for another five years and end up costing taxpayers more than £300bn</li> <li>- Treasury announced a fundamental review of PFI and a search for alternatives initiated by ministers late last year amid concern that too many of the deals represent poor VfM</li> <li>- most of the 717 contracts analyzed were agreed under Labour, but a number have been signed recently and were agreed by the coalition</li> <li>- The Treasury document reveals that 39 further projects were procured in March of 2012, with total capital costs of 5.3bn,</li> <li>- In opposition, Osborne pledged that Conservatives would stop using PFI and denounced Labour for relying on a source of finance that he said was "totally discredited" →we'll bring a new model PFI, vows Osborne (Nov 2009)</li> </ul> <p>→Osborne has instructed Hammond to identify alternative models for involving the privatesector</p> <p><b>Standardization of PF2 (2012)</b></p> <p>On 5 December 2012 the Government published "A New Approach To Public Private Partnerships". This policy document sets out the conclusions of the Government's "Call for Evidence and review of PFI" and introduces a new approach for involving private finance in the delivery of public infrastructure and services. This new approach, called PF2, is the Government's successor to the PFI for the delivery of infrastructure and services through public private partnerships (PPPs). - The Government believes that private sector investment, innovation and skills should continue to play a role in the delivery of public infrastructure and services, whether that be through conventional procurement models or through PPPs. Well-structured PPPs can have particular advantages when</p>	<ul style="list-style-type: none"> <li>- To reduce the time and costs of negotiation by enabling all parties concerned to agree a range of areas that can follow a standard approach without extended negotiations.</li> </ul> <p>Feedback from departments, local authorities, the market and the NAO is that standardisation has been beneficial</p> <ul style="list-style-type: none"> <li>→long term impact of PPP is criticized and the VfM approach</li> <li>→announcement of review (PF2)</li> <li>→PFI is not a party specific initiative</li> <li>→Cameron as critic (as senior minister)</li> <li>→Conservatives criticizing Labour</li> <li>→search for alternative models</li> <li>→call for direct public funding</li> </ul> <p>PF2 takes an important new approach to:</p> <ul style="list-style-type: none"> <li>- the investment of public sector equity in the PPP;</li> <li>- the restriction of scope of Contractor services</li> <li>- the flexible management of soft services</li> <li>- the transparency of operational and financial information on PF2 projects (but without overburdening the resources of the Contractor);</li> <li>- the retention of risks by the Authority where more appropriately managed by the public</li> </ul>
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	<p>used for appropriate projects. They can deliver a built and operational asset to time and budget while at the same time providing innovative solutions and effective risk transfer. - PF2 harnesses the key advantages of PPPs and continues to draw on private finance expertise. Mindful of past concerns surrounding PFI, the PF2 model contains a number of reforms designed to eliminate waste, improve efficiency and align public and private incentives; these will promote a new form of partnership to achieve better provision of infrastructure and services. PF2 also responds to economic conditions in its approach to financing infrastructure.</p> <p><b>Review of Value for Money assessment (2013)</b>  Briefing for the House of Commons Treasury Select Committee - This report has been prepared in response to the Treasury Committee's request that the National Audit Office examine the value for money (VFM) assessment process and model for the Private Finance Initiative (PFI) (Letter to Andrew Tyrie MP Chairman of the Treasury Committee)</p> <p>-The public audit perspective helps Parliament hold government to account and improve public services.</p> <p>Treasury Committee asked the National Audit Office to undertake an analysis of the VFM assessment process and model for PFI. The assessment process combines a quantitative and qualitative approach to VFM appraisal.</p> <p><b>OECD – public governance of PPPs in UK (2015)</b>  The OECD Review of Public Governance of Public-Private Partnerships in the United Kingdom discusses the UK PFI framework according to the 2012 Principles for Public Governance of PPPs. The purpose of this review was to provide a point of departure for a peer-to-peer discussion on the UKs' PFI experiences at the 8th Annual Meeting of Senior PPP Officials on the 23rd of March 2015, in Paris.