

DEVELOPING AN ECONOMIC CASE FOR EMPLOYMENT LED RESETTLEMENT

EXECUTIVE SUMMARY



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There are three aspects to the economic case for employment led resettlement services:

- The economic cost of crime, criminal justice process, penalties (particularly imprisonment) and consequent costs to the public purse
- The economic benefit to the local community from turning prisoners and ex-offenders into tax payers and reduced crime
- The economic benefit to businesses from the recruitment of ex-offenders

There is inevitably an inter-relationship between all three, but the evidence from a wide range of approaches to promoting offender employment is that the business advantage to employers should be the focus of any intervention. This approach requires a strategic, inter departmental collaboration to reflect the complex resettlement needs of individual offenders, the objectives of the criminal justice agencies, skills and employment, health and social security and, crucially, the Department for Trade and Industry and associated bodies.

The evidence from a wide range of projects funded by the European Equal Initiative showed that the most effective practice in the settlement of offenders was when organisations worked in partnership to address the range of reducing re-offending pathways, developing flexible, needs-led services in recognition that offenders have complex and multiple issues. (NEON Resettlement Manifesto 2007).

The rate of imprisonment in England and Wales at 145 per 100,000 of the population is the highest in Western Europe, yet the Government estimate that a 15% rise in the prison population produces only a 1% reduction in

recorded crime. Of prisoners released in 1997, 58% of adults and 72% of young offenders are reconvicted within two years with 36% and 47% respectively receiving a further custodial sentence. (Social Exclusion Unit 2002)

Despite the evidence that prison neither deters nor rehabilitates offenders, the UK Government is planning to spend £2.3 billion to build a further 10,000 prison places. The Esmee Fairbairn Foundation has funded Rethinking Crime and Punishment since 2001 to produce evidence of effective alternatives to prison. Their Manifesto, published in July 2008, demonstrates how the £2.3 billion could be invested in community based resources to deliver effective resettlement interventions, based on the evidence of pilot projects over the past 5 years. (Rethinking Crime & Punishment, The Manifesto, July 2008).

An experiment in the United States, where the State of Oregon devolved to local level county administration, the funds equal to the cost of keeping offenders from that area in the state prison systems, may have some resonance in Northern Ireland. The county, not the state, became financially responsible for the sanctions imposed on its offenders, and therefore there was an incentive to reduce expensive custodial sentences, investing in alternative community based projects, involving local residents in the decision making. (Justice Reinvestment, ICPS 2007)

The Scottish Prisons Commission has recently produced a report which recommends that the Scottish prison population should be reduced by a third, with more investment in robust community penalties. (Scotland's Choice, July 2008)

There are 29 million adults of working age in the UK, of which 7 million have a criminal conviction. (Home Office 2007). However, the most common recorded offence in Great Britain is theft and handling stolen goods; in Northern Ireland 30% of recorded crime was criminal damage. (British Crime Survey 2006/7). An issue, which has largely been ignored in developing the economic argument for recruiting ex-offenders, is the diminishing working age

population. Government Departments and Employers need to be aware that if they exclude the 25% of working age people with a criminal conviction, this would represent a significant reduction in tax revenue to support the increase in pension payments and an associated burden on unemployment benefits.

RECOMMENDATIONS

- The economic arguments for employment led resettlement should be presented in conjunction with The Economic Case For and Against Prison, produced by the Matrix Knowledge Group in November 2007
- The devolved prisons budget should be diverted to intensified community resettlement programmes, based on the Justice Reinvestment models.
- Sentencers, local authorities, probation, NGO's and community groups should be consulted and involved in developing and reviewing community penalties and resettlement programmes
- Establish a coalition/alliance between all relevant departments and employer representatives to develop a strategy to promote offender employment and ensure they are all aware of the economic and social costs of crime.
- Engage with DTI and employer bodies to identify skills shortages and/or growth markets
- Connect employers and prison service to invest in sector specific training pre-release to create a pool of trained potential employees, without the recruitment costs
- Create an intermediary body to work with employers and recruitment agencies, to ensure that only appropriate and job ready ex-offenders are recommended for interview, offers support and advice to employers.
- Review Equal Opportunity policies to ensure ex-offenders have equal protection in recruitment practices
- Promote the recruitment of ex-offenders in procurement policies, especially in the public sector
- Convert prison workshops into social enterprises or intermediate labour markets to provide work experience and employment skills

INTRODUCTION

Approach to this study

There is a wealth of information, documentation and research findings concerned with the resettlement of offenders and a significant proportion is dedicated to the links between employment and offending. This study specifically seeks evidence to support the economic case for employment led resettlement rather than the criminological or sociological arguments. Although this is a challenging task, as there is less robust evidence to support the economic arguments, it has highlighted some serious discrepancies in the research findings in respect of offender focussed employment programmes. However, this study has identified evidence of employer focussed intervention models which focus on the business benefits rather than appealing to the corporate social responsibility agenda.

