



# Exploring the Effectiveness of Public Service Mutuals

## In Comparison to In-house Provision

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<b>Executive Summary</b>	<b>1</b>
<b>Rationale</b>	<b>3</b>
<b>Profiles</b>	<b>6</b>
<b>Methodology</b>	<b>7</b>
<b>Findings</b>	<b>11</b>
<b>Recommendations and Implications</b>	<b>16</b>
<b>Bibliography</b>	<b>18</b>

A public service mutual is an organisation which has left, or “spun out”, of the public sector but continues to deliver public services. These organisations are then mutually owned by all staff and management within them, which means that they are theoretically able to offer a high degree of employee control and as a result higher productivity and improved outcomes for clients. Currently, the government is aiming to spin out some public services such as adult education and healthcare in order to open up the tendering process to mutual companies. Since 2010, this area has been rapidly expanding; the number of public service mutuals has increased seven-fold, with 65 organisations across the UK now delivering around £1 billion worth of public services<sup>1</sup>. This demonstrates that this area of policy is now significantly expanding, and that significant areas of the UK’s public sector are now mutualised.

However, despite their significance, little is known about the effectiveness of these new public service mutuals. This report explores the impact that mutualisation is having on our public services and how effective it has proved to be in comparison to in-house provision. In

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1 Le Grand, J. Mutuals Taskforce “Public service mutuals: the next steps”. (Cabinet Office, London, 2012), p.22

order to examine the effectiveness of mutuals in comparison to in-house services this report focuses on two distinct case studies at different stages of the mutualisation process; one which is established, and one which is newly spun out.

In order to draw some conclusions about the differences between mutuals and their in-house counterparts, as well as the reasons behind these differences, this report draws on both qualitative and quantitative methods of data collection including surveys, focus groups and interviews with staff, management and commissioners. These methods assessed both performance and cultural aspects of mutualisation in areas such as:

- Scope for innovation and change
- Staff morale and the impact of employee ownership, including comparison of staff turnover between mutuals and in-house services
- Staff and management experience of efficiency and productivity and whether they believe there has been an improvement in these areas since mutualisation
- Scope for further growth and development

- Outcomes for users of the services

This report has concluded that;

- Staff feel that they have more freedom and scope for innovation within their roles as a result of mutualisation.
- Staff have greater flexibility within their roles as a result of spinning out.
- Management in both case studies commented that they experienced more freedom within their roles and within the organisation as a whole, which has provided greater opportunity to work with other organisations in order to reinvest into their communities.
- Morale, though at significantly different levels within the two case-studies, is improved on a long-term basis by mutualisation and employee ownership.

However, the differences in staff morale between the two mutuals examined in this report demonstrate the difficulties faced in spinning out due in part to lack of clarity and communication to staff during this process. Therefore, this report suggests that though there is a strong case for public service mutualisation, it is imperative that there is more information available to staff during the mutualisation process in order to maintain staff morale and therefore low levels of staff turnover and optimum productivity. It is clear that public service mutuals are able to provide

certain clear improvements such as increased innovation and improvement in productivity compared to their in-house counterparts. However, this report has concluded that the difficulty of spinning out contributes towards some of the issues faced by mutuals, and therefore recommends greater publicity and information in order to promote understanding of the mutualisation process.

Public service mutualisation represents one of the most significant changes to the delivery of public services in recent history. A Public service mutual is defined as an organisation which has left the public sector (or has “spun out”) yet continues to provide public services; these organisations operate with a high degree of employee control<sup>2</sup>. The degree and means of employee control may vary between organisations, with measures such as offering seats on boards of governance to employees, as well as actual ownership through share schemes; equally, Public service mutuals may take a number of legal forms.

This method of delivering public services was first broached under the last Labour government<sup>3</sup>; however, Public service mutualisation has to come to full fruition under the coalition government, initially with the establishment of the right to provide under the Localism Act 2011, and more recently with the setup of the Mutuals Taskforce in 2012<sup>4</sup>, an organization created to engage with and support the creation of Public service mutuals.

