



Next steps

Priorities for improving public services

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The UK's economic prosperity depends on both a competitive and dynamic economy and on strong and effective public services. Global competition requires continuous improvements from the key sectors in our economy – which includes public services – if we are to maintain the strong economic performance of recent years.

We are in times of rapid change. But increased international competition does not have to make public services unaffordable. It does mean that to stand still is not an option. Globalisation and technology are changing the way we live, work, learn and consume. The standards we expect and the prices we are prepared to pay are increasingly informed by the power of the consumer.

There is no reason why we should accept that services our taxes pay for collectively are ever of a lower quality than those we can purchase individually. Whatever model of delivery is used, quality of provision and equality of access should go hand in hand. Our public services cannot be museum pieces from the 1950s, '60s or '70s – they must change to provide the right helping hand for everyone who wants to succeed in the modern world.

Transformation and continuous improvement is essential for the success of public services and central to their mission in delivering universal, high-quality services. Business – as a service user, a funder and a provider of services – has a vital contribution to make to this process. The model we argue for is to use the best provider available. This will mean a stronger role for the private and voluntary sectors, which have already done much to challenge existing providers – often for the first time – and allow competition to drive change. That is to be welcomed: too many parts of our public services are modelled on an early 20th century vision of state monopoly and municipalism that, if appropriate once, is not today.

We would never accept a monopoly, state or otherwise, in the provision of the most basic of necessities – food or housing – so why should we accept one for health, education or municipal

services? Choice and personalisation must become the norm, and increasingly that will be achieved through consumer-led market mechanisms.

This is not a demand for privatisation. But once the government has decided which services are to be funded from the taxes we pay, it has a duty to ensure the best possible provider, regardless of sector, delivers them. Increasingly, the decisions on who provides them and how they are provided must rest on the views of citizens.

Markets are not an alternative to the principle of equity in service provision. They enable it. Schools and hospitals can still be paid for out of taxation and delivered free at the point of need while markets for provision, management or services ensure the best possible service is provided. Effectively managed markets no more threaten equity than private companies supplying school books, nurses' uniforms or police cars.

We recognise markets in public services need to be managed – there can't be competing accident and emergency departments, for example. But there should be an opportunity for new managers to improve services and deliver more to the public.

The government cannot retreat from its essential task: to decide what services are to be provided and to be accountable to the electorate for those decisions. If a contractor fails to deliver, it should pay the price. Service providers that excel should be properly rewarded. But if the government fails to specify the outcomes it wants, politicians should be held accountable if people don't get what they need.

These principles drive our campaign for reform. They are not dependent on any political outlook and apply to leaders in Westminster as they do to those in devolved administrations. We challenge all who lead or seek to lead political parties to back them and engage in the debate on how best they are delivered.

Our challenge is a clear one.

Our challenge is clear. Politicians can respond to voters by driving ahead with effective, efficient, transformational reform, or they can bow to pressure from special interest groups by only tinkering at the edges. The first path will be difficult: change can be daunting. The second path is simply a dead end.

This is our case. Now we need to hear where others stand.



Richard Lambert, CBI Director-General

Kevin Beeston, Chairman CBI Public Services Strategy Board

'Make a commitment' to:

1. Champion the delivery of services that focus on citizens' needs
2. Tackle social injustice by letting the best provider provide
3. Make sure staff are fully involved in reform
4. Reduce waste through better management and sharing services
5. Focus on service quality – not only cost
6. Create the next generation of PPPs
7. Treat all providers fairly
8. Ensure procurement supports environmental and social objectives
9. Promote the success of the UK PPP model abroad

Champion the delivery of services that focus on citizens' needs

People are demanding ever more from the providers of public services: 62% want current reforms to be faster.¹ And they want reform to give them more control – only 16% say they do not want to be involved in service design.² The challenge for public services is how best to respond to those demands.

