

The Ideas Mine CIC

Creating sustainable social enterprises in the criminal justice system

A comparative study

9. Measuring Social Value

The term 'social enterprise' signals that the business purpose and success criteria will (or should) be counted 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 Justice system is demanding given the rules and constraints affecting the secure management and supervision of serving offenders. There are also budget rules to be followed which have been explored elsewhere in this report.

The MoJ also 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 at best seen as a luxury or at worst as a additional burden, and a barrier to the adoption of social enterprise methods.

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

9.1 Why does it matter?

Elsewhere within this report the case has been made for social enterprise to make a positive contribution to the skills, employability, life chances and rehabilitation of serving offenders.

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 the job design will seek to maximise opportunities to acquire/develop skills; the work environment will be participatory and encourage 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 (e.g. the 'Reap & Sow'¹⁰ 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.

¹⁰ See section 6

- **Partner engagement**

Many within society recognise our mutual interest in seeking to reduce re-offending and re-integrate 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 share their skills, knowledge and expertise to help individuals working within the enterprise (The REACH¹¹ project at Prinknash Abbey Gardens is an example of 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 Bond¹² 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 do have visible impact upon the prison estate – for example the planting 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 Styal the horticultural

¹¹ 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

¹² www.socialfinance.org.uk/work/sibs

and recycling activities have shown the ability to attract, recruit, motivate and engage offenders such that some volunteer to work extra hours. Meanwhile, the recycling of food waste through the Big Hanna offers the potential for the compost to be re-used around the growing beds.

- **Cost effectiveness and sustainability**

Market-led¹³ 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 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'¹⁴ where required. The identification of the produce as emanating from a social enterprise may allow a better price to be earned from the customer (e.g. the 'internal' sale of cut flowers grown at Styal)

The 2009 Concilium research report¹⁵ made recommendations to NOMS 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.*¹⁶

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.¹⁷ However, the report was less explicit in its recommendations about the most appropriate tools to use.

¹³ '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.

¹⁴ '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.

¹⁵ 2009, Concilium, *Reducing Re-Offending Through Social Enterprise*

¹⁶ Social Enterprises working with Prisons and Probation Services - A mapping exercise for NOMS – p11

¹⁷ Ibid – pp 109 -114

9.2 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)¹⁸, and in the social enterprise sector with the introduction of the United Kingdom Parliament Public Services (Social Enterprise and Social Value) Bill 2010-11¹⁹.

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

However, the public debate, and many of the tools and measures proposed in response, looks towards larger scale organisations. What may be appropriate for an established third sector provider with annual revenues of some £ 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 Justice system). This paper argues, therefore, that it is possible to distil the principles of the most widely used techniques to develop appropriately scaled solutions.

Some of the main tools are summarised in the Appendix 1. To a greater or lesser extent they are all based upon the ‘theory of change’ model²⁰, which has then been adapted by the New Economics Foundation and others to provide the Impact Map²¹.

The Impact Map, or its equivalent in the Social Audit Network²² 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.

Two worked examples follow, based upon Styal and ‘Reap & Sow’. In each case we seek to illustrate that undertaking an Impact Mapping exercise (approx ½ day of work) and identifying key indicators allows potential for the collection of data to be largely embedded in the day-to-day business of the

¹⁸ See www.socialenterpriselive.com/section/news/money/20110912/prince-charles-advisor-leads-business-call-link-financial-social-and-env

¹⁹ 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>

²⁰ See <http://learningforsustainability.net/evaluation/theoryofchange.php> amongst other web references

²¹ www.thesroinetwork.org/publications/cat_view/29-the-sroi-guide-2009/34-impact-maps

²² www.socialauditnetwork.org.uk

social enterprises. The data recorded can help to evidence 'distance travelled' by individuals and the social value added of the enterprise.

When required, this data can also be used in support of calculations of the monetised 'social return' using the techniques of SROI.²³

9.3 HMP Styal – Recycling and Horticulture

The primary purpose of the recycling and horticulture activities at Styal is to deliver the MoJ policy objectives of education, purposeful activity and reduced landfill.

The social value added is just that, 'value added'. Nevertheless to measure and report the value added in a systematic way enables Styal to demonstrate that it is possible to deliver MoJ targets *and* add significantly to the health and employability prospects of offenders, to the care and maintenance of the prison estate, and to good environmental practice at little or no extra cost.