Early examples were found predominantly

2 Ibid, p.6

3 Strickland, P. Douse, D. “Public service mutuals and the Fire Service”, (House of Commons Library 2013), p.2 <http://www.parliament.uk/briefing-papers/SN06590>

4 Ibid. p.19

in the Healthcare sector, but have since expanded into a variety of other areas; there are now around 65 active mutuals, which collectively provide around £1 billion worth of services<sup>5</sup>.

The Big Society is a flagship policy of the coalition government, its aim being to enable voluntary groups, community organisations and other social enterprises to provide services previously monopolised or “crowded out” by the state<sup>6</sup>. Public service mutualisation is one means through which the government believes this can be achieved. Previous studies have claimed that Public service mutuals are beneficial in that they are able to provide services more efficiently, and provide other benefits such as lower absenteeism and staff turnover, as well as providing more flexibility and autonomy for staff<sup>7</sup>. With this in mind, and as Public Service spin outs

5 Le Grand, J. Mutuals Taskforce “Public service mutuals: the next steps”. p.22

6 Teasdale, S., Alcock, P., & Smith, G. (2012). Legislating for the big society? The case of the Public Services (Social Value) Bill. *Public Money & Management*, 32(3), 201-208.

7 Le Grand, J. “Our Mutual Friends; Making the Case for Public service mutuals” (Mutuals Taskforce, 2012), p.7 [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/61778/Our-Mutual-Friends.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/61778/Our-Mutual-Friends.pdf)

are increasing in number and expanding to provide services in more sectors of the economy, it is pertinent to critically assess these claims in order to establish whether Public service mutuals perform as expected. Specifically, the purpose of this study is to compare the provision of public services in-house with that of mutual providers which have spun out of the public sector parent body. This includes an assessment of key performance indicators and efficiency of service, as well as the experience of staff during the mutualisation process. Furthermore, it is important to assess the drivers behind public service mutualisation and the thoughts of commissioners when commissioning Public service mutuals to provide a service previously under the public sector.

Although public service mutualisation is a relatively new phenomenon, similar forms of employee ownership and control have existed in other countries.

Bland<sup>8</sup> has documented the experiences of several international states in which various models of public service mutuals have been successful and provide valuable information in understanding the processes of “spinning out” effectively.

Spain has developed and implemented a form  
8 Bland, J. “Time to get serious: International lessons for developing public service mutuals”, *Co-operatives UK*, (2011) [http://www.uk.coop/sites/storage/public/downloads/international\\_public\\_service\\_mutuals.pdf](http://www.uk.coop/sites/storage/public/downloads/international_public_service_mutuals.pdf)

of public service mutuals in their education system in the form of co-operatives. In 2011, there were approximately 550 co-operative schools; 96% of these provided free education funded by the state, accounting for about 15% of this private provision. The rationale for these co-operatives, since the 1960s, has included the desire for increased autonomy in decision making and provision, as well as to create secure employment for teachers. They have been “a positive way to meet the demand that local authorities could not meet on their own”<sup>9</sup>. These co-operatives are mostly employee-led and use a membership fee model where the employees “provide a capital base for the enterprise to develop and grow”<sup>10</sup>.

The Spanish system has seen relative stability and potential new growth due to the national Spanish deficit which has caused a reduction in the state budget for education, increasing the potential for private provision. The Spanish co-operatives do experience difficulties such as revenue cuts and late payments, but “they are financially strong enough to withstand these difficulties”<sup>11</sup>. There has also been significant national and regional government support for the co-operatives, combined with a well established system which has provided national tax reductions, a co-operative law framework, government funded promotion, training and development

9 Ibid, p. 6.

10 Ibid, p.8.

11 Ibid, p.7.

programmes, start-up grants and loans.

Spain has had less successful co-operative experiences in the residential care sector. Despite success in the mid 1990s, by 2010 co-operative providers had proven largely unsuccessful, with most out of business. The merging of provision contracts and the construction of care homes meant that provision of these contracts became unaffordable to these co-operatives, who could not raise as much membership capital as their more successful and better paid educational counterparts.

