



## Best Practice Briefing No: 1

Enterprising solutions to reduce reoffending

### Measuring Social Value Added in the context of the NOMS Social Enterprise Consortia Building Programme

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#### Context

The term 'social enterprise' signals that the success criteria of the business are not just in terms of sales revenue, jobs created and financial return, but also in terms of social outcomes both for the individuals engaged in enterprise activity and for society at large.

Delivering any kind of enterprise activity within the Criminal Justice System (CJS) is demanding given the rules and constraints affecting the secure management and supervision of serving offenders, and the rules relating to budgets and financial reporting. In addition, NOMS has its own record keeping and performance reporting systems. Governors and managers are held accountable for the delivery of certain key performance targets.

It is not surprising, therefore, that the measurement of social value added as a result of introducing social enterprise activity into training and rehabilitation of offenders is seen at best as an afterthought or at worst as an additional burden, and a barrier to the adoption of social enterprise methods.

The purpose of this briefing is to suggest how simple measures of social value added can contribute to the effectiveness of social enterprise activity in the prison and probation service, and how, with appropriate planning, measurement tools can be embedded within the enterprise process without the fear of introducing another layer administration and record-keeping.



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#### Why does it matter?

The influences of social enterprise upon reducing re-offending are quite subtle, but can loosely be summarised under the headings:

- **impact upon the offender** – the design of work within a social enterprise will tend to place greater emphasis upon the individual and their contribution to the enterprise process – thus job design will seek to maximise opportunities to acquire/develop skills, the work environment will be participatory, encouraging the taking of personal responsibility and contributing towards team-working and process improvement, the sales channels may identify how and why the products have been made (eg the 'Reap & Sow'<sup>1</sup> brand concept) thereby encouraging the offender to take greater pride in her/his work and the end user to see themselves as linked to a positive process of training and re-integration into society
- **partner engagement** – many within society recognise our mutual interest in seeking to reduce re-offending and re-integrated offenders into society. A social enterprise model lends itself to acting as a meeting point to engage with the latent goodwill of those outside the Justice system to contribute to this process. Thus third sector organisations may assist the design and delivery of social enterprise solutions, and also may play an active role in continued support for ex-offenders after their sentence/supervision is complete. Through those same third sector networks, volunteers may be engaged who can contribute towards the success of the enterprise, and can to share their skills, knowledge and expertise to help individuals working within the enterprise (The REACH<sup>2</sup> project at Prinknash Abbey Gardens is an example of

<sup>1</sup> Reap & Sow is a new brand concept to market design-led consumer products manufactured by social enterprise workshops operating within prisons

<sup>2</sup> REACH is a social enterprise offering horticultural skills and land-based activities and training to vulnerable young adults including those at risk of offending or re-offending - [www.reachweb.org](http://www.reachweb.org)

the wider community engaging with and supporting the work of the social enterprise). Business partners may also be attracted to engage with social enterprises whose aims coincide with their own Corporate Social Responsibility objectives.

As has been illustrated by the recent Social Impact Bond<sup>3</sup> pilots social enterprise also has the potential to engage the social investment community.

The social enterprise thus becomes the vehicle through which commercial, philanthropic and institutional partners can each make their distinctive contribution to the shared goal of reduced re-offending without surrendering their separate identity.

- **impact upon the work environment** – the demands upon the prison estate are many and complex, and social enterprise is not a ‘one size fits all’ solution. However, some of the best examples of horticultural social enterprise have a visibly beneficial impact upon the prison estate – for example the planting all around the estate and the Reflection garden at HMP & YOI Styal, or the successful greenhouses and farm shop at East Sutton Park. Where the fruits of the social enterprise activity can be seen within the estate, both offenders and staff will be encouraged to take greater pride in the establishment.
- **contribution towards the achievement of Home Office targets** – a key target for the prison estate is to increase the hours worked by those serving custodial sentences, and to improve the recycling of waste within prisons. At HMP & YOI Styal the horticultural and recycling activities have shown the ability to recruit, motivate and engage offenders such that a few volunteer to work extra hours, and the recycling of food waste through the ‘Big Hannah’ offers the potential for the compost to be re-used around the growing beds.
- **cost effectiveness and sustainability** – market-led<sup>4</sup> social enterprises can also be cost-effective in terms of their delivery. The enterprise activity allows labour value added products, such as horticultural produce, to be marketed and sold returning back to the Justice system a surplus over and above the cost of inputs. The engagement of partners allows for management expertise, training and support/mentoring to be brought into the enterprise on a reduced cost or ‘pro bono’ basis. The social investment market opens the potential for access to ‘patient capital’<sup>5</sup> where

required. The identification of the produce as emanating from a social enterprise may allow a better price to be earned from the customer (eg the ‘internal’ sale of cut flowers grown at HMP Styal)

The 2009 Concilium research report commissioned by NOMS made recommendations in this field:

- *Development of impact measurement of the work undertaken by third sector providers in general and social enterprises in particular....*
- *Developing an understanding of the benefits of, and promoting, the tools that are available to measure the impact of social enterprises, including Social Accounting and Social Return on Investment. Investing in this process will help to demonstrate achievement towards key outcome targets.*<sup>6</sup>

The same report went on to argue both that the MoJ procurement systems were not challenging social enterprises to produce evidence of social value added either as key performance indicators or by producing evidence from evaluations. Equally social enterprises had not yet adopted system frameworks through which to evidence the value added they claimed to be making.<sup>7</sup> However, the report was less explicit in its recommendations about the most appropriate tools to use.