We can answer this challenge through a more personalised model of public services. The public wants a say in the way services change, and the Future Services Network – a coalition of the CBI, the National Consumer Council and ACEVO³ – supports that desire. Putting empowered citizens at the heart of public service reform is a prerequisite for successful services.⁴ We know that the benefits of all sectors can be harnessed to meet complex demands for tailored services. The Local Government White Paper has already put this at the heart of its vision for the future of services controlled by local authorities.⁵ Often, the private and voluntary sectors are well positioned to deliver better services because of their experience and understanding of people's needs. Both sectors have the ability to deliver choice and satisfaction to citizens and communities. We are letting down the public if we do not use them to the full. Private sector providers are already responding to the challenge:

➤ **In local government**, a private company provides landscaping and street cleaning services in Woking. In response to citizens' concerns it introduced multi-skilled service teams, where performance is measured through a quarterly survey: overall customer satisfaction has increased from 65% to 80%. The same provider delivers similar services in Breckland, where residents are given disposable cameras to identify 'grot spots', which are then dealt with swiftly by the contractor. These are simple ideas, but it took new thinking from a contracted provider to implement them.

➤ **In prisons**, one private operator is working with third-sector partners to pool their expertise to help ex-offenders into work and integrate back into society. It holds a resettlement fair, which offers ex-offenders services such as assistance with organising accommodation and employment advice to improve their chances of returning to a normal life. Between April 2005 and March 2006, 763 offenders were released with employment, training or education places secured and 1,567 offenders were provided with accommodation – well ahead of Home Office targets.

➤ **In healthcare**, a partnership in West Lincolnshire is introducing a nurse-led disease management programme for chronic kidney disease. GPs refer patients to the private sector provider, which then manages their care using a team of renal nurses, dieticians and social workers. Two thirds of patients whose renal functions had been deteriorating before referral saw a reduction in the rate of decline or an improvement in renal function after just five months in the programme. The programme also led to a reduction in inpatient admissions and outpatient attendance at hospital. The partnership has improved services for patients by focusing on the importance of early detection and management of chronic disease. Simple changes and an innovative management approach are creating real value for citizens.



Commitment:

Promote services that listen to people's needs and responds to them – and challenge services that do not.

The public service ethos is about promoting equality of opportunity for all citizens. Public services are meant to be universal and support the aspirations of all, but those most in need of support often cannot access them. One-size-fits-all services struggle to react effectively to people's differing needs and do not provide the tailored, timely services that are needed by the wide range of households in Britain today. Diversity of provision will drive a culture of continuous improvement and harness new technology to build more responsive public services.

The public is open to this idea. A CBI/YouGov poll in September 2006 found that almost 60% of people surveyed had no problem with private sector companies providing public services, as long as they were of high quality and free at the point of use.⁶ Harnessing such providers through competition can deliver on social justice goals by giving choice to users and encouraging innovation and continuous improvement. For example, independent providers are already:

- ▶ **Improving living environments for local people.** One company delivers social housing management services in Edinburgh. In 2002, the council was experiencing problems within one area of the city. It suffers from social and economic deprivation, and a combination of low incomes and standards of educational achievement, with high crime rates and unemployment compared to other parts of the city. The social housing service that was being delivered did not meet people's needs. After the private provider won the contract to run services, the quality of life for residents was enhanced through consistent improvements to the neighbourhood. One local resident said of an environmental clear-up: "65 tonnes of rubbish was removed... they cut all the hedges and removed graffiti. It was fantastic."
- ▶ **Helping people back to work.** Another provider delivers employment services to the long-term unemployed in some of Britain's most disadvantaged communities through an Employment Zones contract. So far it has helped more than 76,000 people back to work, of whom 80% stayed in work for longer than twelve months.⁷ Success is linked to developing an outcomes-focused contract, which incentivises staff and jobseekers through a tailored recruitment pathway, using different management strategies and real financial incentives for staff.