Italy is another example of the international success of similar public service organisations. It has substantially grown from 650 social co-operatives in 1985 to currently over 7,000. They began in the health and education sectors and eventually expanded into the provision of social care. Similarly to the Spanish models, “members’ capital is an important source of finance”<sup>12</sup> for the Italian social co-operatives, as well as other sources of private investment. The aims of the UK encouragement of public service mutuals can be seen as successfully achieved in Italy, where their co-operatives are highly participative and use “engagement to promote higher efficiency and productivity than comparable state or private providers.”<sup>13</sup> However, Italy’s success may lie in the development of an organised framework of

consortia which support the individual co-operatives, allowing for them to “maintain their local connections” but to also “be effective in the market place”<sup>14</sup>.

12 Ibid, p.13.

13 Ibid, p.13.

14 Ibid, p.13.

Through the Cabinet Office, we were given two case studies to provide us with data and access to management officials.



Aspire Sussex Ltd, formerly known as West Sussex Adult and Community Learning Service, was spun-out from the public sector last year. It provides Adult Education, offering a diverse range of courses in the West Sussex county area with lessons taught in foundation, GCSEs, family learning, skills for life and community learning. It relies on a network of over 400 part-time tutors along with 60 full-time members of staff, working out of centres in major towns across the county. The enterprise is funded entirely by external grants and tuition fees paid by some students, which go towards the fees of those who cannot afford to pay. Although it has only recently become a mutual to provide this public service, it has already expanded to offer some services in East Sussex.



**City Health Care Partnership CIC**  
a co-owned business

City Health Care Partnership CIC (CHCP CIC) was previously part of the NHS service in Hull. In June 2010, it became a mutual company and was commissioned to provide health services, working as part of the NHS family in a similar way to GPs, Dentists and Pharmacies. It provides over 75 diverse services in community settings, employing around 1400 people and serving over half a million people in the Hull area. CHCP CIC defines itself as a 'social business', investing all their profits towards growing ventures into services, staff and the communities in which they work. CHCP is a co-owned organisation that gives all permanent staff the opportunity to purchase a £1 share in the business, and it was one of the first NHS services to be spun out in such a way.

The methodology used in this report to collect data included telephone interviews, focus groups, online surveys and secondary data analysis in order to compare the effectiveness of the two case studies with in-house providers. With the following methods carried out, participants were given consent forms and were told that they could withdraw from the study at any time. Confidentiality and anonymity for participants was also ensured.

- Focus groups were carried out with the managers of Aspire Sussex
- Telephone interviews were given to senior members of staff in CHCP and to the Commissioner of Aspire Sussex. Interviews and focus groups were done to gather in-depth information about their experiences and provide an insight of the overall process of mutualisation due to their high level of involvement in 'spinning out'. These methods also allowed follow-up questions to be asked in order to further analyse their opinions about the topic.
- Online anonymous surveys, using [www.surveymonkey.com](http://www.surveymonkey.com), were administered to staff members of Aspire Sussex and CHCP to observe their personal

experiences and opinions about the process of mutualisation and how they felt about their role before and after the process of 'spinning out'. Staff were given questions with a rating scale of 1 to 5 to rate their experience of the process.

- Secondary data analysis was used to explore the performance of the in-house providers and compare their effectiveness on how well they deliver their services with public service mutuals. The data was obtained for in-house providers by accessing survey results from the NHS to compare with the CHCP as well as Ofsted Reports reviewing adult education to compare with Aspire Sussex. Secondary data was also collected from the Aspire Sussex and CHCP websites.

Coding was then used which involved segmenting the data and reassembling it with the aim of transforming the data into information by which we could interpret our findings.<sup>15</sup> For the surveys, closed questions were given and were already pre-coded.

