



UNITED KINGDOM

1. Background information

Contact Information

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Description of activities in the field

Work Integration Programmes organised or implemented by Social Firms UK:

Social Firms UK is the national membership and support organisation for the development of the **Social Firm** and **Work Integration Social Enterprise (WISE)** sector in the UK. These are employability-focussed social enterprises that believe that everyone has the right to be employed and that provide employment or employment support those furthest from the labour market.

Our mission is to support, strengthen and grow the Work Integration Social Enterprise sector so that more people facing the most significant barriers to work can gain employment

Definitions:

A **Social Firm** is a type of social enterprise that generates its income through the sale of its goods or services and has been set up specifically to create good quality [jobs](#) for, and to employ, people severely disadvantaged in the labour market. At least 25% of people employed in a social firm face major barriers in the labour market, and a social firm generates at least 50% of its income through trade. A social firm re-invests its profits to create more jobs.

A Work Integration Social Enterprise (WISE) focuses on improving employment prospects for those furthest from the labour market through a wider range of work-based opportunities eg work experience, CV writing, interview practice, training etc. A social firm is a type of WISE.

People severely disadvantaged in the labour market are people with mental health problems or learning disabilities, people with experience of drug or alcohol addictions and/or homelessness and/or people with criminal records.

2. State of the art

1.1. State of the art – policies

Which kinds of policies are in place in the UK?

How do they contribute or jeopardize the development and implementation of work and reintegration programmes?

Overview

Policy in the UK on reducing unemployment is undergoing considerable change. This applies to employment policy in general and to policy relating to work integration for people in vulnerable groups. It applies to the way support for work integration is organised, the types of organisations providing support and the way the support is funded. The welfare benefit system is also being overhauled. These changes all have an impact on the individual seeking work, but in some respects it is too early to tell at this stage (May 2013) what the nature of that impact will be.

Policies

There is a wide range of broad and focused policy areas that impact on the design and development of work integration programmes for vulnerable people. In brief, these involve:

Vulnerable people

- A number of key Government strategies on mental health, drugs, reducing re-offending and social justice have now started to recognise **the positive impact that employment can have on vulnerable people** and the need to take steps to address the barriers to employment faced by people with mental health problems; people with criminal records; people dependent on using drugs or alcohol; and people with a criminal record.
- A shift in focus to encourage more **disabled people to be part of the mainstream workforce** rather than working in specialist organisations.

Work integration programmes

- The State's flagship employment programme is the **Work Programme**. It is mandatory for anyone who's been out of work for over 9 months if they're 24 or younger or if they're 25+ they must join the programme if they've been unemployed for a year. People can opt to join the programme sooner and it is open to offenders as soon as they have made their benefit claim and to disabled people as soon as they have received the results of their work capability assessment. The focus of the programme is to support people in their jobsearch. Under this programme the UK government's Department for Work and Pensions has a small number of multi-million pound contracts with large, mostly private, organisations known as 'Prime Providers' to arrange for jobseeking support and other activities to help unemployed people gain employment. They can provide these activities themselves or arrange a supply chain of subcontractors to do so. They can also sub contract to specialist organisations to work with people with specific needs, such as people in the target groups of the INWORK project. There is no stipulation on the format of the service to be provided, on the basis that the provider should have the freedom to meet individual's needs. It is left to the prime providers to decide what services they will deliver, how they will deliver it and who they include in a supply chain as subcontractors. Another significant feature is that the funding regime for the programme is based on payment by results. Under this funding regime, there is a small initial payment, but the majority of funding is paid when the individual

has been employed for at least 6 months and a final payment is made when the person has been employed for 2 years.

- **For people with disabilities** there are additional state-funded programmes that are provided by specialist providers. However, increasing numbers of people are being referred to the Work Programme. This is due to changes in the benefits system for disabled people. Previously people who were on disability related benefits were not required to take steps to get into employment and the numbers of people on those benefits was much higher than the number of people on unemployment benefit. Now people on disability related benefits have their ability to undertake work assessed and those who are deemed capable of work are required to take action to move into employment.