As part of this study, advice has been sought from an economic sociologist as part of the research team to identify robust evidence of the economic cost of crime, but most of the calculations are specific to a target group or programme, rather than a comprehensive perspective.

More significantly, recent research in respect of radically innovative approaches to the rehabilitation of offenders in response to the spiralling costs and poor results of incarceration in the United States produced such promising results, that it is being tested in the Gateshead borough in Tyne and Wear. (Justice Reinvestment ICPS, 2008)

Research findings

An international literature search of offender employment interventions demonstrates that comparisons are very difficult, partly because different indicators are used, partly because the employment markets are very different, as are the political and cultural environments and also because the legislative frameworks vary from fiscal instruments which encourage the

employment of ex-offenders, to employment law which severely restricts the opportunities for ex-offenders to access mainstream employment.

Some of the research, even when published recently, relates to programmes which started in the 1960's (Visher et al, 2005, Journal of Experimental Criminology) and by using very different methodologies and indicators show either a negative or nil effect of employment interventions on reoffending. However, the researchers themselves express caution about the validity of their findings and suggest that more robust research methodologies may produce very different outcomes. Previous researchers had already discredited the validity of aggregated studies to determine correlations and causal factors. (Tarling, 1982). The Social Exclusion Unit, building on criminological and social research, identified 9 key factors that influence re-offending. Of these they identified employment as the single most effective factor in reducing re-offending rates, with a positive effect size of 37% (Lipsey, 1995).

There is a substantial amount of research in respect of the reintegration of offenders and desistance from crime, with an increasing recognition of the role of the community. A study of offenders on probation (Farrall, 2002) suggests that desistance is generally the result of life factor changes, such as mending family relationships, new relationships or employment, therefore the focus of interventions should be on family and employment related work.

Social ties are also considered to be an integral resource for ex-offenders seeking employment as they encouraged the construction of a "responsible" and "legitimate" identity. (Rhodes, 2008) The role of local communities in the resettlement of offenders is based on restorative justice principles by involving victims and neighbourhood residents in restorative and community justice processes; victim-offender mediation, family group conferencing, peacemaking circles, community reparative boards, sentencing circles etc.

This multi faceted approach is similar, but wider, than the current model for young offenders, with Local Authorities responsible for the Young Offender

Teams in their area. By extending the age to 25, when most offenders stop offending, such multi agency teams could be part of the Community Justice Centres which reinforces community responsibility for their own offenders.

The Economic and social cost of crime

The majority of the research evidence which attempts to place an economic value on the impact of crime and criminal activity is based on the cost of the criminal justice process, the cost of the sentence and the value of the loss (or insurance claim). Some research is based on the British Crime Survey (Home Office, 2005, The Economic and Social Costs of Crime) rather than recorded crime, most attach an average cost per offence (Rainer, 2007, The Business Case for Effective Youth Resettlement). Recent research has estimated the economic savings to the taxpayer and savings from fewer victim costs, of alternatives to custody (Matrix Knowledge Group 2007, The Economic Case For and Against Prison).

There are additional costs such as those incurred in anticipation or prevention of crime (e.g. security systems, insurance), health costs attached to the physical and emotional consequences for victims, loss of earnings and increased local authority and state benefit costs in respect of offenders' families when a parent is imprisoned.

The Social Exclusion Unit in 2002 estimated that the financial cost of re-offending by ex-prisoners based on recorded crime alone was at least £11 billion per year. It is believed that recorded crime accounts for between a quarter and a tenth of total crime, so the real cost is much higher and this estimate only included the costs to the criminal justice system and imprisonment.

The Economic Cost to Business

The Commercial Victimization Survey 2002 reveals that 74% of retailers and 53% of manufacturers were victims of at least one crime in the previous year.

Some premises attracted a disproportionate amount of crime, with larger premises and those located in deprived areas at greater risk of crime. Theft by employees accounted for 5% of crimes in the manufacturing sector and 10% in the retail sector, but only 0.4% of all offences are committed in the workplace.