However for the interviews, open questions

<sup>15</sup> Boeije, H. *Analysis in Qualitative Research* (London: Sage Publications 2012), p.94

were asked which needed a coding frame – a list of categories and codes for each question used to analyse responses<sup>16</sup> to interpret the data and transform it into a quantitative output. Once the coding was completed, the data was analysed to identify patterns and trends that were significant. This could then easily be transformed into graphs or percentages in order to reflect the findings. For the results from the surveys of Aspire Sussex and CHCP, assumptions were made based on the frequency of each category.

Outlined below are the reasons that this report is based upon such methods of data collection:

## Interviews

Interviews of senior staff, management and commissioners were used as part of this research for the following reasons:

- Interviews provide in-depth qualitative data that allows for the identification of key themes associated with the process of mutualisation (e.g. autonomy). This then provided evidence towards the benefits and overall efficiency of public mutuals that could not have been collected via quantitative methods as qualitative data opens the door to new ideas that have previously not been identified. Senior staff members

16 Halperin, S. And Heath, O. *Political Research: Methods and Practical Skills* (Oxford: Oxford University Press, 2012), p.280

were deemed to be the most capable of providing in-depth responses in regards to the process due to their high involvement in the progression to mutual status and their ability to view overall benefits to staff.

- Interviews can also provide clarification of certain aspects of the mutualisation process that may not have been fully understood (e.g. the pound share system used by CHCP). The senior staff of both mutuals were felt to be the most qualified to answer such questions as the questions often regarded company policy.

## Focus Group

A focus group of the senior staff members of Aspire Sussex was used as part of this research for the following reasons:

- A focus group allowed for individual members of the group to bring out ideas from others. For example, when initially starting the focus group, benefits appeared to be an issue as Aspire Sussex had newly spun out. However, after exchanging ideas, a wide variety of benefits were identified and more depth was added to the research as a result.
- A focus group also allowed in-depth data to be collected in a manner that

was less time consuming for both participants and researchers, whilst also collecting a variety of viewpoints.

## Surveys

Online surveys of staff members of Aspire Sussex and CHCP were used as part of this research for the following reasons:

- Online surveys allowed for a greater representation of staff views. The surveys' easy access via an emailed link allowed for more responses, as did its less time consuming structure. Surveys were felt to be best for staff as they were the most efficient at collecting a large amount of data from many participants.
- Online surveys allowed for quantitative analysis which has made the data easier to analyse and compare. A final open question was asked regarding further points the participants may wish to add. This allowed for the expression of opinions that may have been less obvious from their survey answers.
- Online surveys allow for anonymity which can put staff at ease, which is particularly essential in this case as freedom to comment on the workplace can be met with anxiety. The anonymity of these surveys can therefore be seen to increase the validity of the data produced in this report.

## Secondary Data

Secondary data of in-house provisions has been used as part of this research for the following reasons:

- Secondary data allows for access to data that may not have otherwise been accessible for this study (for example in the case of service users, where ethical complications may have hindered attempts to collect data in this area, particularly in a healthcare environment).
- Secondary data also allows the access of data from reputable sources (in the case of this study; Ofsted and NHS reports) which are able to gather large amounts of data in many areas and as a result of time constrictions, make up this report's in-house data.

## Changes in Data Collection

The main challenges faced in the data collection for this report have been difficulties in gaining responses from some of the gatekeepers of the information we needed to collect. This has been due to several reasons such as general staff turnover, individual company workloads, technical email errors and management changeovers (e.g. in the case of one of the commissioners intended to be part of this study for whom contact has not been possible). It has also been a

concern that surveys into this topic have been repetitive in the case studies used, however to combat this we ensured they were short and to the point, using secondary data to give them depth.

Another challenge was time restrictions. This is predominantly a result of the challenge mentioned above as certain parts of the study have needed to be completed before others were attempted (for example, ensuring both Aspire Sussex and CHCP were happy with the survey questions produced before ethical clearance could be gained, and data could be collected). To compensate for this it was essential to maintain productivity in other areas of the research, such as background information and initial phone interviews with both Aspire Sussex and CHCP to gain a better understanding of both companies.

A final challenge has been the exchanging of data. To complete this research it has been essential for the group to keep on top of all raw data in order for it to be successfully analysed and incorporated into this report. This has been achieved through regular consultation meetings.