Funding and financing

- There has been a move towards **personalised budgets for disabled people**, with the funding for support services linked to the individual rather than the service provider, thus giving the individual greater choice in the activities they undertake..
- The funding regime for work integration programmes is increasingly based on **payment by results** (with the majority of any payment being 'end-loaded')
- The Government is encouraging other funders and philanthropists to make '**social investments**' thus reducing the State's role as a funder.
- There is a general **shift from funders in the public sector and among philanthropists to offer loans rather than grants.**

Social value

- There is increasing recognition that public sector commissioning has the potential to have far greater impact if social value, as well as financial value, is taken into account when goods and services are being procured. The Social Value Act 2012 pushes this forward.

The role of the third sector

- While there are now few references to 'the Big Society' the role of voluntary and community organisations, and social enterprises are

clearly recognised as providing numerous examples of good practice in the work integration and resettlement field. In addition, public sector workers are being encouraged to set up their own social enterprises (known as mutuals) to deliver and develop public services outside the legal and bureaucratic constraints that apply in the public sector.

Positive and negative impact of these policies on Work Integration Programmes

Vulnerable people

Until the last few years, government policy makers focused narrowly on their particular departmental policy interests such as health, or criminal justice, or housing the homeless and have failed to 'join up' to take a coordinated view on all the different factors that affect an individual's life. There is now increasing acknowledgement of the **positive impact employment has on vulnerable people's lives**. This development is very welcome and is an indication that a holistic approach, that many NGOs and social enterprises already take, represents the way forward. It also means that policy environment is more conducive to exploring innovative proposals.

The implications of the shift from organisational to personal funding and the desire to see more **disabled people in mainstream employment** are varied. On the one hand there is a clear imperative that disabled people are fully integrated in all aspects of society. This policy provides the opportunity to develop new approaches to support based on individual need, as well as underlining the importance of working in partnership with all stakeholders, including mainstream employers. On the other hand, we are still a long way from a situation where all employers recognise the abilities and potential of disabled people. So there needs to be continuing efforts to educate, change attitudes and reduce the stigma that disabled people, and particularly people with mental health problems, face. We also know from Social Firms' experience that, depending on the nature of the disability, support in employment can come at a cost (in personal support / productivity / foregone opportunity costs). Covering this cost provides social firms and work integration social enterprises with additional challenges.

Work Integration Programmes

The national **Work Programme** has only provided opportunities for a small number of work integration social enterprises and the results in

terms of employment for individuals has been poor. This is in part due to lack of job opportunities due to the economic situation but is also a consequence of the programme design. In order to be successful a specialist provider needs to receive referrals from organisations further up the supply chain, and needs to be able to cover the upfront costs of service delivery and shoulder the financial risk inherent in the payment by result funding regime. For many small specialist providers this simply is not possible, and so they have not entered into contracts with the Prime Providers. The government has just announced that it will be launching a resettlement programme for offenders with short sentences that will involve social enterprises and other organisations. This too will be based the Prime Provider model and will have a payment by results funding regime. It is not yet clear how this programme will integrate with the Work Programme.

Funding and Financing

Personalised budgets for people with learning disabilities have led to some innovative approaches in supporting people to become self-employed. See mi-enterprise example 4 below.

As explained earlier, the existing **payment by results** funding systems have not been suitable for many small work integration providers and they would need to be radically adjusted if that situation is to change. Some steps are being taken to enable social enterprises involved in offender resettlement to form consortia in order to be in a position to compete for larger contracts. However, the UK government has recently announced that it intends to repeat the prime provider model it uses for the Work Programme, for resettlement services for offenders. It is therefore unlikely that any social enterprises will be large enough to bid for prime provider contracts and so they may only be sub-contractors.

There are some developments relating to funding and finance that apply to a wide range of NGOs including those delivering work integration programmes. **Social investments and social impact bonds** are new developments in funding and are at their very early stages. The general aim is that programmes are financed by either private or philanthropic bodies, on the basis of financial **and/or** social return. For a more detailed explanation see the link in section 5. There is some separate funding available to help organisations become 'investment ready' but at this stage it looks like this form of financing is only suitable for large organisations or those with firm plans to scale up. The government is promoting

them strongly but as yet there is little hard evidence of their effectiveness. If they prove to be successful they have the potential to significantly reduce upfront state funding.