</p> <p>The overall conclusion is that the UK firmly lives up to the Principles and that the Principles allow a comprehensive assessment of a national PPP program</p> <p><b>13. July 2016 – If you think there is no money for NHS, you would be right – PFI has sucked it dry</b></p> <p>- the NHS has more than 100 PFI hospitals (original costs was 11.5bn, in the end they will cost 80bn)</p> <p>- the total UK PFI debt is over 300bn for projects worth only 55bn (just imagine what could buy for that in a time of supposed austerity – austerity as a political choice rather than a necessity)</p> <p>- It is time for PFI debt to be cancelled out and the introduction of a future policy of financing public infrastructure directly</p> <p><b>PFI&amp;PF2 summary data (2016)</b>  This document gives a summary of the 2016 data on Private Finance Initiative (PFI) and Private Finance 2 (PF2) projects. Data are collected annually by the</p>	<p>- the strengthening of the new PPP structure so as to attract new sources of investment and finance to the market.</p> <p>The VFM quantitative tool did not answer what we believe is the key question, namely, whether the benefits of private finance outweigh the additional cost of private finance above government borrowing. The Treasury does not agree this is the correct comparison</p> <p>→Green book is said to advantage PFI</p> <p>→call for more intelligent use of models</p> <p>→OECD presents the institutional framework of PFI in the UK as highly developed and criteria-matching</p> <p>→pointing to the difference between the worth and costs of projects</p> <p>PPPs have even been exported globally including to Iraq and Libya → PFI as a non-partisan policy</p> <p>→context of NHS reinstatement bill</p> <p>→NHS as one of the dominant users of PFI</p>
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	<p>Infrastructure and Projects Authority on behalf of HM Treasury and are provided by the central government departments and devolved administrations who have procured or sponsored the projects. Data are not audited by HM Treasury. This document details projects as at 31 March 2016.</p> <p><b>CHPI report (2017)</b></p> <p>This report looks at how much profit has been generated by the private companies owning and operating NHS hospitals and other facilities under the Private Finance Initiative over the past 6 years, and the impact of this on NHS finances at a time of severe funding shortfalls.<sup>i</sup> It identifies for the first time the amount of taxpayers' money which has been transferred to the profits of PFI companies.</p> <p><b>Jan/Feb.2017 – UK Infrastructure: Still suffering from a PFI hangover</b></p> <ul style="list-style-type: none"> <li>- UK gov. is expected to announce a new pipeline of PPP projects that could offer opportunities for savvy investors in both debt and equity</li> <li>- the key observation from our sector analysis was that PFI is often viewed as representing poor VfM for the taxpayer.</li> <li>- A key inhibitor to the deployment of PF2 is a hangover from PFI, which received widespread criticism from the government, National Audit Office, and the national and local press</li> <li>- conducted primary research on the top articles referencing PFI to assess the extent of reputational risk from existing investments – negative press as an indicator (98% of Google News articles were negative; 24 mentioned the equity provider whereas only 4 mentioned the debt provider) – This suggests that debt providers are less exposed to reputational risk</li> <li>-research from Monitor, the sector regulator for health services in England, found that having a PFI scheme was correlated with better financial performance →not a strong link between PFIs and financial stress in the NHS</li> <li>- the announcement in the autumn statement that the government will publish a new pipeline of PF2 projects in early 2017 gives a positive indication that the National Infrastructure Commission (NIC) independent advisory body to the government, is supportive of deploying PF2 to deliver social and econ. Infrastructure</li> </ul> <p><b>26. Sept. 2017 – Labour pledge to bring PFI contracts in-house alarms business leaders</b></p> <ul style="list-style-type: none"> <li>- Collision of CBI and shadow chancellor</li> <li>- Britain's business groups have reacted with alarm to a pledge by John McDonnell, to bring billions of pounds' worth of PFI projects and their staff back under government control <ul style="list-style-type: none"> <li>– Labour propositions including large-scale nationalisations and tax rises for business</li> </ul> </li> </ul>	<p>Data on PFI and PF2 projects have been published by HM Treasury for a number of years and it remains an important part of the government's commitment to greater transparency in public spending.