

POST OFFICE

Post Office: Made Mutual

A publicly-owned, co-operative post office



By Peter Hunt & Cliff Mills

About Mutuo

Since 2001, Mutuo has worked to promote new mutuals. This has led to renewed growth in the mutual sector, with public sector mutuals established in health, housing and education and new community based businesses ranging from football to childcare.

- Mutuo operates as a not-for-profit Society, committed to:
- Campaigning for a better understanding of the benefits of mutual businesses
- Conducting and publishing policy research on issues of importance to the mutual sector
- Developing innovative new mutual businesses for the delivery of public services

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Kinetic Centre

Theobald Street

Borehamwood

WD6 4PJ

Tel: 0208 387 1259

Fax: 0208 387 1264

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“We believe that the objective to create a mutual Post Office should have cross-party support.”

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Introduction

The Postal Services Bill holds out the prospect of a very different future for Post Office Ltd. (POL)

By proposing that the service could be transferred to a mutual organisation which exists to act for the public benefit, the Government is not just opening up the prospect of a much more co-operative business embracing a wider group of interests, it is also signalling a radical new approach for public services.

It is clear that before POL can be transferred to any different corporate body, it must first pass the test as a sustainable business. Currently, POL is a long way from achieving this. In 2009, the Government provided £150 million as a subsidy to the business, which recorded an overall turnover in excess of £1.26 bn. This subsidy is planned to rise to £180 million in 2011-12.

As a state controlled enterprise, POL has struggled to meet the fast changing market environment for post office services. With increasing aspects of everyday bureaucracy being handled online, and the strong competition on basic products such as savings and foreign currency, the challenge is to design an enterprising business that is relevant to mainstream customers. But there is also a challenge to build a business which responds to the needs of rural, suburban and urban communities, and of people of different age, skills and backgrounds, who all need their own version of local services.

It is true that the business performance is much improved in comparison to recent years, and this has been driven by POL's transformation programme and other cost control measures, with expenditure significantly reduced (down by £85m, or 6% on previous year) in line with management plans. This has included the closure of nearly 2,500 branches and their partial replacement with almost 500 of the more flexible model 'Outreach' services.

Despite this, the business requires further development in order to compete in today's markets, and this will have to be completed before any secure future can be established for POL.

If the future is as a mutual business, that change has to be designed around a business model driven by the incentives, opportunities and accountability provided by mutual ownership, and capturing the energy, skills and enthusiasm of employees, sub-postmasters, multiple operators and communities.

We believe that the objective to create a mutual Post Office should have cross-party support. This publication explores how a contemporary model of public ownership holds out the prospect of a successful and relevant future for this most cherished of national institutions.

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A new kind of public ownership

For most of the three decades after 1945, the process of the nationalisation of key industries – such as coal, steel, gas, electricity, railways and telecommunications – meant a growing role for the state not only in the planning of the means of production, but also the delivery of businesses from major utility industries to transportation and manufacturing.

Since the privatisations of the 1980s and 1990s, the long process of increasing the reach of the state across business and industry has rapidly reversed. Today it scarcely seems likely that the Government would ever have been the owner and controller of British Airways or Rolls Royce.

The last two decades have seen a more gradual move to independence for state service providers. The increasing separation of “commissioning” from “provision” has established a mechanism for state-owned providers (the work-force, assets and management delivering a service) to be sold or transferred to the private sector, with the state remaining as the single or main customer buying services for its citizens.

Similarly, competitive tendering has provided the opportunity, particularly in local government services, for privately owned businesses to deliver what had previously been delivered by public service-providers. In services such as refuse collection and local transport, there is established competition and significant involvement, of service providers from the

private sector and to a lesser degree, the third sector (notably in leisure and caring services). In some cases, contracts continue to be won by direct in-house service providers, who effectively operate as business units of the local authorities concerned.

Competition continues to be extended across an ever expanding range of services from health to education and beyond. The introduction of competition clearly challenges service-providers to greater efficiency, and to an increased focus on meeting the needs of the customer. But there is also a sense that we, the public are losing something. Those state-owned and often monolithic organisations were actually set up to deliver public benefit; whilst as tax-payers we want greater efficiency and customer-focus, the increasing delivery of services by organisations which exist to deliver private benefit (privately-owned, for-profit organisations) raises some difficult questions.