- ▶ **Getting young people off to the best start in life.** In education, just over half of children leave school without English and maths at C grade, the benchmark for competence in the three Rs. This is unacceptable and blights young people's employment and life opportunities. To challenge this, in 1999 the management of nine failing LEAs identified by OFSTED was outsourced. The private sector providers appointed turned around performance to the extent that the proportion of pupils gaining five or more GCSE A*-C grades increased by more than three times the national average from 2000-2005. In the London Borough of Islington the partnership established in April 2000 saw the borough's 5+ A*-C GCSE results increase significantly from 26.5% in 2000 to 47% in 2006.⁸ Yet this valuable programme has been allowed to stall, with partnerships reserved for a few areas, and good practice not being spread.
- ▶ **Improving access to health services.** A lack of GPs is a particular problem in many deprived urban areas. To address this, Primary Care Trusts (PCTs) have used outside providers to supply healthcare in such areas. In East London, Barking and Dagenham PCT has signed a deal with a private provider to run a 7,000-patient GP practice and a 100-patient-a-day walk-in centre, targeted at areas of particular need. Other boroughs have followed suit. In Tower Hamlets, the PCT commissioned one firm to provide a walk-in centre offering local residents easy access to primary healthcare services without an appointment. Since it opened, surveys show 97% of patients have found the care provided to be good or excellent. The provider has exceeded contractual requirements by having a GP present in the centre at all times, rather than the hours specified in the contract. It has also established links with other local services, such as ambulance and A&E, which help ensure patients receive the most efficient and appropriate treatment.



Commitment:

Social equity should be the goal of reform, with all providers harnessed to achieve it.

People are central to public service performance – citizens' experiences are shaped by the caring nurse, the inspiring teacher and the friendly support worker. Their needs will be met by employees who are well trained, well managed and properly rewarded. So good employment practice is vital for delivering improvements in public services.

If reforms are to be a success, staff must also be fully behind them. Informing and involving employees is vital to reduce uncertainty and unease about change that is often inevitable. Staff should be shown the development opportunities that will be open to them as a result of change. Involving staff in changes to services motivates them and focuses minds on the question: 'what can I do to improve things?' Good providers recognise:

- **Better training and development boosts productivity and the wellbeing of staff.** It is crucial for improving quality. The London Borough of Barking and Dagenham's private partner delivers council housing repairs across the borough. In the first year of the contract, most key performance indicators were consistently surpassed – with some targets for the fourth year achieved within the first two years. The success of the partnership can be attributed to the process of choosing a contractor which maintained employment terms and conditions. According to one employee under the new management, the "doors have been opened for promotion". The firm has enhanced workforce skills through education, training and an apprenticeship scheme, which have improved employee relations and lowered absence levels.

- **Change gives staff more opportunities to transform how services are run.** A private firm runs housing management in Shoreditch. Since taking over it has made changes that have seen major service improvements – vacant properties are reoccupied in fewer than five weeks, rent collection is at 100%, telephone answering is above 90% and correspondence is always answered within target timescales. Previously, only 75% of correspondence was turned around in time and only 35% of telephone calls were answered. These results are supported by the improved attitude the firm has fostered among staff, through restructuring teams to focus more on customers. New performance appraisals, individual development plans, and improved communications with staff are simple strategies that deliver positive results.

- **Managing absence more effectively ensures better services.** CBI research shows that public sector absence is 30% higher than in the private sector,⁹ costing the public sector £1.1bn more than if it reached the lower absence levels of the private sector. £1.1bn equates to the entire budget for the probation service.¹⁰ One private provider delivering call centre services in Birmingham gives team managers extra training to help manage absence. It has implemented policies such as return-to-work interviews, systematic reporting, attendance bonuses and effective communication between management and staff – plus good performance management systems – all of which are important to motivate employees and prevent unauthorised absences. This has helped reduce sickness absence of staff from 10% to 6% and significantly reduced annual staff turnover from 45% to below 30%.



Commitment:

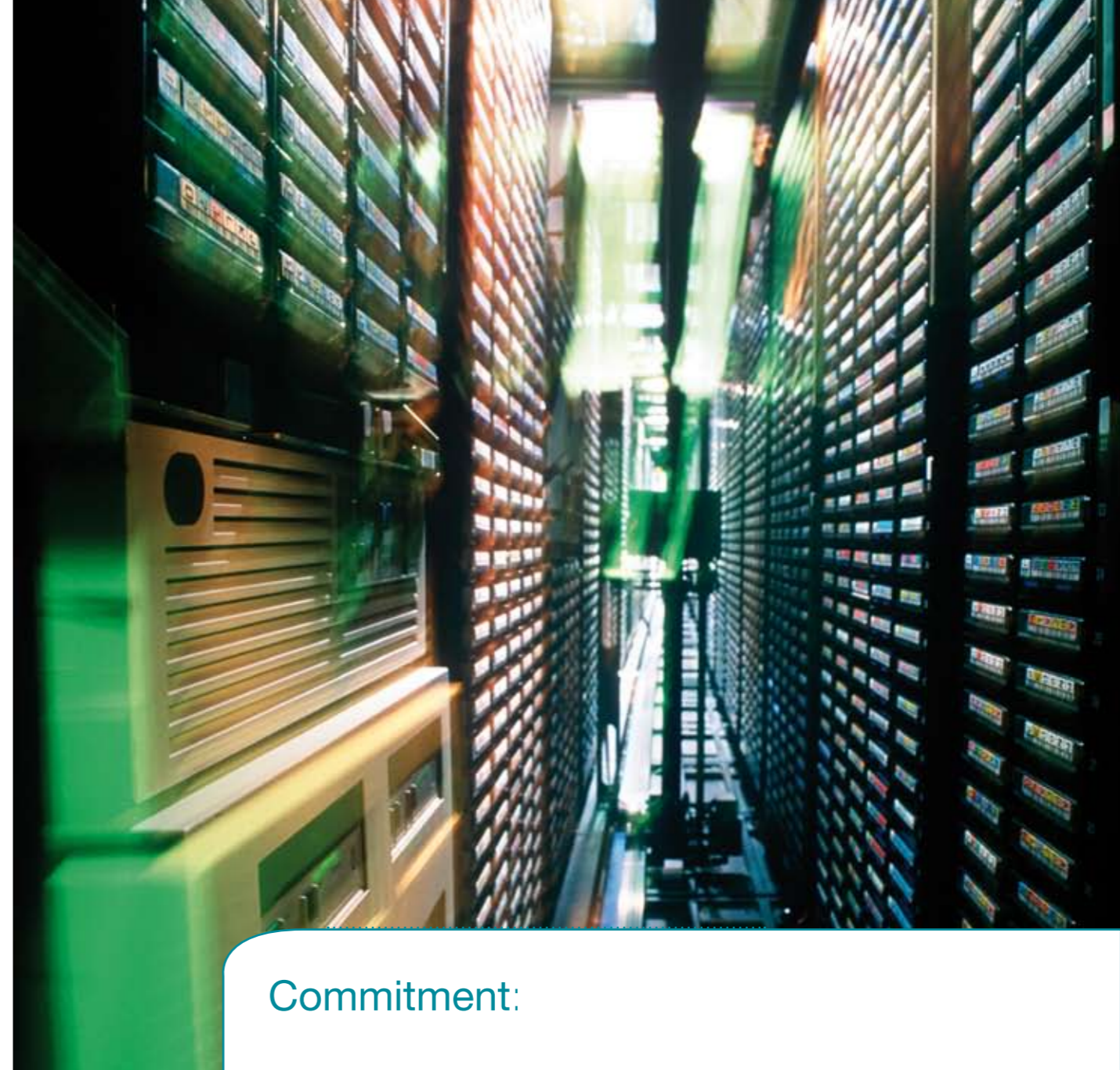
Acknowledge the importance of engaging staff in reform and make the case for change.

Efficiency is at the heart of public service reform. Given resource constraints, achieving higher productivity and value for money is crucial. Public services must be efficient if they are to deliver effectively and gain the confidence of users, while giving taxpayers real value for money and, as Sir Peter Gershon outlined in his review, “...making the best use of the resources available.”¹¹ Using new approaches to streamline human resources (HR), finance or transactional services across and between departments is one way to improve performance and free up resources for front-line services. Shared services have the potential to deliver savings to the UK taxpayer of an estimated £560m over the next two years, if adopted by central government departments alone.¹²

Such developments should be part of a comprehensive programme of improving management in the public services by increasing the accountability of senior managers for service improvement, developing better management information flows to support decision making, and improving people management.¹³ Improving skills in finance, commissioning, procurement and programme management is central to the development agenda within all public services. Publishing the findings from departmental capability reviews (DCRs) is a good way of highlighting problems, but the response to the challenges laid down by DCRs should also be open to public scrutiny. Waste can be reduced by:

➤ **Managing information to improve decision making.** Public service leaders need financial and qualitative information that can be used to improve performance at every level. It is common practice in many businesses. One leading high street bank places a high priority on management information systems to provide senior executives with effective data on a series of key performance indicators, with which they can make decisions on a daily basis. Constructing and running data systems should have a clear sense of the information needed and should avoid overburdening staff with data collection.¹⁴ Better decision making can lead to significant productivity gains.

