

St Mungo's

**Report for the London Housing Foundation on a visit by St Mungos and Thames Reach Bondway to Association Julienne Javel. 17.05.05 – 20.05.05.**

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## Background

The London Housing Foundation generously provided a travel Bursary to pay for a research trip to Association Julienne Javel in Besancon, East Central France. This trip came about because a member of St. Mungo's staff had previously visited as part of a FEANTSA meeting and felt there were lessons we could learn about running social businesses and had been particularly impressed by the size and commercial approach taken by our French colleagues.

The research trip consisted of two travelling days and two days of visits and discussions kindly hosted by Association Julienne Javel.

The delegation from the two organisations was;

- Stephanie Gray Employment Link Worker
- Phil Paulo, Coordinator PDR North
- Martin Snowdon. Coordinator PDR South

Thames Reach Bondway:

- Kevin Rothero – Community Support Service Manager
- Alison White - Community Links Manager

Both St Mungos and TRB are currently developing new models of social enterprise and supported employment and it therefore seemed an opportune time for a fact finding visit.

## Aims of the visit

The specific aims of the visit were to;

- Gain a better understanding of the commercial aspects of running a sustainable supported employment project, including capital investment, cost control, marketing strategy, inventory and economies of scale.
- Determine any additional skills St Mungo's and TRB would need in order to implement a similar project
- Assess the impact that running a commercial enterprise would have on working with our clients – staff to client ratio; career development and training opportunities, any additional support needs, etc
- Identify the elements that are feasible within the UK environment, given differences in benefits and funding systems.

## The Projects Visited

The focus of the visit was to consider the work of the Association in their;

- Menuserrie [woodwork workshop]
- Syneco [commercial enterprise concerned with design, fabrication and construction of housing units]
- Jardin de Cocagne [a market garden producing organic fruit and vegetables for their box delivery scheme]

We also received information on a new project run by the Association, 'The mission for housing' that consist of a number of public funded interventions with families at risk of eviction. The objective of the project is to generate innovative solutions appropriate to the families circumstances. We also visited the Foyer [Hostel] run by the association.

## **Syneco**

Syneco is a factory that produces timber prefabricated housing units to a variety of designs. The factory employs 4 supervisory staff and provides training opportunities for 12 homeless people. This project is the most commercially oriented of all of Association Julienne Javel's projects needing to generate 80% of its income through commercial activity. If the project does not make enough sales or its products do not meet the required standard it will close so a commercial focus is vital.

### **Key points of interest**

- The enterprise generates c80% of its income through commercial enterprise.
- The commercial focus of Syneco has been a challenge to the 'traditional' social objectives of the Association and requires the active intervention of senior management and 'trustees' and limited management restructuring. The Association acknowledged that the resolution of these tensions has still to be found.
- Staff ratios are 1 Staff member to 3 service users with a recognition that 1:2 is ideal.
- Staff recruitment is based on the technical skills required in the production process. The 'social work' / client elements of the job are seen as on-going training needs and previous experience or qualifications are not prerequisites of employment.
- The clients are classed as employees, are paid the national minimum wage and are employed for a maximum of two years.
- 70% of the graduates secure paid employment upon leaving transitional employment offered. The Association acknowledge that there is a problem with graduates sustaining that employment in the long term.

### **Key recommendations**

Intermediate Labour Market projects, social enterprises and employment projects should:

- Look for a staff to client ratio no greater than 1:3.
- Employ permanent staff on their technical ability and accept additional on cost of additional client needs training.
- Consider a project performance indicator concerning the length of post project employment. Resource initiatives to produce long term ongoing support to graduates to minimise risk of unemployment.
- Class the trainee placement as employment and pay national minimum wage.
- Recruitment of service user employees should be based on their ability to perform the technical requirements of the job. The commercial requirements of a project with a responsibility to generate income take precedence over other social responsibilities [although these will still be part of the programme].

