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ACCOUNTING AND GOVERNANCE COMPLEXITIES IN PUBLIC PRIVATE JOINT VENTURES: A UK HEALTH SECTOR CASE STUDY

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ABSTRACT

PURPOSE – Accounting, scrutiny and oversight of Public Private Partnerships (PPP) remain areas of concern. This paper contributes to addressing these concerns by examining the financial accountability and governance issues that are created in PPP joint venture structures.

DESIGN/METHODOLOGY/APPROACH –The empirical work focuses on the health sector, which is identified as one of the sectors inundated by PPP activities. We adopt a case study approach in relation to two PPP schemes under the Local Improvement Finance Trust (LIFT) scheme in the UK's health sector. We investigate the extent to which the corporate structures of the LIFT scheme complicate financial accountability and governance including external scrutiny; and the extent to which the LIFT scheme enhances partnership working.

FINDINGS – Firstly, the corporate structure of the LIFT scheme is very complicated and therefore the joint venture mechanism cannot be relied upon to deliver transparency of reporting. Secondly, there is lack of continuity of public sector oversight and monitoring as the public sector, in practice, restricts its activities to pre-operational phase and limited oversight after construction phases. Thirdly, while partnership working is very difficult in the context of profit seeking under the LIFT structure, partnership working and success of the LIFT scheme may depend on trust and key personalities working together as well as leadership.

RESEARCH IMPLICATIONS – The reporting undermines public accountability as it is necessarily restricted.

ORIGINALITY/VALUE - Policy makers should pay attention to not only the private sector technologies but also the manner in which they are used to benefit finance capital.

KEYWORDS: Accountability, Corporate Governance, Public Private Partnerships, Joint Venture Partnerships, NHS LIFT