</p> <p>→this document will inform the work with diagrams on PFI usage – quantitative facts to validate findings</p> <p>→specific notion of taxpayer to profit payments</p> <p>The PFI companies which hold the NHS hospital contracts have made £831 m in pre-tax profit over the past 6 years</p> <p>→call for buying out contracts, recoup profits, re-negotiate terms, fund publicly</p> <p>→new pipeline of PPP</p> <p>→PFI as most debated sector within infra market</p> <p>→reduced usage of PF2</p> <p>→hangover from PFI</p> <p>→negative press analysis</p> <p>→positive press, sparks the discussion about actual problematic of PFI</p> <p>→creating market certainty</p> <p>recent announcements imply a renewed desire to use PF2 as funding mechanism</p> <p>→creating market uncertainty</p> <p>→CBI alarms against criticism</p>
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	<p>- future Labour gov. would compensate shareholders in PFI companies by swapping their shares for government bonds. “</p> <p>- the shadow chancellor said the next Labour gov. under Jeremy Corbyn would have to “rescue our country from long years of austerity” – he paid tribute to the Wilson gov. and the boost to public sector investment delivered by Blair and Gordon Brown</p> <p><b>Transforming Infrastructure Performance (2017)</b></p> <p>The Infrastructure and Projects Authority will publish the National Infrastructure and Construction Pipeline, which sets out around £600 billion of public and private infrastructure investment over the next 10 years and the country’s infrastructure delivery record since 2010 including the delivery of more than 4,500 projects</p> <p><b>What went wrong at Carillion (2018)</b></p> <p>This article addresses the issue of companies relying on outsourcing contracts</p> <p><b>15. Jan. 2018 – Labour demands answers on “high-risk” Carillion contracts</b></p> <p>- Labour has called on the gov. to explain why it awarded contracts to Carillion even after it became clear the company was in financial distress</p> <p>- how did Carillion get into trouble = companies like Carillion have to keep projects on budget and keep winning contracts. When one of those fail, problems loom</p> <p>- Carillion has a 580m pension scheme deficit. If it collapses the government-backed Pension Protection Fund would take over the scheme, although the liability would swell to 800m</p> <p>- A week after the profit warning on 10 July, a joint venture between Carillion, its construction rival Kier and the French Eiffage won a 1.4bn contract – the day after that on July 18, Carillion won a 158m contract from the ministry of defence at 233 military facilities. A second profit warning in September was followed 5 weeks later by the award from Network Rail to electrify the London-to-Corby rail line.</p> <p><b>NAO – PFI&amp;PF2 (2018)</b></p> <p>This briefing presents information on: the rationale, costs and benefits of the Private Finance Initiative (PFI) (Part One); the use and impact of PFI, and ability to make savings from operational contracts (Part Two); and the introduction of PF2 (Part Three). We present information on the programme as a whole and do not seek to form a view on the model or individual projects. This briefing was prepared prior to the announcement on 15 January 2018 that the construction company Carillion was in liquidation</p> <p>Each year HM Treasury publishes data on every PFI and PF2 project, including the capital value and future unitary charges.<sup>13</sup> However, most private finance debt is off-balance sheet for National Accounts purposes.<sup>14</sup> This results in short-term incentives for the government and public bodies to use private finance procurement →PFI increases departments’ budget flexibility and spending power in the short term as no upfront capital outlay is required</p>	<p>→state intervention and taking back control</p> <p>→party-political conflict around PFI</p> <p>→Carillion as an accident waiting to happen?</p> <p>- The construction and outsourcing group issued the first of 3 warnings about its financial health in July, in an update that sent its share price tumbling and forced its chief executive to step down</p> <p>→Carillion shocked the market by writing down its value by 845m in July, all related to key contracts – 2 more profit warnings followed and the company admitted it needed cash immediately to avoid breach of bank loan terms</p> <p>→Questions about procedure of handling Carillion</p> <p>- A week afterwards the company put out a third profit warning – winning a schools building contract 3 days later →interim chief executive said “the award shows that we continue to retain the confidence of key customers despite the group’s current challenges”</p> <p>PF2 is similar to PFI The fundamentals of the financing structure and contract remain the same. - Increased transparency Data on forecast and actual PF2 equity returns will be published for all PF2 deals. However this does not apply to other non-PF2 PPP deals, and data on the cost of debt is not</p>