There is also a general shift from **grant funding to loan funding**. This is being seen among charitable trusts and foundations as well as reflecting a need recognised by some charities and voluntary groups to put themselves on a more sustainable financial footing by developing social enterprises and generating their own income. Social Firms UK has developed a range of technical resources for people and organisations that want to set up as social enterprises and social firms. (see section 5)

Social Value

Recognition of social value and demonstrating social impact are becoming increasingly important. They provide social enterprises with information and feedback on the extent to which they are achieving their social mission, and they can be instrumental in influencing potential supporters, funders, investors and in winning contracts. For example, work integration social enterprises that provide services as well as offer employment to vulnerable people are more likely to be successful if they can demonstrate the added social value they offer. Very few UK public authorities actually make use of the reserved contract arrangements that are offered in Art 17 (1) of the new EU Procurement Directive. This clause allows member states to reserve public contracts for 'sheltered workshops or economic operators whose main aim is the social and professional integration of disabled and disadvantaged persons, or provide for such contracts to be performed in the context of sheltered employment programmes, provided at least 30% of the employees of those workshops, economic operators or programmes are disabled or disadvantaged workers' employment or organisations cognising social value and demonstrating social impact and are areas of increasing importance.

In the UK, the Public Services (Social Value) Act came into force in 2013 and it enables public authorities to take account of social value when they commission services. This has the clear potential to benefit social enterprises, especially those that could not meet the requirements of EU Procurement Directive. However there is nothing to stop private organisations demonstrating any social value to a public authority that is using freedoms that the Act provides. It is early days and public sector commissioners need to be aware of the Act and to have some form of assessing social value. At the moment there are a number of methodologies and no consistent way to make comparisons of social value.

The role of the third sector

The Government is keen to see the role of the third sector expand, as the role of the state contracts. However most existing third sector organisations and social enterprises are small and local, and many of them do not currently have the scale or capacity to meet the requirements of the new social investment vehicles that the state is encouraging. Meanwhile the new 'mutuals' that are 'spinning out' of the public sector may be better placed to take advantage of this new regime, as long as they can convince investors of the quality and range of their services and the outcomes they can achieve. It will be increasingly important for organisations to work in partnership and adopt commercial approaches in order to continue to deliver their services.

1.2. State of the art - practice

Which kinds of initiatives exist?

Title of the initiative	Short description	Which target groups can benefit?	Which kind of organisation implements this initiative?	How is this initiative being financed?
Work Programme	National programme for unemployed people. Has a sanction system, so if individual does not demonstrate sufficient effort to find, work their benefits can be withdrawn.	Any. Mandatory for long term unemployed, but vulnerable people (disabled or ex offenders) are able to start early.	Mostly private organisations. Some social economy or social enterprises are specialist sub-contractors.	Statutory funding on a payment by results basis. Payments for placing disabled people and supporting them in sustained employment are higher than for non-disabled people. The Government is considering whether to pay a higher rate for placing drug and alcohol misusers.

Work Choice	National programme for work taster and longer term employment support	Disabled people	Supported employment specialists. Some via local authorities, some charities, some social enterprises	Statutory funding
Access to work	National programme routed through the individual to the cost of special adjustments or equipment to enable them to get to work (transport/taxi etc) and stay in work (specialist IT equipment or adjustments to furniture or machinery). If used flexibly, it can be possible to arrange to fund support workers for people with learning disabilities or [mental health problems].	Disabled people	Administered by Jobcentre+	Statutory funding
The Recovery Partnership (a partnership of NGOs working in the drug field)	This partnership has been funded by the government to produce an online resource for employers that provides advice and support for organisations employing people in recovery.	Alcohol and drug misusers	NGOs	Statutory funding
The Recovery Partnership (a partnership of NGOs working in the drug field)	The partnership are exploring the possibility of developing a kitemark for employers to show that they are positive about recovery and are willing to employ people in recovery. The aim is to overcome stigma.	Alcohol and drug misusers	NGOs	Statutory funding

3. Organisation of work and reintegration programmes

How are the various work and reintegration programmes organised?

Please distinguish the different forms of work and reintegration programmes, as classified in 1.2.

→ Think about cooperation, networks, opportunities for progress to other jobs, peer involvement,...

