Our Mutual Friends

Making the Case for Public Service Mutuals

A Mutuals Taskforce Briefing Paper

CONTENTS

FOREWORD

The Mutuals Taskforce was appointed by the Minister for the Cabinet Office, with the backing of the Prime Minister and Deputy Prime Minister, in February 2011. The key role of the Taskforce is to engage with, challenge and promote the work of Government to support the creation and development of Public Service Mutuals. To do this, the Taskforce's membership includes people with experience and expertise in the mutual field, such as mutual practitioners Donna Fallows of Evolve YP, Stephen Kelly from Cabinet Office, Patrick Lewis of the John Lewis Partnership and Jo Pritchard of Central Surrey Health; members of organisations representing the key forms that spin outs from the public sector take, including Patrick Burns from the Employee Ownership Association, Peter Holbrook from Social Enterprise UK, Ed Mayo from Cooperatives UK and Rachel Wolf of the New Schools Network; and last, and in many ways least, academics Professor Peter Marsh from the University of Sheffield (Vice Chair) and me from the London School of Economics (Chair).

The public service mutuals agenda is broad, but the initial focus of the Taskforce is on employee-led spin outs from the public sector. The forerunners of this work have been the Right to Request and subsequently the Right to Provide developed and implemented by the Department of Health, as well as the Social Work Practice pilots set up by the Department of Education. I was deeply involved with the latter, having chaired the Departmental Working Group that set them up; inspired by the experience of employee-owned John Lewis in this country and of the co-operative experiments abroad, I have long been interested in the idea of private sector mutuals, but it was the experience of working with the fledgling social work practices that convinced me that this was an idea that had potential for transforming the wider public sector as well. So I was very pleased when Cabinet Office Minister Francis Maude, himself deeply committed to the idea, invited me to chair the Taskforce intended to promote the Government's policy in this area.

However, to those unfamiliar with the mutuals idea, the Government's and Taskforce members' enthusiasm for the agenda is worth further explication. This paper is directed to them, as well as to those who simply have a general interest in mutual forms of organisation. It draws together the academic evidence that exists on the performance of employee-led organisations in both public and private sectors. It cannot claim to be a comprehensive review of that evidence. However, we hope the paper provides a useful stock-take and goes some way to explaining why the Taskforce believes that public service mutuals with a high degree of employee control have the potential to transform public services – both for those who work in them and for those who use them.

Julian Le Grand, Chair of Mutuals Taskforce

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This paper was a collective effort. Julian Le Grand did most of the drafting. Helpful comments, references and other contributions came from Ed Mayo, Peter Marsh, Stephen Kelly, Nita Clarke, and other members of the Mutuals Taskforce and Cabinet Office. Useful comments were received from Dennis Simpson.

EXECUTIVE SUMMARY

The aim of the Mutuals Taskforce is to engage with, challenge and promote the work of Government to support the creation and development of Public Service Mutuals. To demonstrate the importance of this task, this paper reviews some of the national and international evidence relating to the performance of organisations with a high degree of employee control – in both the public and private sectors.

The strongest evidence suggests that these organisations:

- Have lower absenteeism and staff turnover than non-employee-owned organisations.
- Pay higher wages on average. They also have lower production costs and (generally) higher productivity.
- Deliver greater customer satisfaction.
- Are innovative, profitable and resilient to changes in the economic climate.

The paper concludes that there is a significant body of reliable evidence suggesting that well-designed mutualisation in the public services has the potential for yielding considerable benefits in a wide variety of contexts. Such mutuals could be directly beneficial for their employees, with higher well-being, lower staff turnover and absenteeism than their competitors, and for the users of the service they provide, offering a higher quality service with superior customer satisfaction. The mutuals concerned could also be more innovative, more efficient, more productive and more resilient to turbulence. However, it is also recognised that employee control or ownership is not suitable or desirable in every respect and at all times. Nor are these organisations the answer to everything. Nevertheless, the potential for a transformation of public services through the development of public service mutuals is considerable – and one that the Mutuals Taskforce is determined to realise.

INTRODUCTION

Two years ago a group of social workers in Staffordshire decided to develop an entirely new and innovative way of providing services to looked after children. They sought greater autonomy, so they could be truly responsive to the needs of the young people they served; they looked for renewed professional motivation; and they wanted real ownership over their work, combined with greater responsibility and accountability. Having worked for many years as part of the local authority, they decided to 'spin out' and set up a new employee-led mutual – a 'social work practice' that they called *Evolve YP*.