In terms of the financial cost of business crime, the most expensive individual incident was the theft of vehicles where the vehicle was not recovered – averaging at £7000 for retailers and £5000 for manufacturers, but with a maximum cost of £60,000. However, although the financial costs of one incident taken in isolation can appear relatively low, the costs of some incidents of crime were sufficient to have an impact on the financial viability of the business. (Home Office, 2004, Findings from the 2002 Commercial Victimization Survey). There are also associated costs such as insurance and crime prevention measures, such as CCTV, burglar alarms and additional security locks.

Offender Employment Interventions

Over the past decade there have been a plethora of employment focussed projects for offenders, based on the research evidence that employment reduces the risk of re-offending. Most of the projects are based on enhancing employability, such as basic education and vocational training, developing key skills such as communication and problem solving, focussed on the individual needs of the offender. Projects which have tried to address the demand, or labour market, side of the equation have used financial incentives, corporate social responsibility arguments, or marketing activities to promote the recruitment of ex-offenders. Some work closely with the statutory employment services, but very few projects have considered the business needs of employers or consulted with them in a meaningful way, or identified the skills shortages in the local labour market.

Some employers have worked closely with the prison service to develop specific vocational training facilities within the prison, to enable prisoners to

gain skills needed in their sector, and offers employment on release. In other countries, some businesses are using the local prisoner population to provide customer relations services, which may develop their customer service skills, but does not guarantee a job on release.

EMPLOYMENT INTERVENTIONS

Financial Incentives

Various governments have tried to incentivise employers to recruit ex-offenders with financial measures. In the USA there is the Working Opportunity Tax Credit which pays employers who recruit from a range of nine disadvantaged target groups, including ex-offenders. There are conditions attached to the incentive, such as minimum retention periods, and the process for employers to claim the tax credit is complex and likely to deter smaller companies which do not have a dedicated human resources team.

The USA also operates Federal Bonding Programmes; one is linked to a pre-release employment and training programme (UNICOR) and offers \$5,000 insurance against theft by an ex-offender employee, on condition that the ex-offender has worked in UNICOR for at least 6 months during his custodial sentence. For ex-offenders without UNICOR work experience, a prospective employer may be eligible for the Department of Labour, Employment and Training Administration's Federal Bonding Programme.

In common with the UK and several European countries, the USA also offers to reimburse some training costs and other support services which vary by State. However, a UK survey conducted by the Chartered Institute of Personnel and Development in 2007 showed that only 30% of employers would be influenced by financial incentives, whereas 63% would welcome guidance on risk assessment and safeguards.

There is some evidence that employers are more likely to access the financial incentives if they are encouraged and supported by employer organisations.

For example, in North Omaha, Nebraska, the local Chamber of Commerce is working with employers, probation and NGOs as part of their local regeneration project, offering training for employers and support in accessing the tax credits and fidelity bonds. The Nebraska Workforce Development simplified the application process for employers and about 900 tax credits were given for hiring ex-offenders in the federal fiscal year ending in September 2007.

Similarly in Memphis, Tennessee, there is an economic development tool, the Payment in Lieu of Taxes (PILOT), which is being used in conjunction with a holistic support package to offenders, to encourage employers to relocate to the area and employ ex-offenders.

In Italy, there is a law which provides tax reductions to employers who offer prisoners, especially young prisoners, work experience and on the job training during their prison sentence for a period of not less than 30 days. However, this is rarely used because of the complexity of its procedures.

Key and Vocational Skills Training

There have been various employer surveys in several countries which suggest that key employability skills are more valuable than vocationally specific skills. They describe time-keeping, problem solving, team working, and communication skills are more important than sector specific skills.

There are several projects which have recognised that it is precisely these skills which are difficult to acquire in prison and have developed different approaches to promoting these skills. In Portugal, Italy and the UK there are systems of “day release” from open prisons which enable prisoners to either find work in the mainstream labour market (UK), attend work placements that are arranged by the prison in partnership with employers (Portugal), or work for an Intermediate Labour Market or Social Enterprise organisation (Italy).

In Italy, the model of Type B Social Co-operatives have been used in the post-release phase of resettlement. These are a common feature of the Italian economy and provide a range of mainly public services, employing a certain percentage of staff from disadvantaged and excluded groups. Within Italian law, ex-offenders are included in this group and one advantage of this model is that within the co-operatives, ex-offenders are not labelled but work alongside people with, for example, learning disabilities, ex substance misusers and people with physical disabilities.