There is no single model.

Social firms focus on the production of a particular product or the delivery of a service which they sell on the open market. This means quality standards have to meet those that apply in the particular sector, and meeting customer requirements is essential if the organisation is to trade successfully and remain financially viable. Their workforce is a mixture of people from vulnerable groups and others. Our mapping data shows that in a high proportion of social firms, vulnerable people make up over 50% of the workforce. In our view it is preferable to have a mixed workforce as this provides greater integration than if all the workers are from vulnerable groups and the managers are not. Social Firms provide work opportunities that are rarely available elsewhere, though workers will always be supported to get jobs elsewhere if that is their ambition.

Some work integration social enterprises work on an intermediate labour market model, whereby people are offered temporary employment only. This allows for throughput and so opportunities become available for larger numbers of vulnerable people.

In many cases supervisory and management posts are held by people who have personal experience of major labour market barriers. This is often extremely helpful because their first hand knowledge means they have greater understanding of challenges that vulnerable people face, and in some cases they can act as role models. See Blue Sky Regeneration and Development in Section 4.

In a few cases, a cooperative model is followed, where we see vulnerable people fully involved in decision making and co-design and production of services. See Care Co-ops in section 4.

Some organisations, usually charities, may set up several social firms or work integration social enterprises following different activities. See Realise Futures in section 4 below. What is often seen are social enterprises with multiple income streams involving commercial income, training, community work etc. See Bikeworks in section 4.

4. Inspiring practice examples

Inspiring practice example in the UK:

In addition to the examples below, please see other examples of good practice listed in the separate UK stakeholder return.

Organisation	Short description	Contact person and contact details	Websites
Mi enterprise	<p>Supported self-employment for people with learning disabilities through micro enterprise. Mi-enterprise is a cooperative through which members can promote their business. It also offers members a range of help with their micro-businesses.</p> <p>The aim is to build a national network of mi-enterprises. So far there is one in the Herefordshire, England, one in Lothian, Scotland and another one under development in Grampians, Scotland.</p>	<p>Geof Cox: geofcox@ukfsn.org</p>	<p>http://dev.mienterprise.org.uk/ www.mi-enterprise.org.uk</p>
Realise Futures	<p>This umbrella social enterprise offers a range of services and activities that help people into work. They include careers advice ; work preparation and skills training ; supported employment ; and social firms. Their social firms include a cafe; organic horticulture and vegetable box distribution; decorative plant nursery; contract catering; contract packing; printing.</p>	<p>info@realisefutures.org</p>	<p>www.realisefutures.org/</p>
Bikeworks	<p>A multi-faceted social enterprise that offers employment and training for homeless people as well as community activities. It has a retail outlet for new and second hand bikes, bike repair and recycling; bike repair and maintenance classes to the local community, bike mechanic training disadvantaged people linked to the local technical college; cycle related activities to local communities. The model is being replicated elsewhere in London and they hope to replicate to other locations.</p>	<p>Dave Miller: info@bikeworks.org.uk</p>	<p>www.bikeworks.org.uk</p>

Blue Sky Regeneration and Development	Social enterprise undertaking grounds maintenance employing offenders. A criminal record is one of the requirements for working in this organisation. As a social enterprise they are working to replicate their model throughout different parts of the UK. They work to a "triple bottom line" of economic, social and environmental value and demonstrate this well.	John Chesters: john.chesters@blueskydevelopment.co.uk	www.blueskydevelopment.co.uk
Care Co-ops	Wide variety of employment readiness services for people with mental health problems or learning difficulties Cooperatives of professionals and 'service users', with a focus on co-design and production of services. Wide range of projects and social enterprises with the aim of community involvement and community inclusion including external catering, horticulture and garden centres, theatre.	info@careco-ops.org.uk	www.careco-ops.org.uk

5. Other organisations and stakeholders

Other relevant organisation/network in the UK:

In addition to the stakeholders below, please see entries in the separate UK stakeholder return.