Over the past 24 months *Evolve YP* has gone from strength to strength. Currently 15 staff work in the Practice, consisting of 5 social workers, 4 personal advisers, 2 project workers and 2 office staff. The mutual is a social enterprise operating on a not-for-profit basis under contract to Staffordshire County Council. The organisation supports more than 170 children and young people aged between 12 and 25 years old.

Leaving the local authority to become a mutual has led to significant changes in the way the social workers approach their work, including innovations in the service provided. For example: Decisions being made closer to the young people reduces the time spent chasing authorisation from management. This approach encourages creativity and promotes good practice. Evolve YP is now sharing their experience and expertise by participating in the Mutuals Taskforce.

Public service mutuals such as Evolve YP involve frontline staff taking a real stake in the ownership and governance of the organisations within which they work. These innovative organisations are at the centre of the Government's reforms to public services, with the aim of bringing about a transformation in the lives both of those who use and rely upon public services, and of those who provide and work in them.

As with other public service reforms, implementation will take a number of years. The new mutuals will take time to develop and mature. With the encouragement of the Cabinet Office, 21 'pathfinder' public service mutuals have 'spun out' or are in the process of doing so; and the Mutuals Taskforce is working with these to identify the opportunities they are creating, and the challenges they are facing, and will report back on this in due course.

But it is not necessary to wait for the full maturity of the policy before examining the case that mutuals have the *potential* to transform public services. For there is both theory and evidence, in both private and public sectors, that can illuminate the issue. Drawing this together is the task of this paper.

The term ‘mutual’ itself may not familiar to all, so the paper begins with a discussion of definitions. It then summarises the theory and some of the current evidence concerning the experience of mutuals. There is a brief conclusion.

DEFINITIONS

The language of mutualism encapsulates a rich tradition of principles and values. At the outset it is important to set out and clarify the way in which these ideas are deployed with reference to public service reform.

A public service mutual is an organisation which has left the public sector 'parent body' (also known as ‘spinning out’) but continues to deliver public services. Mutuals are organisations in which employee control plays a significant role in their operation.

There are a wide variety of models and types of ‘mutuals’. Mutuals can vary in terms of:

- Their **legal form**. Mutuals can be registered as any of a wide variety of legal forms, including Community Interest Companies, companies limited by shares or guarantee, and Industrial and Provident Societies.
- Their **business model**. Mutuals may be for profit, not-for-profit or social enterprise businesses. They may begin as fully fledged independent organisations, or start as bodies working towards independence from a parent organisation. In either case, mutuals will always require a business plan and model.
- Their **membership/stakeholders and investors**. Mutuals have stakeholders and/or members instead of, or in addition to, external shareholders or investors. These may be comprised of employees, community groups, service users or some combination of these. Mutuals can be also be formed by any of these groups of stakeholder members coming together with external investors, for example, from trade or financial sectors to form a Joint Venture, and/or with government.

There is room for mutuals of all kinds with this varied picture of organisational forms, business models and membership set-ups. However, the initial (although not exclusive) focus of the Taskforce has been on mutuals with a substantial degree of employee engagement and control, and consequently these are the principal interest of this paper.

THEORY AND EVIDENCE

Employee ownership and employee control are ways of creating greater employee engagement in the provision of public services. Hence the case of employee ownership and control depends in large part on the justifications put forward for employee engagement.

Of these justifications, there are two kinds. One is *intrinsic* to the employees themselves: that is, greater employee engagement in the delivery of public services is desirable because of the positive impact it has on the employees. The other is that employee engagement is *instrumental* in improving service delivery: that is, greater employee engagement is an instrument for achieving a better service, with more satisfied users, lower costs and greater productivity in service delivery.

There is a considerable volume of evidence supporting the existence of both kinds of benefit from employee engagement. That evidence is briefly summarised below. It was sourced from a number of syntheses of the available academic and practical research undertaken in the last decade, including Kruse (2002), Burns (2006), Reeves (2007), Macleod & Clarke (2008), Kuler & colleagues (2010), Kruse & colleagues (2010), Lampel & colleagues (2010), and Matrix Evidence (2010).