Within the UK, there is a recently developed Intermediate Labour Market which is modelled on the Italian social enterprise system, but recruits exclusively ex-offenders. This ILM competes for public and private sector contracts in the grounds maintenance sector and offers 6 month contracts to its "employees". This project focuses on the discipline of getting up, washed, punctual, self presentation, communication and working as a part of a team. They are also helped to budget, find stable and suitable accommodation and given an employment reference at the end of a successful 6 month period of work.

In Atlanta, Georgia, and very similar social enterprise, New Horizon Landscaping, was established by a group of lawyers (Georgia Justice Project), strongly influenced by the civil rights movement, as part of their mission of justice and rehabilitation. The enterprise is run on strictly business lines, but guarantees at least 6 months employment for its clients, whether they are acquitted or sentenced.

Labour Market Analysis

One reason that high level inter-departmental co-operation is essential is that the economy is never static. If the economic case for employment led resettlement is to be persuasive, it must reflect the current skills needs of the local labour market. Until recently within the UK, employers were finding it hard to fill vacancies in particular sectors such as the construction industry, ICT sector, warehouse operatives and the catering industry. This has

encouraged them to work directly with prisons to train prisoners in the skills they need and offer employment on release. Even with the current economic down turn, linking local skills shortages to pre- and post-release training is an essential component to presenting the business case to employers.

Offender focussed interventions

Many, if not most, of the projects reviewed for this study focussed on the offender rather than the employer. Even with transnational partnerships, much of the activity is linked to providing training opportunities for the ex-offender, either vocationally specific, basic education or job-search skills such as c.v. writing, interview techniques and building self-esteem. Clearly work has to be done with ex-offenders to get them “job ready” and this demands a holistic approach which addresses a range of issues, such as accommodation, drug and/or alcohol misuse, social and family support as well as key employment skills.

Employer focussed interventions

There appear to be two predominant models of employer focussed interventions; the first is where groups of employers have been “courted” by resettlement agencies, both statutory and NGO’s; the second is where employers and prisons have established symbiotic relationships to meet the recruitment needs of the employer. The latter usually involves specific training within the prisons, designed and funded by the employer. A classic example of this is the Cisco Networking Academy which operates in 26 prisons in the UK.

Other large employers have different workforce issues, such as a stable but ageing workforce such as Skanska, which has pre-empted the problem by running training programmes in Young Offenders Institutions to produce qualified gas fitters.

An interesting model exists in Italy, where one of 74 national call centres for Telecom Italia has been set up within San Vittore prison, Milan. The contract is managed by a social co-operative on exactly the same terms and conditions as those outside the prison. It employs 30 prisoners on a shift basis and develops customer service skills which are relevant to the labour market on their release.

Recruitment practices

Employer surveys conducted by CIPD, NACRO and the Inside Out Trust suggests that approaches to employers need to be co-ordinated between agencies and there is an argument for a specialist service, working alongside the statutory employment service, which matches job ready ex-offenders with appropriate vacancies.

There are different legislative requirements within employment law in different countries and there can be a conflict between rules about disclosing a criminal record and equal opportunities legislation. Some countries permit employers to access the criminal records of potential employees, some deny it and some permit it for specific sectors. Some organisations, particularly in the public sector, have recruitment policies which specifically preclude the employment of ex-offenders, but most do not recognise ex-offenders within their equal opportunities policies.

In the UK the establishment of the Criminal Records Bureau, employers are currently able to request Standard or Enhanced Disclosure of a criminal conviction of an applicant provided they are a registered body with the CRB. The Disclosures are linked to the Rehabilitation of Offenders Act 1974 showing spent and unspent convictions and any record held on the police national computer. Although the CRB was established primarily to protect vulnerable groups, it has the potential for further discrimination against ex-offenders.

There are several examples of organisations which offer advice and support to employers in fair recruitment practices and dealing with disclosure of a criminal record. There are two main arguments used to promote the recruitment of ex-offenders; given that one in three adult makes under 30 have a criminal record (UK figures) employers are likely to unknowingly employ ex-offenders in any event; working with resettlement agencies reduces recruitment costs and ensures that applicants have been “screened” for suitability.

Some organisations advertise their vacancies inside the prison, usually through a “job club” for prisoners nearing release. This reflects the employers’ positive experience of recruiting ex-offenders and a significant financial saving in recruitment costs.