It raises one question in particular. Is there a model of public ownership other than state-ownership? Or to put the question another way, if state-ownership is no longer the favoured approach, is there another viable business model for service-delivery which is committed to the public interest?

Most public services were originally conceived either by municipal bodies meeting the needs of their own citizens, or by state bodies specifically established for the purpose to deliver on a national scale in the public interest. This approach guaranteed levels of service

“The question of how we deliver public benefit today can, and needs to be discussed outside the confines of party-political dogma”

provision for decades and led to a strong view, mainly on the left, that this was the appropriate, even the only way, to deliver public services.

This view became entangled with an attitude that for many years set in stone the mainstream Labour Party view of common ownership, and it has never properly been challenged despite changes to Clause IV part 4 of the Labour Party Constitution¹ (commonly referred to as Clause 4).

In fact, it was only ever one interpretation of Clause 4 and possibly a mistaken one that became dominant. On 21 October 1917, its author, Sidney Webb wrote in The Observer to clarify what he meant by ‘common ownership.’

‘This declaration of the Labour Party,’ he wrote, ‘leaves it open to choose from time to time whatever forms of common ownership, from the co-operative store to the nationalised railway and whatever forms of popular administration and control of industry that may in particular cases commend themselves.’

‘Common ownership’ became synonymous with ‘public ownership’ - and that meant state or municipal ownership. Yet it is clear that Webb envisaged a range of possible forms of ownership, with state or municipal ownership (“the nationalised railway”) at one end of the spectrum. Specifically, he saw the “co-operative store” as another option.

The political landscape is very different today. It is a Conservative-Liberal Coalition Government which has put co-operative and mutual forms of ownership at the forefront of its programme for government. It is using language which is consistent with such an approach: “to disperse power more widely”; “help people come together to make life better”; “to completely recast the relationship between people and the state”.

The previous Labour Government took significant steps to bring co-operative and mutual businesses back into public awareness. The establishment of NHS Foundation Trusts as member-based organisations with a form of representative governance was a bold and far-sighted initiative. The support for member and community based organisations and social enterprises through Acts of Parliament and policy development, helped to provide a basis for such businesses to emerge.

These have been important developments, and represent valuable work-in-progress. But it remains to be seen whether such organisations will make a meaningful impact on the provision of mainstream public services.

The question of how to deliver public benefit today can, and needs to be discussed outside the confines of party-political dogma. Sidney Webb had a pluralist vision for public ownership. There needs to be a new debate about public ownership and how to deliver



Post Office & Store

Community Hall

public benefit. This must move beyond the view that state-ownership is the only viable form.

Before the creation of the welfare state in 1948, co-operative and mutual forms of ownership were providing ordinary people with access to goods and

services where (as we would say today) the market had otherwise failed them. But where do co-operative and mutual organisations stand today? Could they become the vehicles of public ownership for the future?

¹ "To secure for all the workers by hand or by brain the full fruits of their industry and the most equitable distribution thereof that may be possible upon the basis of the common ownership of the means of production, distribution and exchange, and the best obtainable system of popular administration and control of each industry of service."

“There is no single definition of a mutual, and there is a range of corporate forms that share a number of common features”

3 Mutuals

Most people recognise the UK mutual sector today through Building societies, Co-operatives, Friendly societies or Mutual insurers. Many UK citizens are members of one or more of these organisations and most of these types of mutual have been around for 150 years or more.

Over the last few years, a growing number of new mutuals have also been established, including Football Supporter Trusts, child care co-operatives, and local government leisure service mutuals.

There is no single definition of a mutual, and there is a range of corporate forms that share a number of common features. Even though these organisations may appear very different at first, it is their adherence to certain common features that defines their mutuality.

Mutual Features

Firstly, mutuals are all established for a shared community purpose. They might have been set up to serve a specific community or interest group, but generally access to their goods and services is open to anyone, as is membership.