- **Public authorities harnessing technology.** In local government, some authorities are leading the way through better management. Wye Borough Council has used Business Process Re-engineering ‘systems thinking’ to improve the performance of its benefits claims service, reducing the time for a claim from 52 days to seven days. In policing, Northamptonshire Police has used Automated Number Plate Recognition to improve its rate of wanted vehicle identification by 800%. In police forces across the UK, over 50% of all police identity parades are now conducted by video – saving 65% of uniformed staff time.
- **Sharing services puts money into frontline services.** In 2005, the Department of Health and a private provider formed a 50:50 joint venture company, NHS Shared Business Services (NHS SBS), in an attempt to save trusts over £224m by introducing new shared finance and accounting systems. Individual trusts join the scheme and the provider supplies new systems and change management assistance. The systems introduce real-time financial accounting to trusts for the first time, giving them better information with which to take operational decisions. Estimates suggest that by 2009/10, NHS Shared Service Centres will save £35m a year in HR services and £60-75m a year in financial services.¹⁵ The HR savings alone would pay for at least 1,500 more nurses.



Commitment:

Improve the management of performance in public services through better data, decision making and sharing services.

Bids for public service delivery must provide taxpayers with value for money, but this does not necessarily mean opting for the cheapest tender. It is all about the best option for the long term. The focus must remain on quality. Services must be strategically commissioned from providers that meet people’s needs. Through a focus on outcomes, commissioners can generate innovative solutions. It is innovation that gives nurses more scope for treating people at home; teachers more time to run school clubs; and job centre staff more time to focus on difficult cases.

Too much of the political debate over public services has focused on the amount of money going into services, rather than the results it achieves. But there is an equivalent debate to be had on what we have got for that money. Central government spending departments and local government all face tighter budgetary constraints set by the Comprehensive Spending Review. The danger is that authorities will focus on cost and ignore the importance of maintaining value for money and quality of service. To achieve quality outcomes:

▶ **Competitive supply markets must be managed by skilled professional staff.** They will need expertise in project management, contract management, market management and model design.¹⁶ Procurement and commercial skills are essential and lead to positive partnership relations with providers. Commissioners need the skills to be able to work with providers so they can base services on what is suitable for the people who will be using them. In Rhondda Cynon Taff for instance, the local authority worked with an independent fostering agency to replace the council’s children’s home provision with intensively supported foster care. By engaging early with providers the council made an informed choice on what is best for children and young people. This saved the local authority £1.2m over a three-year period.

▶ **Know what you want to achieve before you procure.** Clarity in what public authorities want to achieve is essential to ensure effective commissioning and avoid procurement delays. The average cost of delay on a health PFI scheme is 1% of capital cost, amounting to £2.45m over each deal and total losses of £98m over the health PFI programme.¹⁷ Delays must be addressed: they are an inexcusable waste of taxpayer resources. This can be done through mechanisms such as payment by results and penalties for delays or over-running on cost.

▶ **In all central government departments and large public bodies, commercial directorates should ensure that procurement and delivery are joined up.** The Department for Education and Skills, the Department of Health, the Department of Work and Pensions, Transport for London and the National Offender Management Service at the Home Office have all taken this step. There is no reason why it should not be replicated. Costs will be recovered through performance improvements. At a local level, the model for development is Leeds City Council’s PFI team, which ensures the experience from each procurement informs future deals.¹⁸

▶ **Project specifications should be closely aligned with outcomes.** In Cheshire, one private security firm worked with the local police authority to deliver three custody centres and introduce an innovative approach to the transportation of offenders. Using a system deployed by a major UK supermarket chain, it developed software to map the location of arrests and then maximise how transport was used in response. The provider was able to reduce the pick-up time on arrests from 30 to ten minutes in key areas through equipping vans with a satellite navigation system. This approach enables arresting officers to return to the beat sooner. At one point, the provider invested some of the efficiency gain from the project, so the client absorbed no extra cost.



Commitment:
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Support the development of professional commercial teams that will focus on services based on best value, not lowest cost.