“Chain” reaction

Where employers have made a commitment to the recruitment of ex-offenders, some have included it as part of their procurement or sub-contracting policies. Although this is considered to be part of promoting corporate social responsibility through the supply chain, it is nevertheless part of their business strategy. Local Authorities and large public sector organisations are in a strong position to lead on this, particularly as within the UK there is a political commitment to contracting with the third sector or social enterprises.

This culture of sub-contracting public sector services to social co-operatives which specifically work with disadvantaged and marginalised groups has been embedded in the Italian economy for many years, and there are signs of it beginning to happen in the USA as well as in the UK.

Employer led coalitions

There are examples in the USA and several regions in Europe where employers, employer organisations and regional development agencies have

created coalitions, to encourage the recruitment of ex-offenders based on economic arguments. By excluding ex-offenders from the pool of potential employees, employers severely limit their choices, particularly in areas of social and economic deprivation.

Local Chambers of Commerce have a vested interest in the regeneration of their local areas and often work with the prison and resettlement agencies to ensure that local skills needs are recognised as part of any education or training interventions that are being delivered to offenders. Such coalitions can also advise and support employers on financial incentives, training allowances, wage subsidies and mentors. The evidence from employer surveys in the UK suggests that ex-offenders create no greater problem than any other employee (CIPD survey 2007), but support in terms of guidance on risk assessment and safeguards was welcomed.

At a national level, employer led coalitions are less common although the UK government has linked with the DWP Employer Panel to create the Corporate Alliance to Reduce Re-offending, working with Business in The Community.

LEGAL ISSUES

There are two pieces of legislation which impact directly on the employment of ex-offenders. The Rehabilitation of Offenders Act 1974 was introduced in recognition of the barriers faced by ex-offenders seeking employment, and specified time frames according to the sentence, after which the conviction did not need to be declared. At the time, community based sentences were “spent” when the order expired, or after one year. However, the rules have been amended and the rehabilitation periods have escalated so that currently a community penalty becomes “spent” after 5 years and any custodial sentence in excess of 2.5 years is never “spent”. In addition, sentencing patterns have become more severe, resulting in more ex-offenders having longer rehabilitation periods. Clearly, this Act now offers no protection to ex-offenders and although it has been subject to judicial review, with proposals for amendments, no action has been taken by the Government.

The Police Act 1997 was introduced, not for rehabilitation purposes but ostensibly for public protection purposes. This Act introduced the Criminal Records Bureau (Access Northern Ireland) and allows employers access to information on an applicant's or employee's criminal record, as long as they are registered with the relevant body. The Act makes provision for three different levels of disclosure; Basic Disclosure which shows all convictions which are not "spent" under the ROA 1974; Standard Disclosure which includes all convictions and cautions; and Enhanced Disclosure which includes all local police records, such as relevant non-conviction information.

The Chartered Institute for Personnel and Development, Department for Work and Pensions and NGO's offer free advice and support to employers in understanding their responsibilities under these Acts.

CONCLUSION

There is a strong economic argument for employment led resettlement strategies and practices but there is no single intervention which guarantees success in all cases. What appears to work best is when the criminal justice agencies, including NGO's, work closely with employers or employer organisations, to ensure that ex-offenders are appropriately prepared for local labour market conditions. Interventions must incorporate the development of "soft" or key employability skills, address other issues such as accommodation or addictions, and any vocational training offered either in prison or the community should relate to local skills needs.

High level political support is needed to encourage employers to see the potential to develop a trained workforce within the prison environment, either by establishing "academies" (e.g. Cisco), call centres (e.g. Italian Directory Enquiries), or accredited training workshops (e.g. Clancy Docwra), donating equipment and trainers to meet their current or future skills needs. This political support is most effective when linked to regional development strategies and organisations.

There is a stronger economic argument for investing in robust, locally accountable, community based penalties and interventions which keep offenders in their own locality, contribute to community cohesion and citizenship, instead of increasing the capacity of the prison estate. Local Community Justice Centres which apart from sitting as a local sentencing court and administering sentences, provide a range of services, including mediation, have proved successful in Liverpool and Salford, with several more underway. (Community Justice National Programme 2006).

USEFUL ORGANISATIONS

Chartered Institute of Personnel and Development

www.cipd.co.uk

Inside Out Trust

www.inside-out.org.uk

NACRO

www.nacro.org.uk

NIACRO

www.niacro.org.uk

UNLOCK

www.unlock.org.uk

Business in the Community

www.bitc.org.uk

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