

PROVIDING EMPLOYMENT AND TRAINING OPPORTUNITIES FOR OFFENDERS

GROWING SUSTAINABLE WORK INTEGRATION SOCIAL ENTERPRISES

A CASE STUDIES SERIES

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The views expressed in these case studies are those of the respective organisations and the publication of the case studies should not be viewed as an endorsement of these organisations and their work by the Home Office and Ministry of Justice. The data and statistics presented within the case studies have been locally collected and cannot be verified by the Home Office, Clinks and Social Firms UK.

Background

Low qualifications and lack of employment are recognised within the Government's strategy for *Transforming Rehabilitation* as key social issues related to re-offending.*

Some local areas have already developed social enterprises as one way to overcome barriers around the employability of ex-offenders. However at the time of writing there is currently very little that brings together learning or examples of effective practice to assist others in doing this.

Recognising this gap, the Home Office commissioned a short term programme of work undertaken in February and March 2013 by Clinks and Social Firms UK.

The programme set out to explore and assess the role of social enterprises in enabling both adult and young offenders to access training and employment opportunities. The results provide a body of work that will significantly contribute to cross-Government thinking about how to embed and support social enterprises working with offenders. The programme included two elements:

- The development and publication of this series of twenty Case Studies. The social enterprises featured in the case study series were invited, following a competitive application process, to write about their own experiences and insights into the opportunities and barriers confronting their development and sustainability.
- A Summary Report which brings together the key learning about developing and sustaining social enterprises offering employment and employability training to offenders.

Together they provide a valuable resource for newly established social enterprises, for those planning to establish social enterprises, for police, prisons and probation providers, for Police and Crime Commissioners, for local Integrated Offender Management (IOM) partnerships, and for policy makers.

These resources also complement previous work undertaken in partnership between Clinks and the Home Office aimed at increasing the Voluntary, Community and Social Enterprise (VCSE) sector's involvement in local IOM arrangements.

* Ministry of Justice. May 2013. *Transforming Rehabilitation: A Strategy for Reform*: www.justice.gov.uk/transforming-rehabilitation

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Acumen

Horticultural Acumen

Author: Kate Welch



Introduction

This case study illustrates Acumen's experience of developing a horticultural social enterprise to provide training, work experience and employment opportunities for offenders in the community whilst released on temporary licence. It explores the barriers that we experienced in building a commercial business, addressing the needs of offenders, working with statutory agencies and seeking contracts. The social enterprise ceased trading at the end of July 2012 because of extremely bad weather which caused large trading losses. The learning from this experience has informed the piloting of two further social enterprises. The relationships formed during the three years of operation still remain and have helped Acumen to build a consortium of social enterprises from the North East which will develop to deliver Ministry of Justice contracts. The case study presents our learning about this work and offers suggestions as to how other social enterprises could usefully build on our experience.

Background

Acumen Community Enterprise Development Trust was founded by Kate Welch and a group of local people in East Durham in 2003. Its aim is social and economic regeneration through learning, employment and enterprise. It was set up to address the high levels of worklessness, low skill levels and low levels of business start up in the area. We have developed expertise in addressing all of these issues through engagement with the community, providing innovative training in self-belief and emotional resilience and one to one coaching in employability and self-employment. Over the last ten years the Development Trust has mainly earned income through the delivery of contracts for adult and community learning (ACL), skills for life, employability and business start up. The Development Trust now delivers a Durham County Council ACL contract and is an end to end sub-contractor for the Work Programme.

Although the Development Trust has successfully delivered contracts and helped thousands of people find work, there are still many problems in finding employment for those who are a long distance from the labour market. However much we address supply side issues, the demand side also needs to be addressed. Over the years Acumen Development Trust has started or supported a number of small social enterprises that can offer a supportive work environment for people encountering barriers to employment including a history of offending. Our social enterprises include Greenleaf Catering, Wheels 4 Work and Bloomin' Marvellous which was a small (one acre) plant nursery that started from a large community project in 2004. The project came from an idea for community transformation in Horden and Easington Colliery and involved over five thousand people in the two colliery villages planting tubs and hanging baskets and making two depressed looking areas more beautiful. This led to the creation of a plant nursery. The nursery had a number of challenges mainly related to being too small to be commercially viable so when an opportunity arose in June 2009 to move to a larger site with ten acres of land and two acres of greenhouses, we decided to take it.