Since the first public private partnerships (PPPs) began to emerge in the 1990s, providers and government have together improved outcomes in a range of ways. Partnership is simply a recognition that to achieve the aims we all share for public services – quality, efficiency, personalisation – the best of all sectors has to be harnessed. None of this should be seen as privatisation. Partnerships can be innovative joint ventures – like the school support vehicle in Surrey that has led to 91% school satisfaction with services – using providers who can improve the end-to-end service, and capital and service programmes like the Private Finance Initiative (PFI).

New models are still developing. Consortia between private and voluntary sector providers are forming in many areas to unite the strengths of the two sectors. New PFI contracts are designed to be more flexible, so that facilities like the three-school learning community, built and managed by one provider in Telford, become real hubs for the community. A lot of experience has been built up among suppliers and commissioners, and many teething problems ironed out. The model can continue to develop, to better share risks and deliver more joined-up services. This a UK success story and the CBI believes:

➤ **Wide-ranging PPP models are bringing innovation to the delivery of public services.** New models of PPP are being developed – such as incremental partnering, or private-voluntary partnerships. Co-operation between different sectors brings together skills and ideas in designing services and developing better services for the end-user. One company is part of a private-voluntary consortium providing support to local authorities in developing children’s centres. The children’s centre programme is designed to be delivered in a way that takes advantage of the public, private and voluntary sectors’ collective expertise. Another private provider has been working with a charity to deliver a door-to-door recycling programme in Northern Ireland. The partnership has been successful in expanding the scheme across the region, and now covers up to 170,000 homes – one third of the Northern Ireland housing stock.

- **Contracting for complexity needs to evolve.** Many lessons have been learnt from the initial wave of PPPs. One is the management of risk for the most effective service outcome – in future this will mean developing PPP models that are more tolerant of uncertainty. The PFI contract for the West Middlesex Hospital includes a clause allowing for up to six additional wards to be provided or bed numbers to be reduced, to deal with the uncertainties of providing a health service over the 35-year period of the contract.
- **The success of PFI should be built on.** The PFI model has achieved large improvements in the delivery of capital projects, generating efficiency, value for money and better services. Traditional procurement of major projects has been the subject of cost overruns of up to 300-400%, whereas 89% of PFI projects have been delivered on time or early. PFI prisons were completed on time and on budget, saving the taxpayer up to £260m between 1991 and 2002.¹⁹ HMP Bridgend and HMP Altcourse are good examples of this. For the Bridgend contract, the private consortium’s bid cost £50m less than that of a similar public sector scheme.²⁰ Quality of service was also considered in the bidding phase. In the case of Altcourse, the contract went to the bidder which came first in quality evaluations – a private sector consortium. It opened five months ahead of schedule, reducing the need to house prisoners in police cells. There are currently more than 500 PFI projects operational of the 794 deals signed so far. PFI is delivering 185 new or refurbished health facilities, 230 new and refurbished schools and 43 new transport projects.



Commitment:

Continue the development of PPP models, building on success to date.

Many private, voluntary and social enterprise sector organisations are already helping improve a wide range of services for UK citizens. They bring new skills and approaches to providing first-class public services. This practice is growing as markets continue to develop, but a level playing field is required to make the most of this new wave of provision.

The CBI is committed to fair and open markets in all sectors. We support the principle of competitive neutrality: this is about creating a framework of processes and safeguards which ensure that the most innovative, efficient and reputable provider should have the greatest chance of winning a contract to provide a public service. Too often, this is not the case. Without action, providers will be discouraged from entering or remaining in the market, thereby removing the benefits of competition and reducing the likelihood of achieving better value for money.

The Department of Work and Pensions has already undertaken a review of how it manages markets with this in mind. We need to build on this initiative across all government departments. Developing a single competitive neutrality framework is imperative to sustain the new markets the public sector will increasingly rely on. The CBI believes:

➤ **Markets that are managed in a fair and transparent way build provider confidence.** An example of how good market management made a difference in the prisons sector was the Home Office’s creation of the Office for Contracted Prisons, separating the commissioning and provision functions of the Prison Service. Prior to this initiative, private providers had publicly registered concern about a conflict between the role of the Prison Service as a purchaser and its role as a competitor. By creating the Office for Contracted Prisons as the independent market manager, the Home Office improved providers’ confidence in the market. This encouraged private, voluntary and social enterprise providers to invest more in developing custodial services, driving up standards.²¹