## Drivers for Mutualisation

Within our case studies, we found several key factors that promoted the process of mutualisation. Public mutuals operate with a high degree of employee control which results in a greater level of staff involvement and sense of responsibility in regards to their role within the company. Employees have a stake in the business and this enables the staff to be more committed to their work. When an organisation becomes a public mutual, it usually experiences a significant increase of staff engagement. For instance, at CHCP new members of staff and those who transferred out have the opportunity to buy a share in the organisation and this creates a sense of co-ownership, promoting the idea that they can make a difference. As shareholders, they can influence the culture of the company and have more power over the decisions taken in the organisation. Furthermore, interviews with management found that during the spin out of CHCP, 600 of the staff gave comments on how they would improve services and, within months 200 of them were addressed.

Public mutuals appear to demonstrate greater efficiency, particularly in terms of lower levels of absenteeism and staff turnover. We found that staff usually felt

that their jobs have become more enjoyable and public mutuals are perceived as better places to work. Becoming a mutual seems to enable employees to look inwards and aim at providing the best possible service for the clients. Employees perceive that if something goes wrong in their mutual, they have the power to make it right as they have the capacity to bring about a change and this produces great improvements in the way their service users feel.

Some of the main benefits we found are that mutualisation increases the level of freedom and autonomy, and this enables staff and managers to be more creative within their roles. Whilst having all the inspirations of the NHS, such as free healthcare at the point of access, public mutuals acquire greater flexibility in decision making, and if they want to make changes to the structure of their governance they are able to be responsive. The managers in the old Primary Care Trust felt that it could sometimes take a long time to make a change. However, a manager of CHCP recognised that it is now possible to bring about a change very quickly and effectively. Public mutuals appear to be able to focus more on what is best for the service user rather than being restricted and this can result

in a greater capacity to help the service users. Managers felt that there is now a genuine feeling of satisfaction among the patients and have the perception that the services offered have improved.

Public service mutuals also seem to experience a greater scope for innovation; interviews revealed that, at CHCP, becoming a mutual has enabled them to work with other partners, not just in the health sector, in order to improve their service for the city of Hull. Furthermore, they have been able to implement different structures in the form of care, such as home visits for patients affected by non-cancer lymphedema. CHCP has particularly developed adult services and one of the interviewees stated that “I have worked in the NHS for years, [so] it is easy for me to compare in-house providers and mutuals and I certainly think that it has been easier since spinning out to implement change. There is definitely less bureaucracy”.

Moreover, a driver for mutualisation is the increased level of social value. A commissioner for Aspire Sussex recognises that, if there is a high level of social value, or if there is not such a need to generate a profit, “you will want to provide a service which may well have a more intrinsic social value and the mutual model will benefit that”. Within our case studies it appears that instead of being profit driven, these public service mutuals seek to establish a deeper connection with the service

users and the community.

## Performance and Efficiency

As previously expressed, this study found that members of the management of both Aspire and CHCP felt that mutualisation gave them an enhanced sense of autonomy and operational freedom, which in turn created greater scope for innovation when considering service provision. This appears to have manifested itself in two distinct forms. A focus group conducted with the management of Aspire commented on the beneficial effects of this newly acquired autonomy in relation to budget allocation, along with branding and marketing. Greater financial control has allowed Aspire to upgrade their computer and IT systems, an issue flagged in their 2010 OFSTED report<sup>17</sup>, resulting in more efficient administration. In addition, the freedom to both brand and market their service, either through print media or radio, has attracted many new students and created potential for both growth and cooperation with other organisations within the community. Combined, these steps have formed an operational environment in which Aspire can expand their service provision and increase efficiency. Similarly, interviewed managers of CHCP drew attention to how their enhanced service provision is a direct result of falling levels of bureaucracy and increased levels of operational autonomy, which have

17 Ofsted. “West Sussex ACL Inspection Report”. (4<sup>th</sup> August 2010), p.5

allowed them to tailor service provision more effectively to their community via greater cooperation with local organisations and businesses.