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	<p>Overall performance of PFI has not been quantified: The Committee of Public Accounts has previously highlighted the lack of data available to assess the actual efficiency of PFI</p> <p><b>18. Jan. 2018 – UK finance watchdog exposes lost PFI billions &amp; What are PFI, will they really cost the taxpayer 200bn pounds and is it finally time to get rid of them? &amp; PFI deals costing taxpayers billions</b></p> <p>1. -Britain has incurred billions of pounds in extra costs for no clear benefit by using the PFI to build much of its infrastructure, the National Audit Office has said</p> <p>2. - The UK's spending watchdog, the National Audit Office (NAO), released a <u>new report</u> on Thursday which highlights a lack of evidence that <u>Private Finance Initiatives</u> (PFIs) offer value for money for taxpayers.</p> <p>- It follows the collapse of the construction and services firm <u>Carillion</u> earlier this week, which has shone a bright spotlight on state contracting and outsourcing.</p> <p>- According to the latest Treasury <u>data</u> there are 716 projects (of which 686 are operational) with a capital value of just under £60bn. (PFI and PF2 projects – 2016 summary data)</p> <p>- as the NAO states in its report, PF2 is essentially the same as its predecessor in all important respects</p> <p>3. - A report suggests a group of schools cost 40% more to build and a hospital 70% more to construct than if they were financed by government borrowing. The <u>National Audit Office report</u> identifies costs and benefits of PFI. The Treasury said it only approved PFI contracts that were value for money.</p> <p>→NAO report fueling public debate with data and renewed criticism which does not even incorporate the Carillion problematic</p> <p><b>24. Jan. 2018 – PFI has been a failure – and Carillion is the tip of the iceberg</b></p> <p>- The UK's second largest construction business had a network of PFI contracts, worth billions, providing essential public services across government departments, which are now left exposed by its collapse</p> <p>- Effectively, all governments since 1992 contributed to the expansion of PFI, culminating in its rebrand as PF2 under Cameron's leadership in 2012.</p> <p>- The transfer of risk is so essential to PFI schemes that virtually no scheme is seen as less costly. Public agencies ultimately remain responsible for the delivery of public services. In failed schemes, it is the taxpayer that ends up picking up the tab</p> <p>- It demands a rethink of the way gov. outsources services. Arguments of gaining expertise and efficiency savings could still be paid for within the public sector.</p> <p><b>17. Feb. 2018 – The great PFI heist: The real story of how Britain's economy has been left high&amp; dry by a doomed economic philosophy</b></p> <p>-Yet even in the throes of this PFI and outsourcing crisis, public-private Partnerships (PPP) are far from dead and buried.</p>	<p>published. - Budgetary and balance sheet incentives remain</p> <p>→latest Treasury data (PFI and PF2 projects 2016 summary)</p> <p>- Carillion was a significant holder of PFI contracts. The firm's most recent annual report shows that it received around £253m in 2016 from various UK public private partnerships, <u>mainly made up of PFIs</u> →PFI as politically friendless?!</p> <p>- The report also identified other reasons for higher costs at PFIs including insurance, fees for external advisors, fees for arranging borrowing and the cost of producing and auditing accounts.</p> <p>crisis tightens its grip on the NHS, two urgently needed hospitals were supposed to be constructed by Carillion and now await state rescue</p> <p>- There is no clear evidence that it is the only route through which public assets can be maintained to a high and acceptable standard. At the time of the rebrand, the Treasury found and reviewed evidence that budgetary and accounting incentives also cause</p>