➤ **Removing market barriers encourages new providers to enter the market.** It can also act as an incentive for providers to innovate and become more efficient than their competitors. Where barriers persist, innovation suffers. In the case of leisure services provision, tax rules are distorting the market. Leisure trusts – a form of social enterprise – are entitled to 80% relief on national non-domestic rates, with discretionary relief possible on the other 20%. For private sector providers, any relief on business rates is entirely discretionary. One study of a borough north of London found that VAT and business rate relief accounted for almost 90% of the savings offered to the local authority by the leisure trust in bidding for services.²² This does little to promote competition.

➤ **Anti-competitive practice damages citizen’s interests.** In Scotland, the Executive has signed a protocol that allows in-house teams to submit a late bid on PFI contracts once they have viewed the submissions from other providers. Guidance on this issue always stresses the importance of avoiding a conflict of interest, but has little to say on the inherent unfairness of this kind of sequential competition. Where providers know that their best offer will be open to review and there is a possibility of the business model that they have invested in being copied, the impetus to include high levels of innovation in bids is much reduced. Citizens will not applaud politicians who fail to create the right conditions for changes in services to happen.



Commitment:
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Treat all providers fairly through a clear policy framework that promotes fair competition.

UK public spending through procurement is around £150bn a year. The government is rightly concerned that its spending supports its goals of diversity, environmental sustainability and innovation. In March 2007, the Office of Government Commerce published the UK Government Sustainable Procurement Action Plan, which outlined specific guidance to help procurers take forward social and environmental issues. This is a step forward in raising the standards of procurement practice.

The CBI supports this approach, but for it to work effectively suppliers need to know from an early stage what the sustainability criteria are, how they will be assessed, and the weighting of different factors. Contracts need to be well designed and focused on outcomes and not processes – too many still demand specific processes which have little impact on the overall outcome. Many providers from the private sector already go beyond legislative requirements in taking action on environmental and social issues. We believe:

➤ **Embracing diversity and inclusion helps personalise services.** The private provider working in partnership to run the Docklands Light Railway (DLR) has taken measures to address equality and inclusion issues in the boroughs the DLR serves. Levels of crime and deprivation are high, with many low-income families living in high-density housing. The areas have large black and minority ethnic communities – in one borough 102 different languages are spoken. The provider serves this diverse community in a number of innovative ways. It commissioned research to identify ways of improving access to the DLR – feedback from residents suggested lower fares, better security, better station environments and information about job opportunities. As a result, the provider installed live CCTV on trains, introduced patrol officers on the network, and introduced DLR-only travel tickets for local residents allowing short and flexible journeys. The provider also invested £1.5m to launch a Community Skills and Recruitment Centre in conjunction with a charity, which published a guide listing free courses reachable by DLR to help improve local residents' skills.

- **Well-managed procurement can deliver greener services.** The Ministry of Defence's facilities management team worked with a private sector consortium to rebuild offices in a way that made environmental sustainability a design priority. A specialist on sustainability was employed to advise and audit the works. Measures adopted included: recycling the demolition material by incorporating it in the new building works; using natural materials from proven sustainable sources in construction deploying intelligent low energy light fittings; and on-site cycle and pedestrian routes linked to the local transport infrastructure.²³ Such improvements can be harnessed where environmental concerns are mainstreamed in procurement.
- **Good procurement can drive innovation.** While the government has supported the importance of public procurement as a stimulus for innovation, the extent to which there has been any impact in practice remains a serious concern. Findings from the CBI/QinetiQ innovation survey showed that "Current procurement practices not only fail to foster business innovation, but also fail to allow government to maximise long-term value from its investments."²⁴ Sixty-nine percent of respondents said that government skills were a major problem. Developing better commissioning and procurement so that contracts can better encourage and reward innovation will be a key part of supporting the UK's economic wellbeing over coming decades.



Commitment:

Develop procurement practice that promotes environmental and social objectives but makes clear the requirements placed on contractors.

The UK has been a pioneer in the development of public private partnerships (PPPs) in public services across the world. They have proved to be a cost-efficient way of funding major projects and service innovations, generating significant reform and improvement across a range of sectors. Many countries are designing and developing PPP projects based on the UK model, and those thinking about PPPs are looking to UK experience to help advise and develop their own models. There are real opportunities for UK public service companies to develop markets in other countries.