Next, they are all ‘owned’ by their members. This ownership is vested in the membership community of each mutual and is expressed commonly - no individual can take away their ‘share’ of the assets². Each generation is a custodian of the organisation for the next. There are no equity shareholders and mutuals do not belong to the government.

All mutuals operate democratic voting systems, with each member valued the same - one member one vote. Mutuals have some form of representative governance structure, and seek to ensure that different stakeholders have an appropriate role in running the organisation, proportional to their relative stake.

All mutuals share these features, to a greater or lesser degree, depending on the sector they operate in, their individual circumstances and the distinct purpose of the organisation.

The mutual sector today

There are more than 18,500 mutuals operating in the UK today, turning over a combined £100 billion annually. More than 1 million people work in mutual businesses ranging in size from the largest, the £14 billion Co-operative Group to the smallest community enterprise.

² The demutualisations that have occurred in the financial services sector illustrate how, when the bond of mutuality is destroyed so that the value of the underlying business can be captured by the current members, the nature of the business is fundamentally changed. None of the demutualised building societies have survived as an independent PLC. Demutualisation is avoided in public service mutuals by the introduction of an ‘asset lock’ that protects the underlying capital value of the organisations against predators.



Together, mutuals contain a total of 74 million members; Mutuo calculates that at least 1 in 3 adults in the UK is a member of at least one mutual organisation.

Mutual Public Ownership

In the last decade or so, there has been a growing movement to develop and establish new mutual organisations, specifically as vehicles for the delivery of public or community services. Independent from direct state control, these have taken a variety of forms through NHS Foundation Trusts, out of hours primary care providers, housing stock transfers and leisure services providers.

Aside from these specific centrally-driven or top-down examples of new mutuals emerging from public ownership, there is a growing community-based bottom-up social enterprise movement, driven by individuals and communities seeking to establish businesses which operate specifically for a social or community purpose, rather than as businesses aimed at generating a return for investors. There are many such examples, particularly in health and social care, though there are examples in many different sectors where it is perceived that local community interest and participation can be a driving force, both to help increase income, but also to drive the business to be successful and responsive to customers needs. The community shops movement is a good illustration of this. Supporters' trusts are another example, where a previously disenfranchised group whose support is key

to the ultimate success of the business is increasingly involved in the management of clubs.

All of these instances are examples of what might be seen as an emerging "mutual public ownership model". This harks back to traditional mutuals, which in reality operated for the benefit of their local communities. They carried on business for the benefit of all who needed or wanted access to their services. This needs to be explained.

The Mutual Business Model

Mutual organisations tend to be thought of as businesses which have a different ownership and governance structure. This is correct - they are businesses with a different ownership and governance structure; but that is not really the heart of the matter. The core to mutual organisations is a mutual business model.

The starting point for a mutual business is a group of people who don't have access to something. Individually, there is nothing they can do about it; but collectively, by pooling their need for something and committing themselves for the future, they can create a sustainable business. By doing so, they create a business operating for the benefit of anybody who wants or needs access to its goods and services.

This was how the co-operative shops began. People who did not have access to food and basic provisions at a fair price were willing to join and become part of

“Co-operative businesses were not just owned by their members; they were also funded by them.”

something which was capable of transforming their lives. It meant staying loyal, but they could use their rights as members to drive the business to adapt and improve if it was not meeting their needs. Going to a members meeting, talking to elected representatives, ultimately seeking election to the board to change things were the means by which these businesses were driven to succeed. Those in charge were highly accountable to those relying on the service, and the accountability worked because members wanted their society to improve, in order that it should continue to provide them with the services they needed

Co-operative businesses were not just owned by their members; they were also funded by them. In the days before high street financial services, the co-operative shop was a convenient place to deposit cash. Members kept their savings in co-operative accounts, and if at the end of the financial year, there was a trading surplus after provision had been made for the needs of the business, distributions were paid into members accounts based on their volume of trade with their society.

The co-operative and the other mutual trading models were highly successful business models. The cost of capital was low, because members did not receive equity distributions out of profits. They might receive a modest level of interest, but that was incidental to the

main purpose of the organisation: to provide goods and services to people on a non-exploitative basis. Trading surpluses were generally used to build up the business. Prices could be lower, because there was no need to include a profit element - there were no investors looking for a return.