This positivity seems to be echoed among the staff of these organisations. Our surveys found that, across both Aspire and CHCP, staff believed the process of mutualisation had created a more efficient, productive and creative work environment: 77.8% of Aspire respondents and 69% of CHCP respondents felt they were now more productive; 55.6% of Aspire respondents and 78% of CHCP respondents believed the service their company provided was more efficient following mutualisation; and 88.9% of Aspire respondents and 69% of CHCP respondents claimed that spinning out had allowed them to be more creative within their roles (see fig.1).

Do you think your scope to be creative within your role has increased since becoming a mutual?

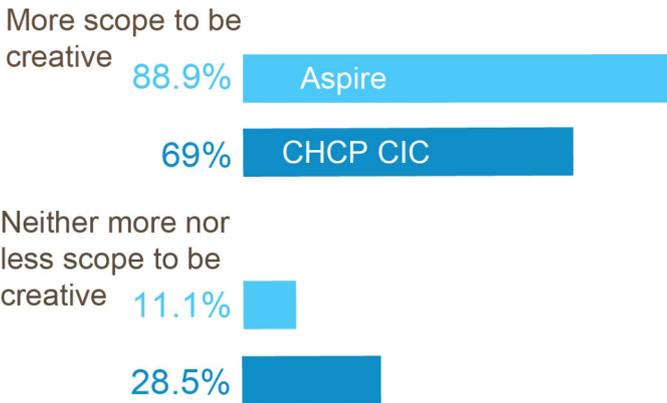


Figure 1

When compared with in-house provisions such as the NHS in Hull, previous staff surveys

have found a 4.5% drop in staff “agreeing that their role makes a difference to patients”<sup>18</sup>.

Whilst not directly addressed by our surveys, the high level of staff who felt they were providing a more efficient service in the CHCP provides support for the idea that public service mutuals may indeed offer a better service to their service users than in-house provisions.

However, our surveys did emphasize an area of concern regarding the process of spinning out. Aspire staff who completed the survey highlighted an apparent dip in staff morale during this time, with 77.8% of respondents claiming to have experienced this (see fig.2).

Do you feel that general staff morale has increased since becoming a mutual?

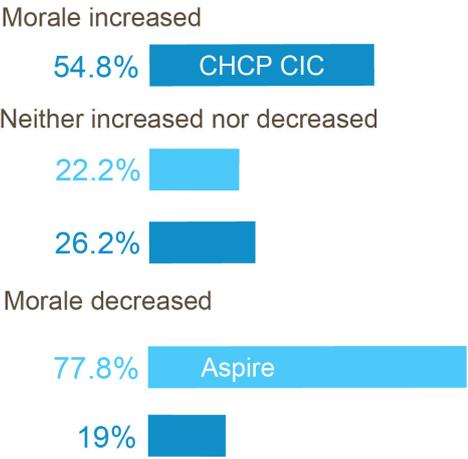


Figure 2

One possible reason, as brought out by the survey, is a sense of confusion and stress

18 NHS. “2012 National NHS Staff Survey: Results from Hull and East Yorkshire Hospitals NHS Trust”, (2012), p.10. [http://nhsstaffsurveys.com/cms/uploads/Individual%20Trust%20reports%202012/NHS\\_staff\\_survey\\_2012\\_RWA\\_full.pdf](http://nhsstaffsurveys.com/cms/uploads/Individual%20Trust%20reports%202012/NHS_staff_survey_2012_RWA_full.pdf)

surrounding this process as a whole, with a third of respondents stating that they felt it was difficult to understand. Conversely however, 54.8% of staff at the more established mutual CHCP believed overall morale has indeed improved, with a further 26.2% feeling little to no change.

This has resulted in a significant drop in staff turnover rates within the company, with CHCP experiencing only a 3.5% turnover, in contrast with an NHS average of 7.8% as of 2012<sup>19</sup>. Therefore, whilst Aspire's falling morale level appears to be a symptom of a newly mutualised company, this is perhaps an area which needs to be addressed.