Our experience: Horticultural Acumen

The opportunity was to take on a large plant nursery, originally owned by Strikes Garden Centres. It was used to grow and supply bedding plants to the Strikes chain and then, when Strikes was bought by Klondyke, to the whole of the larger chain of Garden Centres. When a new Chief Executive joined the company a decision was taken to close the nursery and

buy in all of the bedding plants. We heard about the closure and went to see the site. It was clear that there was a huge opportunity for a commercial business growing finished bedding plants for sale to garden centres and local authorities as well as an amazing site for training, work experience and employment for those disadvantaged in the labour market. Negotiations took place with the owners; we prepared a business plan and agreed a start up loan to cash flow the business through the winter season. The previous nursery manager was employed to run the business. Not only did she have considerable skills and experience as a grower, she was also a qualified skills assessor. Because of our experience in the difficulty of placing ex-offenders into employment, we decided to focus on providing training, work experience and employment for offenders and ex-offenders.

Horticultural Acumen started trading in September 2009 growing crops of primulas, cyclamen and pansies for the winter season. In order to win contracts supplying local authorities, the nursery worked hard to gain the only quality award for growers, the British Ornamental Plant Producers Silver Grower Standard. We achieved this by December 2009 and were short listed for a large contract with a Borough Council, which unfortunately we did not win.

One significant problem was caused within the first three months of operation, when two local young men, both under the influence of alcohol, broke into the nursery, stole a vehicle, crashed it through the site, then stole a second vehicle and again crashed it through the premises. The resulting damage amounted to over £30,000 and left a large hole through some very inclement weather for many weeks until the repairs took place. This incident was very disheartening for the staff who developed a strong suspicion of offenders. One of the young men carried out his reparation at the nursery, which we hoped would resolve the problem, but it took a large amount of management time and resource to overcome the resentment amongst staff. This was very difficult when our social purpose is to reduce re-offending through training and employment.

The main approach to making the business sustainable was generating sufficient income through three routes: sales to garden centres; contracts with local authorities; and contracts for training. In terms of sales to garden centres the nursery was working in a high volume, relatively low margin market place. Bedding plants are price sensitive and so a range of added value products was grown to increase margins. The quality of growing at the nursery was excellent but selling proved more of a challenge. Over the three years of operating the business we tried different approaches, from employing an agent on commission to employing our own sales person. Unfortunately one of the biggest factors in this market is the weather and in 2012 the summer was the wettest for many years so sales were substantially below forecast. This was the major factor in the decision to close the nursery in July 2012.

Sales under contract to local authorities are not weather dependent so we focused on this market. After not winning the previous local authority contract we continued to bid for work and we won a small contract for Carlisle City Council. There were no bidding opportunities in the North East until early 2012 when a tender came out with an expected decision date of May 2012. We bid for this and were eventually notified of our success four months later than the advertised date and three weeks after we had gone into voluntary liquidation.

We managed to negotiate a First Steps to Employment sub-contract with A4E delivering qualifications. Unfortunately the targets related to a Guided Learning Hours requirement that we could not achieve, because offenders were referred by probation so late in their sentence that they could not reach the required hours of attendance. We did work successfully with thirty offenders of whom ten gained employment and twenty gained some level of qualification.

We bid as part of a 3SC led consortium for the National Offender Management Service (NOMS) European Social Fund Co-financing contract for the North East of England. This required a large input of time and resource. We were named as part of the bids for two other providers to deliver their social enterprise activity but, although we were short listed we were not successful. The contract was won by Pertemps People Development Group and we were not able to negotiate a subcontract.