Some countries are still in the early stages of using PPPs and are focusing on infrastructure and building projects, while others are at the stage of creating PPP units similar to the one within HM Treasury. The UK still leads the world in PPPs, and with interest growing around the world a strong export market for UK skills is developing. These firms are generating income for the UK economy, which is converted into revenue that is ploughed into public services. But there is a need for a continued push from the government, which should help UK companies build on their position as world leaders in this field by taking on a stronger support role through UK Trade and Investment and other bodies. Business is already engaging in new markets abroad:

➤ **In custodial services**, the UK model for privately managed custodial services is already being exported – one UK provider is delivering electronic monitoring systems in Israel, managing seven juvenile facilities in the US, and working in partnership with the Ministry of Justice in The Netherlands to provide custodial services through managing prison and detention centres. In the same sector, another provider is successfully running the Mangaung Correction Centre, Bloemfontein – the first PPP/PFI prison in South Africa – as well as the first PFI prison in Australia.

- **In defence services**, one provider is building on its experience of the Joint Service Command and Staff College in Wiltshire and expanding overseas. To date it has delivered military training centres in Australia and Germany, and is part of a consortium selected as a preferred bidder to build and operate a military training academy in Oman.
- **In the healthcare sector**, one UK provider which holds a number of PFI contracts has been contracted to design, construct, maintain and finance Canada's first two PPP hospitals. It also provides a range of infrastructure, building, road maintenance, facilities management and PPP expertise in other countries.
- **In welfare to work**, one provider already delivers programmes in Israel and Poland. Providers are also acting as consultants with a number of governments on their welfare and business support programmes.
- **Across international public service markets**, consultancy and professional services firms are increasingly central in helping deals reach financial close. Several consultancies regularly work overseas with public sector purchasers, service providers who are bidding for PPP services and financing organisations active in PPP markets. One UK technical consultancy now advises procurers, bidders and lenders on PPP projects around the world – most recently in Jamaica, Greece and Kuwait.



Commitment:

Promote the UK PPP model abroad and work with businesses in developing public services markets overseas.

What is the CBI's Public Services Strategy Board?

Formed in 2002, the Public Services Strategy Board (PSSB) leads the CBI's campaigning work on public service reform. As a funder, user and provider of public services, business is keen to influence the ongoing debate of public service reform and shape policy development in this area. Our campaign seeks to increase awareness and understanding of the contribution business is making to one of the most pressing public policy issues facing the UK today.

The PSSB is made up of CBI member companies which are involved in the design and delivery of a wide range of public services and support functions.

CBI Public Services Strategy Board – transforming public services

The CBI Public Services Strategy Board promotes quality and value in public services through competition and choice.

For more information about its work, visit:
www.cbi.org.uk/publicservices



Footnotes

- 1 CBI/YouGov opinion poll, September 2006
- 2 CBI/YouGov opinion poll, September 2006
- 3 The Association of Chief Executives of Voluntary Organisations
- 4 *Future Services Network: Statement of Principles*, CBI/ACEVO/NCC
- 5 *Strong and prosperous communities*, The Local Government White Paper, DCLG, October 2006
- 6 CBI/YouGov opinion poll, September 2006
- 7 The results of the provider survey conducted in Plymouth, 2005
- 8 *The business of education improvement*, CBI, 2005 and contact with provider, 2007
- 9 *CBI/AXA Absence and labour turnover survey 2007*, CBI, May 2007
- 10 *Departmental Report 2004-2005*, Home Office
- 11 *Releasing resources to the front line*, Sir Peter Gershon, July 2004
- 12 *Transformation through shared services: improving quality, increasing efficiency*, CBI, 2006
- 13 *CSR 2007: Improving public service management*, CBI, October 2006
- 14 *ibid*
- 15 *Service Transformation: A better service for citizens and businesses, a better deal for the taxpayer*, Sir David Varney, HMT, December 2006
- 16 *Improving delivery: Realising best practice in procurement and contract management*, CBI, November 2006
- 17 *Buying the best for the NHS: Ensuring Smarter Capital Procurement*, CBI, April 2006
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