Despite this however, our staff surveys found that overall, in both organisations, staff felt they derived more enjoyment from their roles since spinning out, with 44.4% and 53.7% of respondents agreeing with this statement from Aspire and CHCP respectively. By contrast 22.2% of Aspire respondents and a mere 4.9% of CHCP respondents disagreed with this assertion (see fig.3).

Beyond the emotional impact of mutualisation on staff, the perceived benefits (as highlighted by both management and staff) appear to be supported by further external examination.

<sup>19</sup> Santry, C. "NHS staff turnover figures shows workforce contracted by 2%", *Health Service Journal*, (8<sup>th</sup> December 2011) <http://www.hsj.co.uk/news/workforce/nhs-staff-turnover-figures-shows-workforce-contracted-by-2-percent/5038846.article>

However, there are certain areas of concern that should be addressed.

Do you think that your job has become more enjoyable since becoming a mutual?

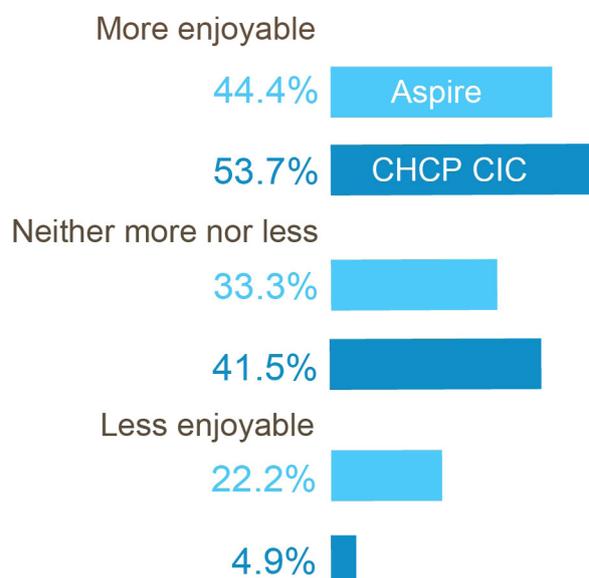


Figure 3

## Problems faced by Mututals

Discussions with managers from both Aspire Sussex and the CHCP suggest that during the spin out period they found a number of issues in terms of support for staff, and guidance on how they would be affected by the change. There was particular confusion in explaining the transfer process of pensions, with a number of staff members being fearful of losing their pensions in their entirety, despite this not being the case. It is worth noting that CHCP in particular suggested that after the confusion was resolved the pension capping did not appear to be deterring current NHS employees in applying for jobs with the

mutual. Clarity of information appears to be the key issue here; much of the research suggests staff did not so much have an issue with the process in itself but were left feeling unsure about the outcomes of such a change and how it would affect them.

Further to this, both case studies highlighted the length of the process as a concern with a lot of staff members “still doing their day job and working on the transfer out.” CHCP management were also vigorous in highlighting the continuous reviewing and testing of their service as a key reason for slow change, determining the process as “tenuous” and being critical of the fact they were made to feel like they were “jumping through hoops”. CHCP were keen to point out however, that they were one of the early spinouts and were always likely to experience a process like this. Despite this, our research from Aspire (a more recent mutual service provider) does show that there is significant time going into the processes, with numerous targets going past their deadline.

An area our research has accentuated is the differences between health care mutualisation and the provision of a local government service. One commissioner noted that unlike the NHS, local government mutuals did not experience the benefits of ring fenced trading that NHS mutuals do. Through ring fencing, the NHS is able to gain effective trading before entering the competitive market, however

this is currently not available for other non-healthcare mutuals making it increasingly difficult for them to sustain growth in such a competitive environment. Further to this, managers at Aspire also raised concern with the disparity, with the general consensus being that they feel they are not given as much support as mutuals in the healthcare sector. One further concern mentioned was that public service mutuals can struggle commercially to find and attract major investments, and that this particular model must not be treated as a ‘one size fits all’ solution.

