

Press Release

Competition is key to achieving better value for money from public services

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Opening up public service monopolies to competition and innovation can cut costs by 20%, according to new analysis.

A review of 200 government and academic studies spanning 30 years, 12 countries and five sectors shows savings can even be as high as 30-40%. The report finds that value for money in public services is driven by innovation and smarter ways of working.

The new Competitive Edge study, from the Serco Institute, reviews the financial savings achieved when monopoly services in five sectors - defence, prisons, local government, waste management and health - were exposed to competition, or the prospect of competition.

The report concludes that the key to value for money lies at the competitive edge. It argues that competition gives permission to public service managers to innovate, and provides them with a mandate and an incentive to implement change.

“The benefits come because of the process of competition, no matter if it’s the state or an independent organisation that is ultimately chosen to deliver the service,” said Gary L Sturgess, executive director of the Serco Institute. “Competition brings new ideas, new ways of working and better ways of managing people and our analysis shows that brings very significant financial savings.

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“Around the world, people are demanding better public services and governments are trying to find ways of meeting that at time when costs are spiralling. Unleashing innovation through competition is the way to go.

“If front line service managers are to be liberated from red tape, and at the same time challenged to enhance the productivity of public resources, then much greater attention must be paid to how the public service economy is structured.”

Ends

Competitive Edge is available today on www.serco.com/institute. For more information/ to arrange interviews contact Dominic Cheetham, Corporate Communications Director, on 020 8334 4334.

About the Serco Institute: The Institute is the only UK think tank dedicated exclusively to the study of competition and contracting in public services. It undertakes primary and secondary research into the tools of competition and contracting, and the development of sustainable public service markets.

About Serco: Serco is an international service company which combines commercial know-how with a deep public service ethos. We improve services by managing people, processes, technology and assets more effectively. We advise policy makers, design innovative solutions, integrate systems and - most of all - deliver to the public.

About Gary Sturgess: Gary Sturgess has been actively involved in the reform of public services for twenty years. As Cabinet Secretary in the New South Wales state government from 1988, he was involved in pioneering work on public private partnerships. He joined Serco Group plc as a non-executive director in 1993, and took over the leadership of the Serco Institute in 2003.

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