## What are the right tools?

Increasing interest in techniques to measure social value has led to the development a variety of tools and techniques. The policy environment is continuing to develop both in the ‘for profit sector’ with calls for higher standards of sustainability reporting from the International Integrated Reporting Committee (IIRC)<sup>8</sup>, and in the social enterprise sector with the introduction of the United Kingdom Parliament Public Services (Social Enterprise and Social Value) Bill 2010-11<sup>9</sup>.

The piloting of the first Social Impact Bonds has also excited interest in how public investment added social value can best measured and monitored over time.

However, the public debate, and many of the tools and measures proposed in response, look towards larger scale organisations. What may be appropriate for established third sector providers with annual revenues measured in

<sup>3</sup> [www.socialfinance.org.uk/work/sibs](http://www.socialfinance.org.uk/work/sibs)

<sup>4</sup> ‘Market Led’ means that the social enterprise will look first to what consumers/customers want, and then ask how to develop the training and resources to satisfy that demand, rather than begin with the ‘supply side’ (eg a prison workshop) and ask how to develop a market for what is produced.

<sup>5</sup> ‘Patient capital’ is the notion of social investments made by individuals or foundations where it is recognised that it may be a number of years

before that investment can be returned. (Typically venture capital will look for a higher market return and an early exit or re-sale.

<sup>6</sup> Social Enterprises working with Prisons and Probation Services - A mapping exercise for NOMS – p11

<sup>7</sup> Ibid – pp 109 -114

<sup>8</sup> See

[www.socialenterpriselive.com/section/news/money/20110912/prince-charles-advisor-leads-business-call-link-financial-social-and-env-network/2010/nov/17/what-you-need-to-know-about-the-public-services-social-enterprise-and-social-value](http://www.socialenterpriselive.com/section/news/money/20110912/prince-charles-advisor-leads-business-call-link-financial-social-and-env-network/2010/nov/17/what-you-need-to-know-about-the-public-services-social-enterprise-and-social-value)

<sup>9</sup> See <http://www.guardian.co.uk/social-enterprise-network/2010/nov/17/what-you-need-to-know-about-the-public-services-social-enterprise-and-social-value>

£ millions or £10's of millions, will be oversized and too expensive to implement for early stage or more local social enterprises (as may be more often the case with horticultural social enterprises within the CJS). This briefing argues that it is possible to distil the principles of the most widely used techniques to develop appropriately scaled solutions.

To a greater or lesser extent the main tools in use are all based upon the 'theory of change' model<sup>10</sup>, which has then been adapted by the New Economics Foundation and others to provide the Impact Map<sup>11</sup>.

The Impact Map, or its equivalent in the Social Audit Network<sup>12</sup> methodology, provides the framework to identify the measurable (outputs) and the changes in the lives of individuals and groups (outcomes) which contribute towards the desired social impact of the enterprise.

This in turn allows a causal link to be made between the activities and outputs of the social enterprise and the influences and benefits described in the section above.

When required, this data can also be used in support of calculations of the monetised 'social return' using the techniques of SROI.<sup>13</sup>

### What reporting framework is required?

Some social reports are intimidating in their size, scope and level of detail. But this doesn't need to be the case.

Three golden rules should apply:

- **the social account should be appropriate to the size and scale of the enterprise.** Thus a multi-million pound turnover organisation may produce a printed report of up to 80 pages in length. A small start-up social enterprise is more likely to produce a summary report on 2 – 4 sides of A4 with perhaps more supporting detail available on a website;
- wherever possible **the data collected should flow naturally from the business process**, rather than become a separate process in its own right. For instance a community pay-back programme might operate a 'green/amber/red' register system to record the daily attendance, work contribution and attitude of those on the scheme. That same system can provide data for the social account, supplemented with some additional background about participants captured on registration and on leaving;
- **the report should be timely and should go to the right people.** Too often, social reports and evaluations are an afterthought, and they are out of date before they are compiled and disseminated. Even if some of the goals are long term (eg reducing re-offending) relevant performance and output measures can be fed back in a timely fashion so as to reward achievement or to address underperformance, using a simple dashboard style report (see example). Skills and qualifications gained could be monitored quarterly (on in line with the Learning & Skills regime) and attitudinal surveys/soft outcomes could be reported every six months using a combination of entry and exit interviews, attitude surveys and comments books.

### Recommendations

The policy case for adopting measures of social value as part of the performance framework for social enterprises operating within the CJS is made. The challenge lies in the practicalities.

We recommend that

- ✓ each social enterprise commissioned by or operating within NOMS framework should be required to develop and submit for approval an Impact Map. This will make explicit the expected social value added resulting from the enterprise
- ✓ based upon the Impact Map, and tailored to the scale and nature of the social enterprise, each enterprise should be required to specify and adopt a 'dashboard' reporting system to report progress towards their social value goals. Such a system may begin with a very basic framework, and develop as the social enterprise develops in terms of the range and sophistication of the indicators used
- ✓ consideration should be given to adopting some key indicators from the Impact Map as key performance indicators in any SLA between the social enterprise and NOMS

We further recommend that the Social Enterprise Unit within NOMS be encouraged to look at appropriate on-line tools which may support the implementation and quality management of the social value reporting measures above.

<sup>10</sup> See <http://learningforsustainability.net/evaluation/theoryofchange.php> amongst other web references

<sup>11</sup> [www.thesroinetwork.org/publications/cat\\_view/29-the-sroi-guide-2009/34-impact-maps](http://www.thesroinetwork.org/publications/cat_view/29-the-sroi-guide-2009/34-impact-maps)

<sup>12</sup> [www.socialauditnetwork.org.uk](http://www.socialauditnetwork.org.uk)

<sup>13</sup> [www.thesroinetwork.org](http://www.thesroinetwork.org)

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