External actors have also created a number of issues in both case studies. In their spinning out, CHCP experienced an issue whereby the numerous other actors involved in their service at the NHS were not fully aware or prepared for the eventual mutualisation, with the Strategic Health Authority not fully aware of new issues that needed to be addressed. Aspire were concerned with the role of the council, emphasising the fact they were unsure of what the role of the council would be during and after the spin out process, with complaints that they did not always provide the support and resources needed. Again it appears to be a lack of information and awareness in the process, with numerous actors inside and outside of the mutualisation unsure of their roles.

Whilst conducting our study, we formulated a few possible policy implications and lines of inquiry that may require future research, as well as proposing further recommendations to the Cabinet Office and the Mutuals themselves.

## Policy Implications

From our findings (page last paragraph of problems) we have discovered that support during the process of spinning out from local authorities could be enhanced and made clearer. Currently, the system of spinning out has had positive feedback; however, we believe there should be more encouragement with greater emphasis on highlighting all positive and negative aspects of the process. This also includes involving all the staff in the process instead of just the managers and commissioners. By including the staff in the process, it empowers the individual and unites the employee with the mutual, possibly avoiding future issues with staff confusion.

## Suggestions

We suggest a welcome pack with detailed information for the mutual companies, as well as a training day given during the process by someone in authority (either the Cabinet or a

Commissioner). The training day could provide feedback for businesses that choose to undergo the same process in the future. The welcome pack could reduce confusion and emphasise to businesses that support will be a necessary part of the mutualisation process, and that this support will be provided to them.

We also encourage mutuals themselves to look for further information that isn't linked to their local authority. This is so they can gauge a good sense of whether it is an option that is viable for them. In addition, we believe providing adequate support keeps staff morale high, reduces staff turnover and produces a productive environment to work in. Support for a mutual company means staff in all levels of the process feel comfortable during and after the process of spinning out. It is possible that this would lead to greater popularity for provision of public services by mutual enterprises. Currently, there are support helplines and a variety of programmes to help with inquiries, but we suggest these should be integrated into the process. Instead of mutuals having to seek initial assistance, they should be given the necessary support prior to spinning out.

More information and better access to funding would be another improvement to the system.

The different legal status of mutuals means they are entitled to certain financial help. Recently the Department for Health has pledged £19 million for social enterprises such as mutualisation<sup>20</sup>. The money and support is readily available, it appears clearer access to it would be beneficial.

## Recommendations

From our research, we have found that positive feedback has been given regarding mutualisation. Contrary to this, any far reaching effect of mutualisation around the UK has failed to take off. We recommend further investigation into this, especially with regard as to why the North-East in particular has failed to implement this policy.

Publicity is one of our main recommendations. Mutualising public services has vast implications for public service provision and these need to be explored on a larger scale. For public sector businesses, there needs to be more publicity that this policy exists and that there is an alternative to in-house providers. As mentioned above, the lack of mutualisation in the North-East could be due to a lack of knowledge about the opportunity to take up contracts to provide these services. More publicity should be given to different public sectors in order to extend the services

<sup>20</sup> Mutual Information Service, “What Support is Available?” Cabinet Office (No Date) <http://mutuals.cabinetoffice.gov.uk/what-support-available> [Accessed: 13/05/2013]

from education and healthcare into the broader range of public sector provision.

In addition, the response from trade unions towards public service mutualisation has been sceptical<sup>21</sup>. We recommend further research into the implications of mutualisation upon union membership, and whether this has any impact on employee welfare.

If these recommendations were implemented, we feel there would be greater recognition and public support for public service mutuals, which could help expand this initiative across the country. Where public service mutuals are appropriate and receive necessary support from staff and local government, they have the potential to provide enhanced services when compared to in-house providers. Mutuals are also able to adapt based on their circumstances and better tailor their services to their individual community needs, with greater ease than in-house services.

<sup>21</sup> UNISON “Mutual Benefit? Should mutuals, co-operatives and social enterprises deliver public services?” (2011), p.18 <http://www.unison.org.uk/acrobat/19946.pdf>

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