The fact that the traditional business model worked is illustrated by history - a building society in practically every town in the country, 19 million members of friendly societies, and a share of the retail market equivalent to that of Tesco today³. These organisations succeeded because they were able to capture the needs of individuals, and channel those needs into delivering a viable business - for the benefit of anyone who needed it. They were driven by self-interest, not philanthropy. People supported them because that was the best way of securing what they needed. Are the factors which led to that success capable of driving success today?

Accountability

What was at the heart of the success of traditional mutuals was the relationship which individuals had with their society, and what we today refer to as accountability. Arguably, the accountability of those in charge of running the co-operative shop was higher than any other business model ever developed.

3 The reasons for their decline are numerous and have been written about elsewhere. See for example <http://www.mutuo.co.uk/latest-releases/funding-the-future-an-alternative-to-capitalism-by-cliff-mills/>

These were organisations with open membership (so nobody could be excluded), which were owned by their members who were both the customers of the business and providers of its capital. Through the democratic arrangements, those responsible for running the business remained continually accountable to those they were serving. It is no wonder that the businesses succeeded; and that the mutual model resulted in a high level of trust which survives today.

Securing the trust of key stakeholders including customers and employees is critical to the success of any business. Equally critical is that the ownership and governance structure of a business includes effective mechanisms which drive the organisation to continually improve and succeed. This is most easily illustrated in a privately-owned company, where the directors have to account to their shareholders for their performance in running the business, and ultimately can be replaced if that performance is unsatisfactory - in that example, usually because the directors are not delivering a satisfactory return on investment. Effective accountability is a driver of the success of any business.

There is much talk today, particularly in the context of public sector reform, about the issue of accountability, where the subject can be rather more blurred. At the end of the day, accountability is concerned with whether those who have a valid interest in something have the ability to influence it. Whether they are customers, employees, or some other service-providers, do they have any meaningful way of raising

issues about the way the business is operating, and bringing pressure to bear so that the business improves and becomes more successful?

When the usual choice is between a traditional public sector or traditional private sector provider, the issue of accountability to taxpayers becomes problematic. It is clear that in a state or municipally provided service, the ultimate accountability for that service lies with the democratically elected representatives of the relevant government body. Although in practice, for example in nationally provided services, this can be something of a tenuous relationship, it is known and understood in our political culture.

Once a service is outsourced however, the public accountability that existed is moved to arm's length and then depends on the strength of the contract between the commissioning public body and the private sector provider.

In a culture where the electorate is increasingly dis-engaged from the political process and election turnouts continued to fall, this might not seem to make much practical difference. It would, however, be a mistake to conclude from this that public accountability is less important.

Much more effort needs to be put into devising ways of ensuring meaningful public accountability of public services, whether they are paid for with tax-payers money, or partly or entirely paid for at the point of delivery.

“The work done over recent years in developing new mutual public service providers significantly adds to the heritage of traditional mutuality”

In any public service environment, a range of stakeholders can be identified. These will be users, staff, commissioners and a whole range of other partner organisations. Each of these individuals and organisations has, to a greater or lesser degree, a stake in the service being provided. It is important that the providing organisation has the correct relationship with each stakeholder. It may be that there is merely a requirement for information sharing or that it should be a more hierarchical relationship with real decision-making capacity. There is no one size fits all solution for this and each type of service will need to be considered separately.

The work done over recent years in developing new mutual public service providers significantly adds to the heritage of traditional mutuality. The traditional mutuals were largely customer-led, and whilst customer participation remains important for securing public benefit, the engagement of other stakeholders on a formal basis in the ownership structure enhances governance. For example, in an NHS Foundation Trust, patients and public, staff, commissioners and the local authority are all relevant stakeholders, and they all have a voice in the Board of Governors; though patients and public remain in the majority.

The new owners of public services

Traditional mutual organisations operated for the benefit of their local communities. Whilst they focused their trade on those currently accessing their services, anybody could trade with them, and anybody could become a member. They were carrying on business for public, not private benefit.

