

Centre for
Entrepreneurs

CFE



From inmates to entrepreneurs

How prison entrepreneurship
can break the cycle of reoffending

May 2016

About the Centre

Launched in 2013, the Centre for Entrepreneurs think tank promotes the role of entrepreneurs in creating economic growth and social well-being. It is home to national enterprise campaign, StartUp Britain.

The Centre is an independent non-profit think tank founded and chaired by Sunday Times columnist and serial entrepreneur Luke Johnson, and housed in the Legatum Institute - a non-partisan charitable think tank best known for its annual Prosperity Index.

It is supported by a prominent advisory board including serial entrepreneur and investor Brent Hoberman, angel investor Dale Murray, Supper Club founder Duncan Cheadle, Betfair founder Ed Wray, and finnCap founder Sam Smith.

"The pursuit of enterprise characterises the spirit of human potential. It is our responsibility to create the conditions that allow enterprising men and women to flourish, and recast themselves as assets for society. We congratulate the Centre for Entrepreneurs for this convincing report on the importance, potential and feasibility of prison entrepreneurship."

Mat Ilic

Strategic director justice, Catch22

"With this report, the Centre for Entrepreneurs has managed to combine a comprehensive review of self-employment opportunities for those leaving prison with a potential model for the future. This will provide financial viability and re-integration back into communities for many ex-prisoners as well as significant public savings. It is a real achievement and will be invaluable to the sector and hopefully future funders."

Juliet Hope

Chief executive and founder, Startup

"We know that people with convictions face significant stigma and discrimination from employers as a direct result of their criminal record. Although more work needs to be done on combating this, entrepreneurship is an important alternative that, for some, is the right path towards a productive life as a law-abiding member of society. This research is an important contribution to this area and makes recommendations at both a strategic and operational level to maximise the opportunity that entrepreneurship provides people in achieving their potential."

Christopher Stacey

Co-director, Unlock

"I welcome this report from the Centre for Entrepreneurs, with its focus on motivating prisoners to take a greater degree of control over their futures upon release."

Andrew Selous MP

Prisons minister

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Foreword from Lord Young

I have been helping to create business start-ups since the early 1980s and have seen them go from being a comparative rarity until today, when a majority of school leavers want to work for themselves. As a result, the UK has a start-up rate better than that of the United States.

After leaving government in 1989 I became involved with helping disadvantaged young people start working for themselves. This was through the Prince's Trust, which has done sterling work in this area for many years. Particularly through their Business Programme, the Trust has demonstrated that those from disadvantaged backgrounds can still fulfill their potential by working for themselves. Their definition of disadvantaged includes those who either have or are serving prison sentences.

That was how I became a mentor to a young man, recently released from a substantial sentence for a drug-related crime. In care since his early years, he had been failed by the education

system, having left school with nothing but the computer skills he taught himself at home. Yet he had enough innate ability to build, over the years, a substantial business employing over 40 people.

It was his example that persuaded me, whilst I was still in government, to start a pilot scheme trialling enterprise education and Start Up Loans inside prison. I hope that the success of that pilot encourages government to adopt a similar program throughout the prison service.

That is why I so welcome this report, for we can no longer afford the waste of human lives and money that the present system engenders. Indeed, as an entrepreneur I would first disbelieve and then jump at a project that promised a return of £1.4 billion on an outlay of £82 million – yet that is the potential of a prison entrepreneurship programme offered to every pre-release prisoner, as recommended by this report.

I commend this timely report and very much hope that the government gives it the attention it deserves.

A handwritten signature in black ink, appearing to read 'Lord Young', with a horizontal line underneath.

The Rt Hon Lord Young of Graffham CH

Foreword from Andrew Dixon

I commend the Centre for Entrepreneurs for producing a timely and compelling report that makes a powerful case for supporting entrepreneurship programmes for ex-offenders and proposes realistic ways of moving forward. I call upon the government to give this area the attention and resources it clearly deserves. Private enterprise, philanthropists and third sector organisations are ready to support this initiative. Are ministers, prison governors and the civil service willing to do the same?

As an active angel investor, I am deeply aware of the planning and financial support even the most talented entrepreneurs require when launching their businesses. The fact that we now speak of “entrepreneurial ecosystems”, “accelerators” and “incubators” shows just how widespread this understanding has become.

Academic studies show that prisoners tend to be highly entrepreneurial. However when it comes to supporting prisoners in transitioning from a life of crime into one of law-abiding

entrepreneurship, we fall short. We need to provide ex-offenders with a recognised pathway towards entrepreneurship. This will require a coherent programme – beginning in prison – which, in addition to introducing offenders to the idea of working for themselves, will provide business plan advice, recruit and provide high quality mentors, make funding accessible, and perhaps most importantly, will ensure that robust support continues post-release.