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	<p>-The argument went that Labour had inherited public services in such a diabolical state of neglect that there was no alternative to the private financing of whole swathes of infrastructure.</p> <p><b>Public Accounts Committee hearing (2018)</b></p> <p>During the hearing a number of requests for additional information were made</p> <p>You requested more details on the government's expectation of future PF2 projects, by number and value, for the next year and beyond</p> <p>Green book guidance states that all projects should consider a range of financing options, including PF2</p> <p><b>House of Commons Report (2018)</b></p> <p>It is unacceptable that after more than 25 years the Treasury still has no data on benefits to show whether the PFI model provides value for money. PF2 is fundamentally the same model as PFI, with some improvements around the transparency of returns to equity investors. Treasury claims that PFI and PF2 provide a range of benefits</p> <p>Some private investors have made large returns from PFI deals, suggesting that departments are overpaying for transferring the risks of projects to the private sector, one of the Treasury's stated benefits of PFI</p> <p>The Treasury and IPA are not doing enough to identify or address the impact of individual PFI projects on local budgets</p> <p>Treasury and IPA should set out more clearly the nature and level of risk they consider appropriate to transfer to the private sector in PF2 projects, and outline a clearer view of how it expects public bodies to use PF2</p> <p><b>Global Construction Review (2018)</b></p> <p>inquiry comes amid deepening public criticism of PFI, which has been blamed for handing huge profits to private-sector owners of the PFI deals and diverting funds from cash-starved public services</p> <p><b>9. July 2018 – Carillion collapse exposed government outsourcing flaws – report</b></p> <ul style="list-style-type: none"> <li>- the house of commons public administration and constitutional affairs committee found that there are fundamental flaws in the way the government awards contracts</li> <li>- The committee also found that the government has had to renegotiate more than £120m of contracts since the beginning of 2016 to ensure public services would continue because they were initially outsourced too cheaply.</li> <li>- The UK spends around 250bn a year and outsourcing and contracting (around 13% of GDP). That is not wildly different than other countries (Germany, Denmark)</li> </ul> <p><b>29. Oct. 2018 – Hammond abolishes PFI contracts for new infrastructure projects</b></p>	<p>public bodies to choose the PFI route, even if it did not offer superior benefits</p> <p>→discussions on alternative uses of PPP</p> <p>-All in all, fundamental questions are finally being asked about the nature of PFI contracts. Indeed, the National Audit Office has recommended that the Government should have the power to cancel contracts which are not providing value for money.</p> <p>Clifton-Brown MP requested details of the Treasury's role in the termination of PFI and PF2 contracts.</p> <p>→no in principle objection to termination and all contracts</p> <p>→IPA and Treasury should by April 2019 publish the results of their work in collecting data on the benefits of PFI</p> <p>→Treasury should calculate the returns to originating PFI equity investors and use the info to inform pricing for future projects</p> <p>→Treasury should publish how it monitors the impact of PFI at local level</p> <p>→discussion of abolition and potential follow ups (since there has been neither a defence of PF2 nor a plan to abandon the method altogether</p> <p>- Jenkins (Conservative MP who chairs the committee) urged ministers to learn lessons from the demise of Carillion, which was one of the biggest corporate collapses in years)</p>
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	<p>- Controversial PFI and PF2 contract, under which private companies provide public services and infrastructure, are to be abolished in the wake of the collapse of construction firm Carillion</p> <p>- The Treasury said the existing PPP model – where private firms take on the risk of delivering projects in exchange for payments from the state over several decades – were “inflexible and overly complex”</p> <p>- A new centre for best practice will be set up within the Department of Health and Social Care to ensure good management of remaining PFI and PF2s, the Chancellor said.</p> <p>- the private sector is still seen as vital for the delivery of public infrastructure and services</p> <p><b>UK ditches PFI (2018)</b></p> <p>Hammond used his national Budget yesterday to abolish use of the Private Finance Initiative (PFI), and its successor PF2, to fund roads, hospitals and other infrastructure</p> <p>→ concerns about government having to go further and adopt the Labour perspective of buying back contracts</p> <p><b>Draft Road Investment Strategy (2018)</b></p> <p>Proposition that Highways England should expand its work with the sector through RP2 to address these challenges, in conjunction with the private sector.