In developing new models of public ownership today, where we are no longer relying on the state as the owner, we should have the confidence to rely on ordinary people in communities as “owners” of their local services. This does not involve giving them valuable assets which they can sell for cash, or handing over control of complex businesses to lay people. It means entrusting local people with the ultimate say in whether an organisation is trading for the public benefit, and whether it is delivering the right services, in the right way. We need to be able to capture the interest of key stakeholders including customers and staff, and use that to drive the performance of the organisation so that it continually strives for improvement. This has to be done in a way which maintains stability for the business, and enables those with executive responsibility to do their job, using their expertise and training - to deliver the public good.

4 See the first pamphlet in this series Public Services: Made Mutual
<http://www.mutuo.co.uk/wp-content/shared/mutuals-public-service-4.pdf>



For this reason, it is important that any such body is legally committed to carrying on business for the public benefit. It is also important that its owners are the ultimate custodians of that purpose. And it is important that the owners include those with a real and legitimate interest in ensuring that that body succeeds commercially (income must exceed expenditure). Mutual businesses are not driven by philanthropy; they are driven by shared needs, and by a willingness of the different membership groups to work together to make their organisation successful for the common public objective.

4 A Co-operative Post Office

The Post Office is a much cherished part of British Society. Since the establishment of the Royal Mail in the seventeenth century, post offices have become a part of the fabric of local communities.

According to Consumer Focus, 'the post office network is a lifeline service for vulnerable consumers, including the elderly, those on low incomes and consumers in rural areas, where the post office is often co-located with the last retail facility in a village. Post offices are used by 23 million people each week to undertake essential transactions, including accessing pensions and benefits; accessing cash; undertaking postal transactions; and making bill payments.'⁵

Yet the future of this institution is at risk from competing service-providers, and from changes in the way we as individuals and local businesses do business. The services provided by post offices are under threat.

Post Office is a natural stakeholder business

The Post Office is unusual among state enterprises by operating its business through a unique range of varied stakeholders. The service is provided by a mixture of means, from directly employed staff in Crown post offices through to private businesses operated by sub-postmasters, post office branches delivered through

retailers that manage multiple stores and some community operators of services.

It is remarkable that despite this varied landscape of operators and stakeholders, the state owned POL does not involve any of these stakeholders in the governance of the business.

Much of the speculation about the future of the Post Office has centred on the benefits that could be achieved from engaging the employees more closely in the running of the business, potentially through offering them a stake in the business.

Independent research suggests that a combination of shared ownership and employee participation delivers superior business performance. This is achieved because they are co-owners: staff in employee-owned businesses tend to be more entrepreneurial and committed to the company and its success.

Whilst accepting the potential for improving business performance through employee ownership, it is also clear that expert business partners are also close at hand. Among the retailers and small business people that run the bulk of UK post office services, there exists a wealth of enterprise skills that should be harnessed and put to work in the interests of the Post Office business.

⁵ Consumer engagement in the post office closure programme, Andy Burrows and Colin Griffiths February 2010.

“It was always the Coalition’s intention to keep the Post Office operating in the public interest, and the best way of achieving this is to give the public a role in the future of the service”

Added to this mix of interested parties are the customers themselves. The main purpose of maintaining post office services is to provide services to the public. It was always the Coalition’s intention to keep the Post Office operating in the public interest, and the best way of achieving this is to give the public a role in the future of the service.

All of this suggests that the best way to secure the long term future of the Post Office as a provider of services for the public benefit is to engage and empower all of its stakeholders in this common endeavour by operating it as a form of co-operative, in which all could exercise their rights as members. A co-operative-style mutual structure would help to balance out the interests of the different stakeholders, and capture their energy, skills and enthusiasm to ensure that the business kept to its main public purpose - that of providing post office services for the benefit of the public.

How Post Office Ltd is structured

Post Office Ltd has a tradition of service stretching back over 360 years. Today, it is a wholly owned subsidiary of Royal Mail Group Ltd and operates under the Post Office brand. Managing a nationwide network of around 12,000 Post Office branches, it is the largest Post Office network in Europe and the largest retail branch network in the UK handling more cash than any other business.

Around 373 Post Office branches are directly managed by Post Office Ltd. The remaining branches are managed on an agency basis either by sub-postmasters or franchise partners.