Several organisations have been successful in supporting prisoners into self-employment, but without institutional support such efforts remain disconnected and poorly funded. A solution will require a joint commitment from government, prisons, private enterprise and the third sector.

Despite talk of a “rehabilitation revolution”, the criminal justice sector has yet to see these words put into action. The “Transforming Rehabilitation” agenda and its prime contractors appear to be more focused on logistics and security than anything resembling rehabilitation. I myself have seen many impressive individuals and organisations retreat from this initiative – despite initial goodwill – because of frustrations arising from poor implementation and a perceived lack of government support.

In the near future, I hope we can look back with pride at the work we have done to help ex-offenders find their feet as entrepreneurs, by enabling them to become valuable members of society – selling goods and services, building companies, employing others and paying taxes – with a constructive role in British enterprise at home and abroad.



Andrew Dixon

Trustee, Woodhaven Trust

Executive summary

The problem

- The bulging prison population and 46% reoffending rate among ex-prisoners (at the cost of £4.5 billion annually) are a drain on constrained public finances and a waste of human talent.
- An emphasis on security over rehabilitation and reductions to the prison budget since 2010 have made it harder to engage prisoners in productive activity.
- While employment is one of the most important factors in reducing reoffending, ex-prisoners struggle to find jobs because of employer reluctance to hire those with criminal records. Two years after release, only a third manage to find formal work.

Entrepreneurship as the solution

- Unlike traditional employment, entrepreneurship does not discriminate against those with criminal records – there is no application process for becoming an entrepreneur.
- There are good reasons to believe that many ex-prisoners would make successful entrepreneurs. Studies show that prisoners and entrepreneurs score similarly on need for self-achievement, aspiration for personal innovation, desire to plan for the future and desire for independence.
- Testimony from criminal justice practitioners and surveys conducted by the Centre for Entrepreneurs demonstrate a high level of interest among the prison population in starting a business. 59% of prisoners would like to take an entrepreneurship course in prison, while 79% of prisoners are interested in starting a business – compared to around 40% of the UK population.
- In this report we use a broad definition of entrepreneurship, covering the entire spectrum from self-employed sole traders to high growth innovative businesses. When it comes to breaking the cycle of reoffending by encouraging ex-prisoners to become entrepreneurs, what matters most is gaining the self-sufficiency needed to resist a return to crime.
- Because they understand the difficulties of finding work with a criminal record, ex-prisoner entrepreneurs are more likely to hire and mentor people with criminal records, as our case studies illustrate.

The prison entrepreneurship programme

- Turning motivated prisoners into entrepreneurs requires support both in prison and post-release. We believe the best way of doing this is through externally delivered “prison entrepreneurship programmes” that provide tailored training, mentoring and grant funding for aspiring prisoner entrepreneurs.
- Existing prison entrepreneurship programmes across the world have been highly successful at reducing reoffending, achieving recidivism rates of between 5% and 15%. Several are profiled in our case studies.
- The economic case for prison entrepreneurship programmes is strong. Using a successful UK initiative as our model, our preliminary calculations suggest savings to the government and wider society worth up to £1.4 billion annually on the cost of ex-prisoner reoffending, at a maximum cost of £82 million – a 17x return on investment.

Key recommendations

- Recognition: Self-employment should be recognised as an effective pathway towards rehabilitation and reduced reoffending for many ex-prisoners. This recognition should be reflected in the resource allocation, priorities and official statistics and performance measures of the prison and probation systems.
- Public prison entrepreneurship fund: The government should create a ring-fenced fund for prison entrepreneurship programmes, with the aim of making them available to all of the 75,000 people leaving prison every year. Philanthropy has a role to play, but ultimately, stable, ongoing public funding for programmes is required.
- CDFI loan fund: Post-release, there should be tailored access to loans for a small subset of ex-offender businesses with genuine growth potential. In order to pool resources and share best practices on lending to this demographic, we recommend that several community development financial institutions (CDFIs) join together with relevant partners (probation services, credit unions, Start Up Loans Company and charities/businesses) to create a ring-fenced loan fund for ex-offender businesses.
- Mentoring: We propose the creation of a mentoring scheme connecting prisoners and ex-offenders with successful entrepreneurs and business professionals. In our survey of entrepreneurs, almost 90% expressed interest in mentoring an ex-offender entrepreneur, while over 80% said they would consider speaking at a prison. The scheme would connect potential mentors with the charities, prisons and probation services training prisoners and ex-offenders in starting a business. The platform would be similar in structure to “Founders 4 Schools” – a platform that connects schools with leading professionals.



Introduction

“Prison works” former Home Secretary Michael Howard once said. He meant as a deterrent, of course. But what is also clear is that ex-prisoners tend not to work. Their employment prospects are grim to say the least - with just 26% of prisoners finding employment on release (according to 2012-13 figures). Little wonder reoffending rates are so high (up to 60% in some cases). In this respect, at least, prison doesn’t work at all. In fact, prison fails, which makes the need to develop a new approach all the more imperative. And it just so happens that such a new approach - of encouraging prisoners to become entrepreneurs - is not only achievable and cost effective, but is an immensely popular idea among the prisoners themselves.