</p> <p><b>Budget (2018)</b></p> <p>Official policy paper stating that government will no longer use PF2 but will honour existing contracts</p> <p>PFI and PF2 have also been criticised by the Public Accounts Committee for their inflexibility, whilst the Office for Budget Responsibility has identified private finance initiatives as a fiscal risk to government</p> <p>PF2 was previously considered for the A303 and Lower Thames Crossing roads projects. The government is still committed to pursuing these projects, subject to scrutiny of the relevant business cases which are still in development.</p> <p><b>Deloitte – PFI no more (2018)</b></p> <p>Pointing to the situation in the NHS now after the abolition of PF2, and the idea that investment cannot be delivered through public funding alone</p> <p>Puts the decision of termination into perspective, since the models have not really been used much anymore. And pointing out that the government remains committed to PPPs as long as they provide VfM</p> <p><b>Infrastructure Finance Review (2019)</b></p> <p>government remains firmly committed to supporting private investment in infrastructure. As this document sets out, government supports private investment</p>	<p>→ questions arising about the ideology of privatization</p> <p>→ instrumentalization of abolition and party political conflict</p> <p>existing contracts under the PFI and PF2 system will be honoured but no new ones will be signed. Labour has previously indicated it would go further by <u>taking some contracts back under state control</u>.</p> <p>→ one-off abolition, but not really a surprise</p> <p>→ right away questions arise on how the Centre of Best Practice is supposed to work</p> <p>→ questions arise whether there will be a similar replacement</p> <p>Rather than a dramatic departure, Hammond instead made official what had become de facto policy. Since PFI's peak in 2007, when more than 60 new deals were signed, its use has dropped steeply, with the last two signed off in 2016</p> <p>→ costs of compensation stand against the idea of terminating existing contracts (VfM reasoning)</p> <p>→ policy paper suggests that government has listened to concerns</p> <p>→ the model of financing is said to not be the deciding factor for their realization</p> <p>There are a myriad of potential solutions, and it will require a combination of traditional and innovative approaches to ensure Estates play their part in the transformation of the NHS</p> <p>→ shift of focus towards VfM again?</p>
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	<p>through a variety of tools, and the UK infrastructure finance market has huge strengths, attracting investment from around the world.</p> <p>Launching of open consultation process – reviewing the market, future challenges and the role of government in ensuring that viable projects can raise private investments.</p> <p>This review looks to the long-term, and will inform both the 2019 Spending Review and the National Infrastructure Strategy. The review is being led by HM Treasury, working with the Infrastructure and Projects Authority. It will be supported by an expert panel.</p> <p>Any ideas presented to this review will be assessed according to the value for money guidance in the Green Book and the standards set out in Managing Public Money. Those demonstrating the same characteristics as PFI or PF2 will not be considered.</p> <p><b>Infrastructure Efficiency Strategy (2019)</b>  <b>Lessons for sponsorship of major projects (2019)</b>  <b>Best practice in benchmarking (2019)</b></p> <p><b>Creating market certainty (2019)</b>  Speech by Matthew Vicerstaff of the Infrastructure and Projects Authority – recognizing the need for market certainty in order for strategic investment to continue.  →addressing the termination of PF2, the consultation and review and the future of the market, promoting a rather positive attitude towards the issue</p>	<p>→leaving the EU becomes a factor, since the relationship with the EIB will change</p> <p>→interested parties should engage, for interesting discussions.  → Government will not be seeking a like-for-like replacement for these models. The government is open to exploring new ways to use private finance in government projects, but the benefits brought by private finance must outweigh the additional cost to the taxpayer of using private capital, and the government will not consider proposals demonstrating the same characteristics as PFI or PF2.</p> <p>→relevant documents, demonstrating a development in the market, however, they are not yet relevant (content-wise) for the future PPP market</p> <p>Market certainty as an interesting topic and is essential to encouraging strategic investment in infrastructure</p>
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