Organisations that have been this subject of research fall into a number of categories:

- public sector spin-outs in the UK, adopting a range organisational forms; and
- private sector businesses in the US and UK with either:
    i. a degree of employee ownership; and/or
    ii. a high degree of employee engagement in the running of the business.

The evidence reviewed varied significantly in scope, methods and approach. A number of studies set out the theoretical basis for improved organisational performance through employee ownership and engagement; others used a variety of empirical methods to examine the evidence base for mutuals. The review contains examples of both types of evidence.

It is important to note that organisations without employee ownership and governance can still engage staff. The mere fact of employee engagement cannot be automatically taken to justify employee–ownership and control. However, the reverse – that employee-ownership and control leads to employee engagement – is more plausible. Macleod & Clarke (2008) note that employees are quick to spot tokenistic or unsubstantial attempts to 'engage' with them, which can often have counter-productive results on employee engagement and organisational performance. The embedded nature of employee ownership within the legal incorporation and governance of the organisation provides one method of demonstrating ongoing commitment to engaging with employees in a clear and transparent manner. If the accountability structures within the organisation give employees an integral role, the demonstration of meaningful engagement becomes all the more simple: the centrality of democratic, employee-led governance within mutuals embeds these values and practices at a deep level within the identity and culture of the organisation. As such, employees may treat the authenticity of engagement with greater regard as a result of these intrinsic commitments.

Intrinsic Benefits

That greater employee engagement yields *intrinsic* benefits for the employees themselves is supported by organisational and psychological theory. A notable example of this is self-determination theory, developed by psychologists Richard Ryan and Edward Deci (2000). It is a theory both of the factors that motivate individual behaviour and of the satisfaction that people get from that behaviour. With respect to the factors that motivate behaviour, the theory distinguishes between autonomous actions and those that are perceived to be controlled or influenced by factors external to the self. Autonomous actions occur when people do something because they find it interesting, enjoyable or important. Controlled actions occur when individuals are motivated to perform them by some form of external pressure, such as managerial directions or the threat of losing one's job.

Deci and Ryan (2000) argue that it is autonomous actions or behaviour that delivers the highest degree of satisfaction. Controlled action may be just as highly motivated as autonomous activity, but evidence indicates that the quality of the experience and performance is not as good in general when people are controlled than when they are autonomous. They also discuss the factors that might affect the degree of control and hence the kind of motivation that people might experience. Contextual support to decision-making and situations where motivators provide a convincing rationale for undertaking a certain kind of behaviour can reduce the element of perceived control and enhance feelings of autonomy. Conversely, threat of punishment, deadlines, formal or overbearing means of communication can make individuals feel controlled and less autonomous. In consequence, as noted above, the quality (and indeed quantity) of their relevant actions might diminish.

All this is particularly true of professionals in public services. Most public services are delivered by professionals of one kind or another: doctors, nurses, teachers, social workers, probation officers. Professionals are trained to act independently of authority, to make judgements on their own, and to exercise discretion in decision-making. Indeed, such independence could be viewed as one of the key elements of professionalism. In consequence, they respond badly to pressures that might compromise that independence: to outside direction, to strict oversight and to heavy monitoring. In circumstances where they are subject to such direction or oversight – they tend to feel put upon, resentful, and demoralised. This is detrimental to their personal sense of self and of well-being. If, in contrast, they have their own organisation to run – one which they own and control – then this gives them an uplift in well-being and a positive sense of self-worth.

It is, of course, not always the case that professionals in the public sector feel their professional integrity is compromised. The best government services can provide an environment that respects professional judgment and supports devolved responsibilities in a culture of learning. The argument for mutuals is that this can be more readily achieved in organisations where the ownership and direction of practice is with the professionals themselves.

If this theory is correct then, when employee-owned mutuals are compared with organisations in the same area that are not employee-owned, employee commitment and job satisfaction would be higher in mutuals. In fact, it has been demonstrated that employee engagement is related to emotional experiences and well-being (Kuler & colleagues, 2008, p.18). Also, on the grounds that happier staff stay longer and work harder in their place of employment, that those working in employee-owned organisations have a higher morale than those in managerial hierarchies can be inferred from evidence concerning staff turn-over and absenteeism: specifically, that both should be lower in mutuals than in hierarchies. And indeed that turns out to be the case. Specifically:

- **Absenteeism is lower in mutuals.** Reeves (2007) used CIPD data on absenteeism in the retail sector to benchmark John Lewis's performance in this area: John Lewis's rate was 3.4%, less than half the retail average of 7.8%. The mutual Sandwell Community Caring Trust saw its absenteeism rate fall from 22% when in-house, to less than 1% ten years after spinning out (ACEVO 2010). Nationwide Building Society's evidence to the Macleod review (Macleod & Clarke 2008) noted that absenteeism in areas with the highest employee engagement was lower than for the business as a whole, to the extent that if employee engagement was raised to the level of the top third, and absenteeism also fell to the equivalent level, this would save the company £0.8m per year. The Matrix review reported on two studies that investigated absenteeism: the presence of employee share ownership among a panel of French firms reduced absenteeism by 14 per cent, and a case study of a small manufacturing firm in the North Eastern United States found a reduction in voluntary absenteeism, though this was offset by an unexplained increase in involuntary absenteeism (Matrix Evidence 2010).

- **Staff turnover is lower in mutuals.** John Lewis's turnover rate (21% per annum) is less than half that of their competitors, with two competitors at 43% and 38% (Reeves 2007). Nationwide Building Society's evidence to the Macleod review noted that voluntary employee turnover was just 10% in areas of high employee engagement, compared to 17% in areas of low engagement Standard Chartered's submission to the same review noted that branches with high employee engagement operated with 46% lower voluntary turnover (Macleod & Clarke 2008). The Matrix review (2010) reported on two empirical studies that correlated a higher employee perception of influence over a company with a lower turnover of staff.

There is also evidence of the prevalence of intrinsic benefits for employees where recruitment, and terms and conditions are concerned. Specifically:

- **Retention and recruitment of high-quality staff appears to be easier in mutuals.** In a survey of senior managers within employee-owned businesses, more than half suggested that retention and recruitment of high-quality staff is easier because of their ownership structure (Burns 2006). A survey conducted at a large employee-owned engineering company stated that the organisation's model of incorporation was the fifth most significant factor (from thirty one) in determining their choice of firm (Reeves 2007). And, in a related finding, Kuler & colleagues cite research that show engaged employees are likely to have a greater attachment to their organisation (2008, p.18).

- **Mutuals paid higher wages on average than non-employee-owned organisations**. Employees tend to be better off from being an owner, both in terms of financial income and other benefits such as increased job satisfaction (Lampel & colleagues 2010, Matrix Evidence 2010). A review of the US evidence found that on average, employee-owners generally do not sacrifice pay or benefits in exchange for employee-ownership and in fact are more likely than other employees to have diversified retirement plans (Kruse 2002).

When employees are at work in mutuals, the effectiveness with which they undertake their duties is a good illustration of the presence of intrinsic benefits. Supportive and co-operative working environments provide a strong basis for employees to perform well, and to supervise the performance of their peers. Specifically:

- **Mutuals have better staff performance.** The Matrix review found that nine of fifteen studies found higher levels of employee performance in employee-led businesses (Matrix Evidence 2010).

Finally in this section, it is worth noting that the intrinsic motivation of members to participate in co-operative enterprises may not simply be driven by personal benefits but can reflect, and over time increasingly reflects, an affiliation to what might be termed 'collective incentives' (Birchall & Simmons 2004).

Instrumental benefits

The *instrumental* benefits follow from the intrinsic benefits. The higher morale and greater commitment of employees leads to improvements in the quality of the service and the efficiency with which it is delivered. Indeed there is something of a virtuous circle here. The Macleod review (Macleod & Clarke 2008) provided an overview of employee engagement in the workplace to the Department of Business, Innovation and Skills. The Review put forward similar arguments to the above, identifying a virtuous circle of engagement for employees, leading to both intrinsic and instrumental benefits. They identified three factors:

- **attitude**, where employees feel "pride and loyalty" in their workplace;
- **behaviour**, where employees act as informal advocates of their organisation, or "go the extra mile" to deliver high-quality work; and
- **outcomes**, where the effects of these factors are seen in enhanced organisational performance.

Each of these factors serves to reinforce the value of employee engagement to individuals; in turn this leads to an enhancement of the value of the service being delivered; which in turn increases the value of the employee engagement. Intrinsic benefits leads to instrumental benefits, leads to further intrinsic benefits.