The measures of social value in this context deliver a triple benefit:-

- as a means of evidencing the lifestyle benefits to offenders (individually and collectively) as result of the social enterprise activity – e.g. qualifications and skills gained, enhanced status wages, health benefits
- as a means of targeting resources where they can be most effective in achieving /sustaining value added and informing future business planning
- as evidence of best practice within the prison system, and to support replication of the social enterprise elsewhere.

Measures of social value added can best seen as falling into three classes:

- **Hard Data** – e.g. the number of participating prisoners, hours worked, qualifications gained, recycling percentages. Much of this data is already embedded in the prison record keeping
- **Soft Data** – e.g. tutor/supervisor feedback, attitude/opening surveys amongst offenders, feedback from prison staff/visitors [*Some soft data can be collected in a way which lends itself to statistical reporting, e.g. collecting attitudinal data on a scale of 1 – 5*]

Soft Data can also be complemented by external evaluations – e.g. OFSTED reports, health studies, and other evaluations

²³ www.thesroinetwork.org

- **Case studies and anecdotes** – these are, by their very nature, not intended to be statistically significant, but in the case of Styal the creation of the Reflection Garden, the evolution of a micro-business growing and selling cut flowers, and the extra hours commitment of the women working on the Big Hannah are all examples of positive attitudinal change made possible the leadership, structure and management style of the Recycling and Horticulture programme

The Impact Map which follows (figure 1), and the Outputs and Outcomes (figure 2) have been annotated to illustrate how social value data could be collected using Existing (E) and only some New (N), Hard data (H), Soft Data (S) and Case Studies (CS)

Figure 1: HMP Styal – Recycling and Horticulture Impact Map

Input	Activity	Output	Outcome	Impact
Grounds maintenance tools and equipment	Gardening, weeding, lawnmowing, planting, watering, general grounds maintenance	Delivery of MoJ targets (prisoner activity and recycling) (H,E)	Re-engagement with work (S,N) Acquisition of Skills (S,N)	Reduced re-offending Improved health
Tractor & machinery	Cultivation of plants and seeds in polytunnel / under glass	Purposeful activity (H,E)	Qualifications (Horticulture only) - (H,E)	Improved employment prospects
Polytunnels and glass house	Developing cultivation plan	Wages for prisoners (H,E)	Enhanced self esteem / personal responsibility (S,N + CS)	Environmental Benefits
Horticultural inputs (seeds, fertilisers, etc)	Selecting produce for sale	Achievement of training targets (H,E)	Team working skills (S,N + CS)	Reduced cost to public purse
Landscaping materials	Designing/creating bouquets	Grounds Maintained	Smoking Cessation (S,N + CS)	
Rubbish collecting buggy	Designing and creating landscape features around the prison	New borders and landscaping	Physical exercise (CS)	
Rubbish bins and containers	Daily rubbish collections	Fresh produce for consumption in prison houses (H,N)	Healthier diet (CS)	
Staff supervision	Daily food waste collection	Fresh produce for sale (H,E)	Reduced landfill (H,E)	
Horticultural education	Hand-sorting refuse	Cut Flowers for sale (H,E)	Revenue generation (H,E)	
Prisoner workforce	Operating 'Big Hannah' composter	Sorted recyclates for collection (H,E)	Improvements to the physical environment of the prison estate (S,E)	
	Horticulture education	Compost from Big Hannah (H,E)	Awards & recognition (S & CS,E)	

Figure 2

Social Impact Map



Input	Activity	Output	Outcome	Impact
<ul style="list-style-type: none"> • Workshop space / equipment • Supervision by prison staff • Training Manchester College • Purchase materials • Investment in brand • Design • Social Enterprise champions X offenders 	<ul style="list-style-type: none"> • Designing • Production • Marketing • Training • Sales • Distribution • Administration • Learning • Assembly • Packaging • Programme of cultural change • Self-belief emotional resilience support 	<ul style="list-style-type: none"> • <i>Training & qualifications</i> • <i>Pre & post release job opportunities</i> • Wages • Products for sale • Sales revenue • <i>Meaningful activity</i> • Developing a customer base 	<ul style="list-style-type: none"> • Increased employability of offenders • <i>Enhanced self esteem</i> • <i>Changing culture in the criminal justice system</i> • <i>Developing a market for social value products</i> • Successful brand led enterprise • Delivering MOJ policy objectives 	<ul style="list-style-type: none"> • Reduce reoffending • Reduced cost of prison & probation service • Change in public attitude to offender rehabilitation • Improved health outcomes for offenders

9.4 Reap & Sow

Reap & Sow is still at the concept stage as a social enterprise operating within the prison and probation service. Nonetheless as a brand management and distribution business it is still possible to construct an Impact Map (see above) and to identify which indicators (highlighted in blue) are likely to be most influential in shaping its social impact.