## **Menuserrie.**

The factory at Menuserrie is a large industrial unit consisting of some 5000 square metres of factory space. It is set up to produce large volumes of simple goods and whilst it is a supportive training environment it is very much a place of work and production. The Factory employs 4 staff in a supervisory capacity and provides places for 25-30 homeless people who stay on average 3 months. As with Syneco the majority of the project's cost has to be covered by commercial income and this makes the project have a very strong emphasis on production. Service users may learn skills and may become more employable as a result of being involved in the project but they go there to work and the project operates under the principle that being meaningfully occupied is an important outcome in its own right.

### **Key points of interest.**

- Primary role is to function as a meaningful occupation project with objectives tailored to the individual needs of the service users.
- The project generates income through sales. The start up costs and capital costs associated with the project are low [donated machinery, no rental on premises].
- They have very flexible working practises for service users. Time keeping and 'output', for example, are largely on the service users terms. This can lead to permanent staff working overtime to meet production targets.
- Service users are entitled to a 4.50 euro per hour remuneration. Service users are called "workers", but the remuneration is not a wage and workers retain state benefits.
- The demand for additional training [over and above the meaningful occupation] is low. Advice and guidance is available from the Association's social workers.
- The staff to service user ratio is 1:6. Staff are employed on technical criteria.
- The product range is chosen on the basis that it can be produced by unskilled trainees.
- The funding mix in the project is 500, 000 Euros from the state and 750,000 generated by commercial activity.

### **Key recommendations.**

- The funding regime in France is very different from that in UK. Difficult therefore to replicate the 'funding mix' that supports the Menuserrie. However, 60% of income is generated commercially which is something we could or should aspire to in producing business plans for social businesses and ILM's in the UK
- Product range / service needs to be technically undemanding and easily grasped by service users if it is to form part of an income generating project.
- Staff need to be recruited on the basis of technical ability.
- Management staff need to have the entrepreneurial skills necessary to negotiate realistic contracts with customers [product range] and suppliers, produce production schedules and develop marketing strategies etc.

## Jardin de Cocogne

The Jardin de Cocogne is a market garden that produces organic fruit and vegetables for some 300 families in the nearby town. It employs 3 staff and offers training and meaningful activity opportunities to c.70 homeless people per year. The gardens produce a real product that is valued and purchased by many local people as a result production is taken very seriously and whilst it is a community project that provides opportunities for disadvantaged people, rigid standards are provided as you would expect in a project producing food. Commercial income is less important in this project than in some of the others but like the other projects a strong work ethic is built in.

### Key points of interest

- Income derived from the organic box scheme forms up to 30% of the garden's revenue [by law the project can only generate 30% of its income this is to do with the nature of the grant, state aid rules and European competition laws. The same problem would not exist in the UK].
- The project's three gardeners are recruited on the basis of their technical ability.
- The box scheme supplies c 300 families who own full or part shares of the produce grown. The box scheme is augmented by a market stall. Deliveries are made to a number of distribution centres [not door to door]. Prices are based on the commercial value of the produce and produce is sold direct to the consumer not via a wholesaler.
- 10% of the 'members' [consumers] are classed as 'consumactors' who can act as volunteers in the gardens, or in other garden activities. There is also a weekly meal, which acts to break down some of the social barriers.
- Service users are referred through the state employment service. Foyer residents often do not meet the eligibility criteria set by the Employment service. They retain benefit eligibility through the placement.
- Project does not necessarily aim to train people to work in the horticulture sector as this is not a developed sector of the local labour market. Individual outputs are focused on a wider range of soft employment skills.
- The average attendance from a service user is 20 hours per week for up to one year. Referrals are largely drawn from agencies outside of the Association mainly the Employment Service and the length of the placement is negotiated with the department. The staff noted that there may be an enforced change to this system as the State is trying to increase the length of stay to 2 years. This is seen as undesirable as it would threaten the transitional nature of the placement.
- The delivery of client support is markedly different from the other Javel projects. There are regular reviews / evaluations with service users at regular intervals following a set format. This process is delivered by the project manager who is a trained social worker. The process also involves the gardeners.

### Key recommendations

- Recruitment of gardening staff should be based on technical ability.
- The distribution centre method of delivering produce differs from London based door to door services. This is cheaper and more efficient. If hostels could function as distribution centres for a neighbourhood this could potential serve to change the

perception of that hostel. We could also explore the idea of selling produce through farmers markets.