One component of quality within public service delivery is the experience felt by service users, and the extent to which positive relationships are established and maintained between service users and staff. *Customer satisfaction* is thus an important indicator of instrumental benefit. Another concerns *innovation*. Employee leadership can improve organisations' ability to innovate, firstly, by removing barriers to innovation, such as bureaucracy and inflexible processes and, secondly, by stimulating incentives to innovate in order to maintain existing revenue streams and develop new ones.

The *cost* and *productivity* of mutuals is also an issue for those that operate within public services, as is their capacity to generate *employment* and their overall *profitability*. In addition, given the significant turbulence within the global economy in recent years questions are raised as to whether the distinct methods of employee engagement adopted by mutuals can offer resilience in such conditions.

There is evidence concerning all these matters, again favourable to mutuals. Specifically:

- **Mutuals deliver greater customer satisfaction.** John Lewis has come top of Verdict's Retail Customer Satisfaction Index for the past three years (Verdict 2008, 2009, 2010). The Institute for Employment Studies, using extensive UK data to track employee and customer engagement over two years, found that employee commitment directly supported higher levels of customer satisfaction, such that when combined with other benefits such as higher sales, a 1% increase in employee engagement can boost sales by 9% (Barber, Hayday and Bevan 1999). Harter, Coffman and Fleming (2005) cited positive relations between employees and customers in ten companies as a significant driver of financial performance. Business units scoring above average on both customer *and* employee engagement outperformed business units with below average engagement by over 300% on Like For Like growth.

A survey of senior managers within employee-owned businesses found that more than two-thirds (71%) perceive customers as regarding their firms' mode of incorporation as a driver of added value (Burns 2006). Nationwide Building Society's response to the Macleod Review noted that customer experience was clearly correlated to employee engagement, indicating the enhanced value to customers of an engaged workforce (Macleod & Clarke 2008). Specifically within public services, a report by Towers Perrin noted that 79% of engaged employees felt that they could make an impact on the quality of services delivered, compared to just 29% of disengaged staff (Towers Perrin 2007).

- **Mutuals innovate.** Matrix Evidence's review (2010) cited an empirical study which found production worker influence on innovation in work processes, new products, and marketing to have a "substantial and significant" positive impact on sales-per-employee. Reeves (2007) suggests that the absence of investors seeking to extract profit in the short-term leads to a longer-term outlook, with resultant investment in innovation. As an example of this, John Lewis was the first department store to open an online sales outlet, which now contributes significant revenue to the business. Patrick Burns's survey (2006) of senior managers within employee-owned businesses saw 64% of their considering innovation to happen more easily in employee-led firms. Profit per employee has been correlated with giving employees greater autonomy in the workplace and actively seeking innovative ideas from employees (Lampel & colleagues 2010).

It should be noted that innovation in the public sector amongst professionals, such as teachers, social workers and health professionals, is also achieved through improved competence in a learning environment with a strong regard for evidence supported by challenging critique and supervision. The best public sector organisations have good track records for continuous service improvement. However, the evidence suggests that innovation through sustainable learning capacity is better achieved in conditions where employees can more readily shape and own their own professional futures – where new ways of working are encouraged by adopting inward and outward looking perspectives and where enabling and empowering participation is valued.

- **Mutuals have lower production costs and (generally) higher productivity.** The use of peer-to-peer supervision and performance-management is both cheaper and more effective than hierarchical performance-reporting and line-management; and that this method of monitoring performance is higher in employee-owned organisations (Kirchler, Fehr & Evans 1996, Halpern 2004). Employees with a financial interest in the successful operation of their employer's organisation, coupled with governance and accountability mechanisms to support effective change where appropriate, use these mechanisms to reduce waste and enhance the efficiency of processes (Freeman, Kruse & Blasi 2004).

The operations, procurement, ICT and HR systems that organisations use are an overhead, for which cost should be minimised. Evidence suggests that employee leadership within organisations can drive out significant costs in this area. Sandwell Community Care Trust halved their spend on overheads (from 38% to 18%) over the ten years following their spin-out from the Local Authority (ACEVO 2010). The Co-operative Group's evidence to the Macleod review included an analysis of food wastage in its convenience stores, which found that large increases in employee engagement reduced food wastage significantly (by £400,000 *per annum*), with moderate increases having a smaller impact (by £200,000 *per annum*) (Macleod & Clarke 2008).

However, the Matrix review found mixed evidence on general productivity, with nine of the articles reviewed finding mutuals with higher levels of productivity than non-mutuals, but five not. Productivity was likely to be higher the greater the extent of employee-ownership and the smaller the company (Matrix Evidence 2010). A review of the US evidence found that, on average, employee ownership was linked to 4-5% higher productivity (Kruse 2002).