Addressing issues of social value added at a business planning stage makes it possible to model how different scenarios may affect the expected 'social return' from the enterprises, and to consider how best to maximise impact within a given resource framework.

It also allows the management team to design management information and reporting frameworks which embed the collection of data in the business processes of the enterprise.

9.5 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 prison-based social enterprise with revenues of less than £50,000 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, perhaps supplemented with some extra questionnaire data 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 terms goals (e.g. reducing re-offending) relevant measures can be fed back in a timely fashion so as to reward achievement or to address underperformance. For instance, within the prison service hours worked (and in the light of recent policy changes, wages paid back to victim support) could be targets

reviewed and monitored on a weekly basis and reported both to staff and to offenders working in the scheme using a simple dashboard style report (see example). Skills and qualifications gained could be monitored quarterly (on in line with the Learning and 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.

Figure 3 Dashboard social report

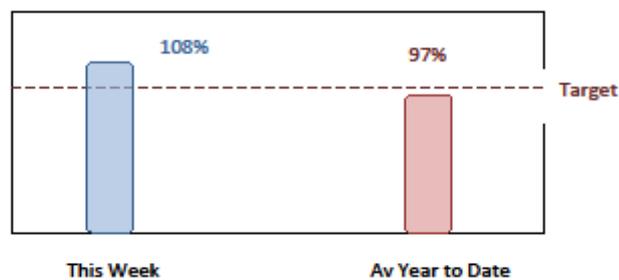
Illustrative Simple Dashboard Social Report

The Green Team

Horticulture and Land Management Skills at HMP _____

No: of Offenders on Scheme - This week: Av Year to Date:

Weekly Hours Worked:



Attitude and Discipline (Green / Yellow / Red)

Green Sessions worked this week Yellow Sessions worked this week Red Sessions worked this week

Horticultural Qualifications gained:

Actual year to date Actual year to date

Motivation & Self-Esteem:

Comments from Entry Interviews

Comments from Exit Interviews

Comments on Comments Book

Feedback from Staff/Visitors

9.6 Learning from the MoJ ESF Pilots 2009 - 10

A number of social enterprise pilots were commissioned by the MOJ Social Enterprise Unit in 2009-2010. Each pilot reported back with a summary evaluation.

Only four of those pilots made overt reference to measuring social value – and each adopted a different approach:

***Advantage 42** – used ‘soft’ indicators based upon satisfaction surveys amongst workshop attendees. Although strongly positive, it can be argued that this technique lacked sufficient objectivity and differentiation to offer a useful measurement framework on its own*

***Blue Sky** – with the support of the Impetus Trust had applied learning from its use of SROI reporting to apply to its social enterprise pilot. The SROI study had suggested a return of £74k - £210k per offender in terms of future savings to the public purse. This technique – as with Social Impact Bonds – reinforces the very significant savings which can result from effective reductions in re-offending. A challenge with such techniques – apart from the cost of commissioning the SROI study – is to ensure a fair attribution of the effect of each programme in reducing re-offending when multiple agencies are working with each offender.*

***Holt Hill Wood** – made a presentation of their work with young people at risk of offending. Their principle evidence base is OFSTED reporting, supplemented by some further stakeholder feedback using Social Audit Network techniques. Holt Hill Wood do not yet consolidate this learning in a formalised social report*

***HMP & YOI Low Newton/Horticultural Acumen** – because of delays in commissioning this project was little more than a demonstration pilot. The Ideas Mine offered a commentary and analysis about how social value might be measured within such a context.*

9.7 On Line Systems

Various endeavours have been made to develop ‘on-line’ tools to support social enterprises wanting to report social value added.

Amongst the best, in our opinion, are:

- www.demonstratingvalue.org - a social enterprise performance dashboard and reporting framework developed by Vancity Community Foundation in Canada
- www.socialimpacttracker.org – on-line data management tool

Other tools, such as SROI, are supported by on line training materials.