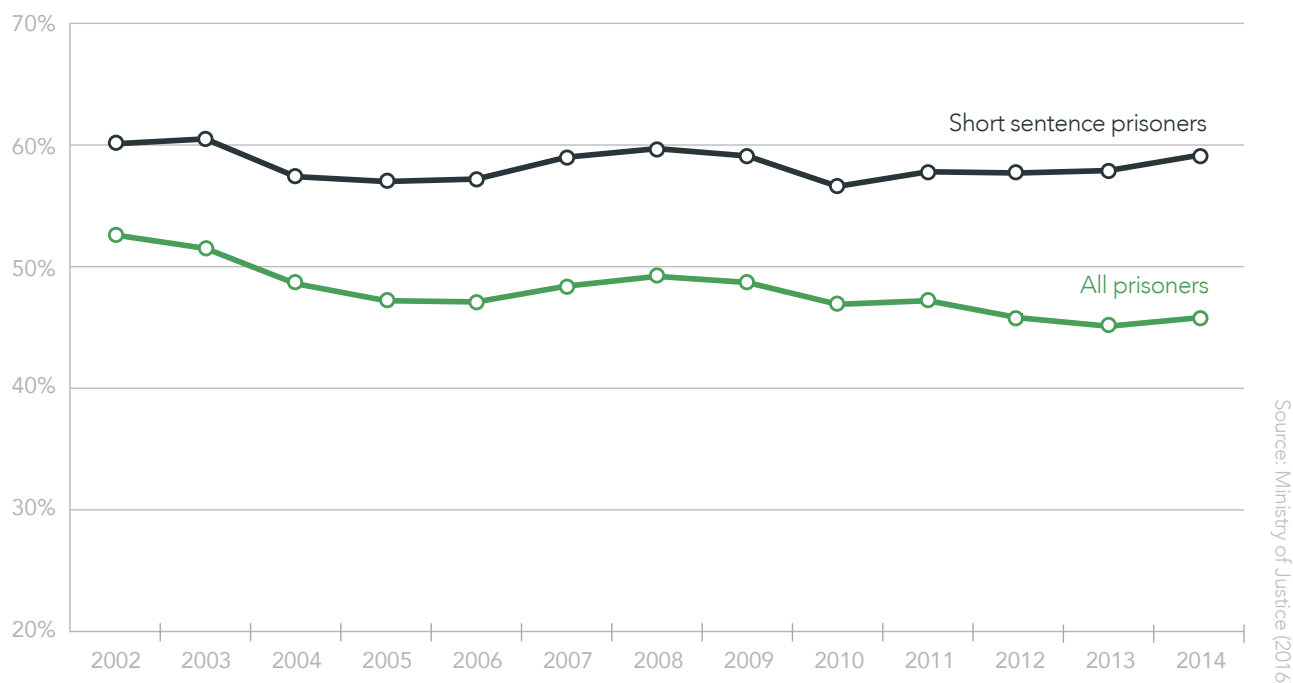
To understand why prison is failing to prepare prisoners for life after release, some historical and philosophical context is helpful. There has long been a debate around the purpose of prison, one which boils down to two opposing views. The first is that prison exists to punish the criminal and compensate the victim by inflicting suffering proportionate to that caused by the crime; the second, that prison exists to rehabilitate dysfunctional individuals in order to improve their lives and prevent them committing further crimes. While in practice most countries’ criminal justice systems combine elements of both - with the balance often determined by governmental priorities - in recent decades the UK has moved decisively towards the retributive end of the scale.

This reverses developments dating back to 1895, when in reaction to the severity of Victorian prisons the Gladstone Report insisted that they turn prisoners out better people than when they went in. Over the next several decades, reforms were introduced that aimed to make prisons less brutal and more dignified places. Some of these were about giving prisoners back their self-respect, by abolishing flogging and allowing them to sport their own haircuts and clothing and receive visits from family members, while others focused on bolstering prisoners’ productivity and preparing them for gainful employment upon release. Prison workshops were built, the provision of prison education was expanded, and the work assigned to prisoners now also had to equip them with skills relevant in the real world. Basic labour association was introduced, and prisoners were even allowed to earn wages to be saved up for release. In essence, prisoners were being trained to think and act like employees before they had even left the prison walls.¹