- **Mutuals create jobs.** A possible problem with employee-led mutuals concerns their attitude towards employment. In the middle of the last century, several leading economists modelled mutuals as what they termed a labour-managed firm: one where the principal objective of the firm concerned is to maximise the income per worker (Ward 1958, Vanek 1970). These models can lead to the prediction that, as prices rise, such firms would reduce employment, since that would increase the profit share of the remaining workers. However, a comprehensive review of the empirical economics literature in the early 1990s found no such effect (Bonin, Jones & Putterman 1993). Nor are these predictions supported by more recent evidence from the UK. Rather they suggest that mutuals create jobs faster than non-mutuals, even during recession. So Lampel & colleagues (2010) found that employee-owned enterprises generated employment growth from 2005 to 2008 at 7.5% p.a: nearly twice the rate of non-employee-owned enterprises at 3.9%. In the recession the rate increased even faster; 12.9% compared with 2.7%.

- **Mutuals are profitable and resilient.** The Employee Ownership Association's Employee Ownership Index (EOI) tracks the share price of FTSE-listed companies with more than 10% ownership by employees. From 1992-2010 the Index demonstrated employee-owned firms consistently outperforming against the FTSE All-Share, showing the strong performance and resilience of these organisations. In summary: "an investment of £100 in the EOI in 1992 would at the end of December 2010 have been worth £860 whilst the same investment in the FTSE All-Share Index would be worth £249" (Employee Ownership Association and Field Fisher Waterhouse LLP 2011).

  Standard Chartered's submission to the Macleod Review indicated that branches with high employee engagement grew their profit margin by 16% more than branches with low engagement. In addition, Accenture designated a single member of staff to create a single programme for employee engagement. After just six months engagement scores improved significantly, and net revenues increased by over 20% (Macleod & Clarke 2008).

In contrast to some of the above results, Lampel & colleagues (2010) analysis of employee-owned enterprises found that non-employee-owned enterprises performed better in 2005-8 in like-for-like (LFL) sales. However, during the UK recession of 2008-9, employee-owned retailers maintained 11% increases, compared to a fall to 1% in LFL sales growth in non-employee-led retailers.

The study also found that employee-owned enterprises organisations were broadly on a par for profitability with non-employee-owned organisations. The latter performed slightly better with respect to total profit between 2005 and 2008, but were outperformed by employee-owned enterprises in the period of recession during 2008–09. Non-employee-owned organisations did better with respect to profit per employee in 2005-8, but the gap narrowed significantly during the subsequent recession.

Finally, we should refer to a large meta-analysis undertaken by Gallup that considered various kinds of both intrinsic and instrumental benefits. This investigated the relationship between these benefits and employee engagement, and the caveats given earlier about the links between this and employee ownership and control needs to be born in mind. The researchers examined 199 studies across 152 organisations in 44 industries and 26 countries. Overall, they studied 32,394 organisations with nearly 1 million employees, exploring the relationship between employee engagement and nine performance outcomes: customer ratings, profitability, productivity, turnover, safety, shrinkage, absenteeism and quality. They found that 'the relationship between employee engagement and performance is substantial and highly generalisable across organisations. Employee engagement is related to nine different performance outcomes. Business/work units scoring in the top half on employee engagement essentially double their odds of success in comparison to those at the bottom half.' (Harter & colleagues 2009, p.3).

CONCLUSION

We have reviewed evidence from a wide range of sources and that uses a wide variety of data and methodologies. The review is not, and could not be, comprehensive. Nonetheless, it is hard to resist the conclusion that there is a significant body of reliable evidence suggesting that well-designed mutualisation in the public services has the potential for yielding considerable benefits in a wide variety of contexts. Such mutuals could be directly beneficial for their employees, with higher well-being, lower turnover and absenteeism than their competitors, and for the users of the service they provide, offering a higher quality service with superior customer satisfaction. The mutuals concerned could also be more innovative, more efficient, more productive and more resilient to turbulence.

It should be borne in mind that employee ownership may not be superior in every respect and at all times. Nor are they the answer to everything. Nonetheless the potential for a transformation of public services through the development of public service mutuals is considerable – and one that the Mutuals Taskforce is determined to realise.

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