- Have staffing adequate to meet the consumer demands on the project.
- A regular review / evaluation of service users enables progress to be measured.
- Building the social work function into the staff cadre facilitates good on site working and better inter agency communication.
- Our French colleagues have found like us the horticulture is an excellent vehicle to build community cohesion with and can as a result be used as a toll to help people rejoin the wider community.

## **Operating environment and funding the projects.**

The operating environment in France is clearly very different from that in the UK. There is a well developed hierarchy of service providers that offer different types of provision to clients. These, to a greater or lesser degree, subsidise the provision of employment to service users. This provision can operate within the 'Work Code', where employees receive the same protections as other workers, or within the social code, where the emphasis is more on meaningful occupation or transitional employment.

There is also a range of different funding bodies that mirror the different layers of the French political system. Funding can therefore be sourced from the state, the region, the Department or the local commune. Clearly the Association Javel are skilled in exploiting the subtle differences that may exist between these different layers to fund their projects.

There are two striking features about the Association that have relevance to us.

1. Senior staff and a number of technicians, have worked for the organisation for a long time. This stability has enabled them to foster relationships with officials for a long period of time. This has clear benefits in terms of building trust and promoting the good reputation of the Association.
2. There is a good track record of securing political support. The Foyer operated by the Association was built largely because the Mayor of the village it is located in was convinced of the need for it and could bring key people around to supporting the proposal.

Perhaps the most profound difference though is the apparent assumption that people should be engaged in some form of training / employment experience. The Menuserrie, for example, is classed as a Centre d'Adaptation a la Vie Active [CAVA]. This class of project is integrated into the Foyer system and recognised as such by the state. Thus the substantial subsidy from the state represents a clear investment in the most disadvantaged in the labour market and underpins the commercial activity of the workshop. There is a clear state investment in transitional employment, and a recognition that it is something different from the standard labour market.

Our hosts did indicate that the current state provision is under constant threat, and does change, usually, in the Associations opinion, to their disadvantage.

The Financial structure of the range of projects is complex and deserves an additional report to unpick the detail.

## Conclusions for St Mungo's

For St. Mungo's there are a number of clear lessons we can take for the visit:

- A social business is a business: if it is not a commercial success it should change to become one or close.
- There is space for both social business and services that are about meaningful occupation. We should not mix them up and should make sure we have funding which enables us to deliver, meaningful occupation projects as well as social business.
- Our French colleagues look to cover 60% - 80% of cost of social business through commercial activity - we should too.
- Our French colleagues look to open social businesses on a much bigger scale than St. Mungo's currently do – we need to be more ambitious.
- We need to ensure we recruit staff with the correct technical and commercial skills and that if necessary we provide training in the social aspect of the work.
- It is important to be clear at a planning stage of a project what the tensions might be between the social aspect of the project and the commercial aspect and to have a plan in place to address these tensions.

## Conclusion for TRB

TRB is currently developing a hybrid Intermediate Labour Market/Social Enterprise project framed around the delivery of painting and decorating services.

It is unlikely that TRB will try to recreate any of the projects we visited, but many of the identified learning points have direct relevance to the setting up of our own above-mentioned scheme.

The visit was also extremely useful in that it confirmed some of our presuppositions about problems we are likely to encounter;

- Being able to 'guarantee' reliability from 100% of our trainees
- Being able to find suitable and sustainable progression options for 100% of our trainees
- The importance of having skilled painters and decorators involved in the project as staff

Perhaps the biggest impact however, is in the inspiration that the visit has brought to our thinking;

- We can and should think big – as long as we keep full control of the service we are delivering, i.e. we have to keep the variables to a minimum
- We should take the attitude, as the French do, that everyone has a **right** to take part in meaningful occupation of some form or other, and it's up to us to find ways of providing opportunities to people irrespective of their skills.
- We must 'lobby' our own residential services and those of other homelessness accommodation providers to consistently see engagement in activity, learning,

training and employment as a key part of the holistic support package we offer to our service users.

- We can and should find ways of working closer with the Department of Work and Pensions and, specifically, Jobcentres Plus.