However, there remains a problem in accessing an appropriate ‘entry level’ on-line tool. The ‘Valuing the Difference’ project (hosted by the Sustainable Cities Research Institute at Northumbria University) developed a simple ‘triple bottom line’ appraisal toolkit for Market Town East – called IRIS On Line.²⁴ When the Valuing the Difference project ended, the intellectual property rights to this tool passed to The Ideas Mine Project team. Although some modification would be required to adapt the tool for use within a MoJ context, this may offer another potential solution.

²⁴ www.online-iris.net – This tool is accessible only by password. A demonstration can be arranged

Appendix 1

Social Audit Method

The Social Audit method owes its origins to collaborative work between the New Economics Foundation, John Pearce (Community Business Scotland) and Traidcraft in the early 1990's.

It is now formalised in the Social Audit workbook developed and published by the Social Audit Network (SAN)

The key features of the SAN method are:

- it is stakeholder focused (i.e. the indicators and outcomes to be reported on derive from the organisations' mission and its interactions with its stakeholders)
- it is 'multi-dimensional' (i.e. it embraces economic, social and environmental performance, and the relative importance attributed to each will be determined by their materiality in relation to the organisation's aims and its stakeholders' priorities)
- it supports a regular and planned reporting cycle (this may be annual/ bi-ennial, and the full range of stakeholders/indicators may be covered over a number years)
- it encourages independent verification through an 'audit panel' process (a group of industry peers) chaired and led by an approved social auditor.

SAN runs training courses in social auditing & accounting which, together the workbook are intended to give organisations the know-how to plan for and prepare their own social accounts.

www.socialauditnetwork.org.uk

Social Return on Investment

The principle of Social Return on Investment (SROI) is to seek for each measurable social or environmental outcome a financial proxy (a measure of the opportunity cost to society of that outcome). An SROI ratio is a monetised measure of the social value created compared with the investment required to achieve that impact. It aims to take extend the financial concept of return on investment to embrace social, economic and environmental value created.

The Cabinet Office has supported the development of materials and guides and the SROI Network - www.thesroinetwork.org. The website contains complete instructions about the method (Copies of some key elements are included with this toolkit).

The SROI Network also promotes training courses in its use.

Most practitioners acknowledge that professional assistance is usually required to undertake an SROI study. Typically consultancy fees can vary from £3,000 upwards depending upon the size and complexity of the project to be assessed.

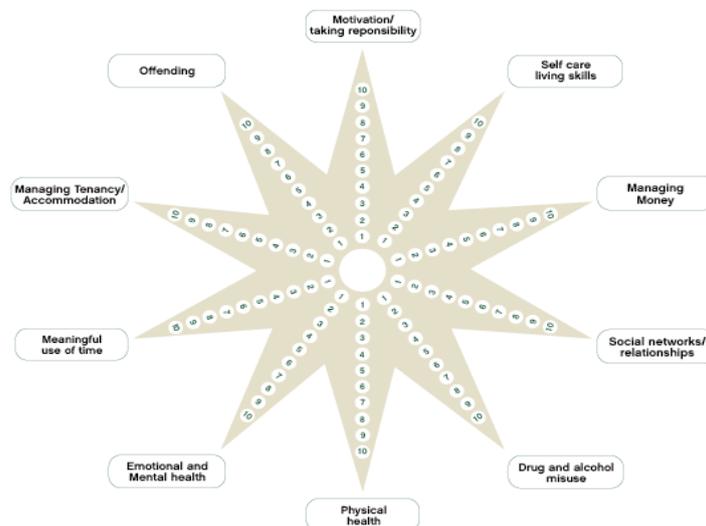
Soft Outcomes and the Outcomes Star

Hard outcomes are relatively easy to monitor and record on a transactional basis - jobs created, qualifications gained, placements completed, etc.

For many third sector organisations what clients experience on their learning 'journey' may be even more significant than whether or not they reach a particular destination. Many organisations will have developed some of their own tools for measuring this 'distanced travelled' (course/event feedback, case studies, client reviews). Fewer have developed the tools in a way which supports comparative analysis.

The **Outcomes Star**, originally developed for use in the homelessness sector, is one such tool. It cleverly combines

- a) a visual tool which is easy to use even with clients with poor literacy skills
- b) a motivation tool which supports target setting
- c) a numeric tool which allows the client's progress (distance travelled) against different axes to be converted to a 'score' for use in comparative analysis.



Full information about the Outcomes Star including training materials can be found at www.outcomesstar.org.uk.