



Mutualisation and the Private Sector

Mutualism may be the latest word in politics but it is based on over two hundred years of history, stretching back to the founding of the co-operative movement by Robert Owen. Today, mutual public services are used by a large numbers of people in Great Britain who use NHS Foundation Trusts, send their children to co-op trust schools or live in a housing co-operative owned home.

Mutualisation is proven to work well at the local level and the new government has identified fertile areas for mutualisation in the health, elderly and child care, education and other local government services. However there is an opportunity for more mutual services at the national level with a key role being played by the suppliers to government. At a national level, the current landscape already has successful examples such as National Rail and Glas Cymru and other significantly sized regional organizations such as Foundation Trusts from which a lot can be learned.

Governance is the key, the form will follow



Mutualisation involves running services with the close co-operation or control of key stakeholders. It also requires the involvement of users in the delivery of public services and so makes them more efficient and responsive. There may be many stakeholders involved including academia so this requires effective governance relationships between an oversight function or standards function, the private sector, the employees and the end users of the service. This will vary dependent on whether the service is seen as a mandated or voluntary participation by the end user.

The form or structure of the company will vary dependent not only the overall aim and objectives of the service but also the relative balance of the different stakeholders combined with legislative and regulatory safeguards and constraints. In addition, factors such as the privatisation of public assets will also impact on the form of a mutual service.

This requires rethinking from the participants particularly the private sector

The five main stakeholders in a mutual service will all need to develop new ways of working for a mutual service to succeed.

The oversight and standards role will need to be provided by the Department or by an independent standards body many of which exist already. This could mean that the role of the NAO changes and it also means that the Government may need to reinforce the authority of these standards boards and authorities.

Employees will need to become more engaged in the delivery of public services. This could mean, for example, some form of staff ownership – this could be one method of achieving the aim of an engaged

and responsive workforce. Employees will also need to become more attuned to the impact of improvements in efficiency on the workforce.

The balance of ownership between other stakeholders and the users is particularly important. This will vary dependent on the service e.g. the public is likely to have more involvement in a particular service than perhaps an inmate in prison.

The Third Sector will have greater importance. Not only can they act as a proxy for users where but they also provide a middle ground and “common good” view point and added business assurance between the private and public sector.

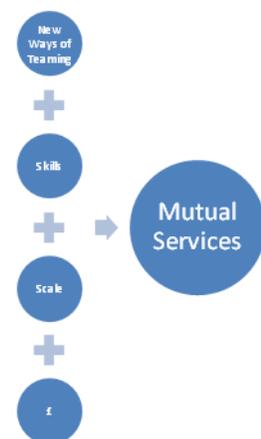
The Private Sector needs to look closely and embrace these new ways of working as mutualism will make private sector organisations more attuned to the common good. In many ways it is just another step along the road from PPP and joint ventures but critically the change in governance makes it perhaps a step change in ways of operating. The possibilities are varied – longer term contracts as a partner with a reduced but fixed profitability rate using open book accounting.

The really good news for agile, imaginative and risk aware private sector organisations is that the creation and development of mutuals actively promotes new entry players into the public sector market place – new players have the hunger and leanness often demanded of new markets; they also often introduce new ways of thinking and working and just doing business. This freshness and desire is tempered with real commercial skills, the need to make agreed profit for mutual benefit together with the long term sustainability of the mutual organization and its stakeholders (shareholders).

The private sector should be seeking its role now

Private sector organisations should be speaking to their public sector clients to understand which areas that are considering a mutual service and then being innovative as to the inputs and role the private sector company can provide. It could be providing the scale/capacity to a mutual service, the skills to transform the service or the financial resources and commercial ‘savvy’ to support the more efficient delivery of the service or a combination of these and other inputs.

The private sector should also be working with third sector organizations who understand the needs of specific end user groups for a service for example Age Concern and Help the Aged for services concerning the elderly.



Conclusion

Mutualisation provides the opportunity for a step change in the delivery of public services. The private sector can and should play a significant role and be a major beneficiary in making this initiative a success.

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