Organisation	Description of the organisation	Contact details (address, phone, email)
Centre for Social Impact Bonds (CSIB)	Based in the UK Government's Cabinet Office, the CSIB provides information on the development of Social Impact Bonds as a way of funding projects that address complex social problems and where funding is shifted from the state to external investors. Its main functions are: <ul style="list-style-type: none">• To increase awareness and understanding of SIBs through online resources and at workshops and conferences• To reduce transaction and set-up costs by developing standard tools such as template contracts• To help SIB developers to estimate cross-cutting benefits by making more data publicly available about the costs to government of providing specific public services• To support SIB developers by providing strategic advice and analytical support	sibs@cabinet-office.gsi.gov.uk
Centre for Economic and Social Inclusion (CESI)	Not for profit research and policy development organisation focusing on social inclusion in the labour market	info@cesi.org.uk www.cesi.org.uk

6. Critical factors/determinants

Which factors and determinants contribute to the development of effective and sustainable work and reintegration programmes in the future?

Effective leadership.
Access to sufficient commercial expertise.
Access to good networks
A clear mission, which is followed. Don't simply chase the money.
Make sure you measure and demonstrate your social impact.

7. Problems and barriers

What are the main barriers and problems?

7.1. Organisational problems:

For social firms and social enterprises it is balancing the social and financial missions. The economic climate also makes it particularly difficult for work integration social enterprises that are aiming to move people into mainstream employment when there are few vacancies available.

7.2. Policy related problems:

The design and funding regime of the Work Programme means that relatively few social enterprise organisations are involved in it, and because it is mandatory and linked to a sanctions regime, there can be clashes of priorities that do not serve the individual well. For example, the requirement to attend a meeting about benefits can prevent someone going on a training course or to a job interview.

7.3. Target group related problems:

In the UK, there is general political agreement that the welfare state is in need of reform. However there is not unanimous agreement on how this should be done. Key changes are have involved benefits related to disability and housing, and the cumulative effects of the benefits changes are having particularly adverse impact on disabled people and people with large families. For disabled people, the reforms have included the introduction of an assessment of work capability. The type, level of benefit , and sanctions regime that applies depends on the outcome of the assessment, and many people do not consider the assessment reflects accurately the extent to which their disability impacts on the type of work they can do.

7.4. Other problems:

Funding is a key issue, especially for organisations that have relied to some extent on grant funding. Grant funding from local authorities has become very hard to access (though contracts for some services remain). Accessing national funds is through competition, either through the National Lottery, which is increasingly looking towards a system of loans, or through funding programmes that are aimed at larger organisations or organisations, which are looking to scale up. This is particularly true in the developing social investment market.

In some cases there is insufficient communication between all the public sector and social economy agencies involved.

8. Necessary support

What kind of support is mostly needed by those organising and implementing effective work and reintegration programmes?

Statutory recognition of and financial support for the contribution social firms and work integration social enterprises make to supporting vulnerable people and enabling them to build independent lives.

Advice on becoming sustainable.

Examples of good practice.

Support network to exchange views, and experiences and facilitate collaborative ventures.

Good links with the private and public sectors.

9. Main challenges

What are the main challenges for the future regarding work integration of marginalised and vulnerable groups?

See section 7.

In addition, for social enterprises to be successful, they need to be based around products or services that have sufficient potential profit margins to cover the additional costs of support that vulnerable people need. It's also important to make sure that the business model is regularly reviewed and developed to ensure that it continues to work in a very fast changing world.

10. Relevant links and literature

Relevant links, contacts and websites for more information:

- 1 Social Firms UK www.socialfirmsuk.co.uk
- 2 Online toolkit for people who want to set up or develop a social firm www.socialfirmsinfomine.org.uk
- 3 Toolkit for advisers working with people with mental health problems. (This is not aimed at replacing formal training) www.gov.uk/government/uploads/system/uploads/attachment_data/file/49878/mh-toolkit.pdf
- 4 Overview of Social Impact Bonds www.gov.uk/social-impact-bonds
- 5 Further information and guidance on the Social Value Act www.socialenterprise.org.uk/policy-campaigns/campaigns/social-value
- 6 Blog by researcher of effectiveness of mentoring activities with vulnerable people (includes ESF projects with UK, Hungarian and Portuguese partners) <http://www.cesi.org.uk/blog/authors/lydia.finnegan>
- 7 Cases studies of work integration for offenders will be published in June 2013.