Through its network, Post Office sells around 170 products and services. Of the 2.7 billion transactions carried out each year, the majority are for banking, leisure and postal services.

Post Office Ltd is one of the three arms that make up the Royal Mail Group, along with Royal Mail and Parcelforce Worldwide. Post Office Ltd’s Chief Executive and non-executive Chairman sit on the Group’s management board.

In turn, the Royal Mail Group is solely owned by the Government. Its interest is managed by the Shareholder Executive, which was set up in September 2003 to improve fundamentally the Government’s capabilities and performance as a shareholder.

Source: www.postoffice.co.uk

Case Study - The Co-operative Group A large, multi-faceted co-operative enterprise

The Co-operative Group is a unique family of businesses, owned by over five million individual members and a number of other regional co-operative societies, who together have a say in how these businesses are run. Twice a year the members receive a share of the profits that they have helped create, based on how much they have spent with the family of businesses and how much the businesses made in profits that year.

In 2009 the Co-operative Group acquired the Somerfield business making the Co-operative Food the fifth largest food retailer in the UK. Also in 2009 The Co-operative Financial Services merged with Britannia creating the most diversified mutual in UK financial services. The enlarged Group has an annual turnover of £14 billion, with 123,000 employees serving around 20 million customers a week in some 5,000 food, travel, pharmacy, banking and funeral branches and through online shopping.

The business is owned by its individual customer members, and its corporate members, which are other co-operative societies. It is governed through a co-operative business structure that represents each of these stakeholders via local and regional structures. Both individual members and corporate members are represented at Board level, and the Co-operative Group is managed by a professional team that report to the Board.

A Co-operative Post Office: the key stakeholders

Employees of crown post offices

373 post offices are run by people directly employed by Post Office Ltd (POL). These offices are called 'directly managed' or Crown offices.

Businesses perform better when employees own, or have a share in the ownership in the organisation which employs them. Working for an organisation - committing your time and energy on a potentially long-term basis - is a significant personal commitment involving more than can be captured in an employment contract. A co-operative model recognises that staff contribute their time and energy to the business, no less than customers commit their trade.

Sub-postmasters

The majority of outlets are sub-post offices, run by private business people, called sub-postmasters.

Sub-postmasters are not POL employees, but instead have a contract with POL to provide services using their own premises and staff. Sub-postmasters are paid by POL to provide these services, partially on a fixed basis and partially through payments based on the number of transactions they carry out. Most sub-postmasters run their post office business under the same roof as another retail business. In urban areas this is often a newsagent or stationery business. In rural areas it is typically a village shop.

“Customers are the life-blood of all businesses, and those organisations which can find ways of engaging and retaining the loyalty of their customers are the ones likely to have a long-term future”

The survival of the Post Office network depends upon those running small businesses in the heart of local communities. If customers are to continue to have access to services, particularly within rural communities but beyond that as well, the businesses of sub-postmasters need to have a long-term future. Whether such businesses are operated as small private businesses, or as co-operative or other community-owned enterprises, sub-postmasters need to have incentives to build and develop their businesses and the services they provide. They are an essential link between Post Office Limited and individual customers.

Multiple Operators and Franchisees

Large retail chains also house post office services, and the largest of these is the Co-operative Group, which operates 38 ‘franchise’ offices and 229 sub-post offices. Collectively 14 Co-operative Societies operate 68 ‘franchise’ offices and 458 sub-post offices in the UK. Other well-known franchisees include WH Smith and NISA.

Franchisees help to ensure that the Post Office network offers accessibility and coverage on a wide basis, particularly in towns and suburban areas. Franchisees benefit from being able to offer such services as part of their portfolio.

Franchisees have the opportunity to bring to Post Office Limited significant benefits. They have access to high level commercial skills and expertise, different commercial and other relationships, as well as access to capital and funding not available to smaller

businesses. These can be used for the benefit of Post Office Limited, and could enhance its opportunities for the public benefit.

Customers

As already described, co-operative organisations arose from people in communities pooling their need for a service to create a sustainable business. Customers are the life-blood of all businesses, and those organisations which can find ways of engaging and retaining the loyalty of their customers are the ones likely to have a long-term future.