We won a Future Jobs Fund contract with Hartlepool Borough Council and employed sixteen people on six month funded temporary contracts. Two of them gained ongoing employment with Horticultural Acumen and six others gained employment with other companies after their time with us.

All other training and employability activity was provided with no income although we developed working relationships with two local prisons, the probation trust and Youth Justice North East as well as lead training providers. We offered work experience for offenders from HMP Kirklevington Grange who were released on temporary licence (ROTL). This worked well when we had only one offender at a time but when we extended it to a larger group of offenders we faced some issues relating to attendance and application to the tasks they were required to complete. This was addressed with the prison but showed up some procedural issues.

We also worked closely with Durham Tees Valley Probation Trust providing unpaid work placements. Again these worked reasonably well with small numbers but there were major issues when larger groups attended. Supervision was not always good and there were problems with discipline and attendance. This caused issues with the permanent staff as they felt that the offenders were being given an easy time.

We worked through all of these issues and, through a NOMS social enterprise pilot, we developed a joint venture with Durham Tees Valley Probation Trust. We ran a successful pilot phase and formed Freshground CIC. We both benefited from significant learning which is informing plans for future development.

Following a NOMS funded pilot in 2009-10 when we worked with HMP Low Newton to try growing plants on a more commercial basis in the prison, we have taken the learning from this and worked on a pilot supported by Northumbria University School of Design for the development of products that have a higher added value because of their design features. This will provide employment opportunities in the community for ex-offenders on their release from custody and we hope it will become sustainable. This work has been piloted in a workshop in HMP Durham and in the community in North Tyneside. A full review of the product range and business model is under way and the second phase is expected to start in summer 2013.

Key learning

Our key learning concerns how to develop relationships, systems and processes with prisons and probation trusts that can meet their sentencing or supervision requirements and that can work within a more commercial, social enterprise environment where the business needs have to come first.

We have learned significant lessons around how to develop new social enterprises out of the nursery and about high volume low margin seasonal trading, managing high

overheads and a reluctance to sell amongst skilled technical staff. Any new venture will need a stronger sales force and higher margin products so it is less dependent on the weather and seasonal variations in income. We are addressing these issues with a design input from Northumbria University and a model that aims for a high retail component through on-line sales and 'pop up' shops. We are also aiming for a wider product range.

We have developed transitional employment opportunities that give offenders a route into permanent employment with larger employers. We have built up excellent links and supported several offenders into employment. The experience and training we offer, in self-belief and emotional resilience, develop attitudes and behaviours that improve employability as well as skills and qualifications. We will be building on this with a consortium led by Social Enterprise Acumen CIC in the North East so that we can either bid for employability contracts in our own right or through a supply chain to larger providers.

It is very important to build and maintain relationships with all of the stakeholders but it is difficult to build relationships when people frequently move roles within prisons and probation trusts. It has also been very challenging working with the public sector during a period which included market testing of the prisons and the probation review. It is difficult to work in partnership with organisations that are not sure of their own future.

Based on what we have learned, we would give a longer period for planning, run a test phase and then road test the business model. We are developing this process into a model for new social enterprises and working with funders such as UnLtd through our role as a support organisation for other social enterprises. Business models that have a break even or low profit margin forecast are too vulnerable so we need to find businesses that can make a higher level of profit. We also need to invest more time in helping people in the criminal justice sector to understand enterprise and help them to develop a more enterprising culture in their own organisations. This has challenges given their main role of supervising offenders but we believe it is crucial for the reduction of re-offending.

Our experience suggests that it would be helpful if the prisons and probation trusts placed greater emphasis on involving the Voluntary, Community and Social Enterprise (VCSE) sectors. The Public Services (Social Value) Act 2012 goes some way towards supporting this approach but our organisations need to receive proper payment for the work they do. Policy changes and development support that would enable smaller social enterprises to gain contracts, either as a sub contractor or as part of a consortium, would make a substantial difference to the sustainability of small social enterprises such as ours. Public sector procurement needs to be managed more effectively to achieve the social aims of commissioners. The rhetoric is good but the reality is very different.