Post Office Limited is no different, and if it has a future as a co-operative business, the engagement and involvement of customers will be critical to its success. Customers are ultimately the guardians of the public purpose, ensuring that the business operates for their benefit.

Local Community Groups

Over recent years, there has been a resurgence of community-based activity. Whether driven by economic circumstances, the exploitative nature of some privately owned businesses, or simply a desire amongst people to work together for the common good, self-help initiatives have been prominent in a variety of essential community services including shops, schools, pubs, and internet services.

Such initiatives are a modern manifestation of the spirit of the mutual movement of the nineteenth century.

“It needs to capture the interest of its key stakeholders, and harness their commitment and drive to take forward the business that will continue to provide services for the public benefit”

Darnall Post Office

Darnall post office was one of 65 branches in South Yorkshire, north Derbyshire, Huddersfield and the Colne Valley to be closed by Post Office Ltd in 2008.

Darnall post office has just reopened in a new building just a few hundred metres away from the previous branch.

The new post office is based in the offices of Darnall Forum which, with the help of Sheffield Council, has now set up a subsidiary company to run the branch from its base in Main Road.

In January this year the Forum announced plans to re-open the branch and drew up a business plan to run the post office as a social enterprise, meaning any profits could be ploughed back into the community.

Sheffield Council's East Community Assembly then voted unanimously to award the Forum up to £10,000 towards the start-up cost of opening the business. Darnall Forum also raised an additional £40,000 for the project by applying for a loan from the Yorkshire Key Fund.

Although charities have been involved in running post offices across the country for a number of years, most of these branches are in rural areas where the facility opens for just a few hours each week – rather than a full-time branch.

The new Darnall post office is now open from 9am to 5.30pm on weekdays and from 9am to 12.30pm on Saturdays.

They are having to fight for survival in a very different commercial and social environment, where people are used to behaving as consumers, simply interested in the cheapest and most convenient source of access to goods and services.

Community groups today are finding their own way of challenging such a culture, and this includes those communities who have found innovative ways of preserving Post Office services. One example is Darnall Post Office.

Conclusion

In this publication, we have argued that:

- The public ownership of the future is likely to be delivered through mutual and co-operative organisations
- With its varied range of stakeholders, the co-operative approach should be considered for the future of POL.

If POL is to have such a future, the development of its business needs to be built around the co-operative business model, driven by the incentives, opportunities and accountability structures which such a model can bring.

It needs to capture the interest of its key stakeholders, and harness their commitment and drive to take forward the business that will continue to provide services for the public benefit.

About the authors

Peter Hunt

Peter has been Chief Executive of Mutuo since 2001, which he founded as the first cross mutual sector body to promote mutual governance to opinion formers and decision makers.

Peter has sixteen years' experience in the mutual sector, working with co-operatives, mutuals and employee owned businesses.

In 1999, he was a co-founder and secretary of Supporters Direct, the football supporters' initiative, which has gone on to establish over 100 supporters' trusts at professional football clubs.

In 2002 and 2003, he led the Parliamentary team which piloted three Private Members Bills through Parliament, updating Mutual Society law and encouraging democratic employee ownership. In 2007, he added the Building Societies (Funding) and Mutuals Societies (Transfers) Act to this tally.

Since 2004, he has worked closely on a number of public sector structural reforms, including NHS Foundation Trusts, advising both Government and Trust Boards on the adoption of new membership structures.

Cliff Mills

Cliff Mills is a practitioner in the law and governance of co-operative, mutual and membership based organisations. He has advised the UK's leading co-operative retail societies for more than 15 years, played a significant part in the development of mutual society legislation, and established the constitution and governance of a substantial number of NHS Foundation Trusts.

He has worked extensively with Mutuo over the last decade in the development and application of mutual and co-operative models of ownership for public services. These have included healthcare, social housing, leisure services, education and children's services. The aim has been to create robust models for large organisations which are trading for a public or community purpose, with an ownership and governance structure based on staff, user and local community membership.

As well as being Principal Associate with Mutuo, Cliff is a consultant with Capsticks Solicitors LLP and Cobbetts LLP.