This rehabilitative consensus began to fray in the late twentieth century.² Following a significant rise in crime, a string of high-profile escapes in the 1980s and 1990s and the rise of the “Nothing Works” paradigm among criminologists, security and punishment once again became the priorities of the penal system.^{3,4} More offenders and harsher sentences led to a sharp increase in the prison population, resulting in deteriorating conditions and fewer opportunities for education, work and outside visits. This downward spiral in prison conditions led to a serious riot in 1990 (The Strangeways Riot), triggering a major public inquiry and a report (The Woolf Report) that lambasted the inhumane and intolerable state of the overcrowded prison estate.⁵

Despite these warnings, since the early 1990s prison numbers have accelerated at a rate hitherto unknown, more than doubling from 40,000 in 1993 to over 85,000 today.⁶ England and Wales now have a larger prison population and imprison a greater proportion of their population than any other country in Western Europe.⁷ But while prison numbers have soared, prisons remain poor at rehabilitating their prisoners. In the period July 2013-June 2014, the reoffending rate for all offenders (including both custodial and community sentences) was 26%. But when one looks at the specific figures for those released from custody, the rate jumps to 46%. The reoffending rate reaches its peak for offenders sent to prison for sentences of under 12 months (60%) and declines for those on longer sentences.⁸ The graph on the next page shows the modest progress that has been made in reducing reoffending over the past decade.

FIGURE 1 One year reoffending rates for all prisoners and short-sentence prisoners in England and Wales, 2002-2014



The percentage of the prison population with 15 previous convictions or more is further evidence that prisons have become recycling facilities for broken individuals. In 2012-2013, that percentage was 34%, up from 32% the year before and 28% in 2004. For those on shorter sentences of less than 12 months in prison, 55% had at least 15 convictions, while 40% of those sentenced to between 12 months and four years had that many convictions. This contrasts noticeably with prisoners on sentences of over four years or indeterminate sentences, of whom only roughly a quarter have 15 or more convictions.⁹ With prisoners sentenced to less than four years making up over a third of the prison population, their exceptionally high reoffending rates and number of convictions mean that they are responsible for the majority of reoffences committed.

A prison system that fails to improve the life chances of its prisoners is unsustainable. It offers poor prospects for the reduction of a prison population that is already testing the limits of current capacity, in an era where public funds are scarce. We estimate reoffending by ex-prisoners costs the UK approximately £4.5 billion a year, with three quarters of this cost attributed to short-sentenced prisoners. This is a colossal waste of human talent; instead of gaining skills, finding jobs or becoming entrepreneurs – thereby contributing positively to the economy – those who reoffend generate additional costs borne by all of society.

Recent fiscal belt-tightening has put additional pressure on the prison system. Since 2010, the prison service has experienced cuts amounting to around 24% of its budget, or £900m, while in the 2015 Autumn Spending Review the Ministry of Justice was required to find savings of £500m, much of this from the prison system.^{10 11} This has meant fewer funds available for prison education, recreation and rehabilitation and has necessitated reductions in prison staff numbers. Figures obtained by the Howard League for Penal Reform show prison officer numbers falling by 41% between 2010 and 2014, or almost 10,000 officers, while government data reveals that the total number of full-time prison staff fell by 29% over the same period.^{12 13} Without an adequate number of staff available to escort and supervise prisoners and liaise with course providers, it has become more difficult for prisons to offer their prisoners a varied programme of activities.

If the government is to generate the long-term savings in the prison system it desires, it must reduce the high reoffending rates that keep the same people coming back through the prison gates. And the only way to do this is to ensure, as the Gladstone Report urged over a century ago, that people come out of prison better than when they went in. After decades of increasingly draconian policies, both financial and moral necessity now require a renewed focus on rehabilitation rather than retribution. But reducing reoffending while shrinking public spending will require substantial innovations, one of which – prison entrepreneurship – is the subject of this report.

Why entrepreneurship?

Why ex-prisoners make good entrepreneurs

There are good psychological and philosophical reasons to believe that entrepreneurship is a path well-suited to many ex-prisoners. Nobel Prize nominated economist William Baumol was one of the first to lay out a set of personality traits – such as a need for autonomy and a willingness to disregard conventions – associated specifically with entrepreneurship. In his renowned essay “Entrepreneurship: Productive, Unproductive, and Destructive”, Baumol argued that while the quantity of potential entrepreneurs in any given society is relatively fixed, it is society’s incentive structures and institutions that determine whether they end up as criminals or as legitimate entrepreneurs.¹⁴ In a society where legal business opportunities are scarce or educational and economic inequalities disadvantage those from deprived backgrounds, many would-be entrepreneurs instead end up as drug dealers or fraudsters. If the theory holds true, then the task of public policy is not to increase the number of individuals with entrepreneurial traits, but to ensure that those already in possession of those traits apply them in legal ways.

While Baumol’s theory of “productive” versus “destructive” entrepreneurship might at first sound outlandish, further academic research conducted over the past several decades strongly supports his conclusions. In a study conducted in the mid-1990s, a test known as the Miner Sentence Completion Scale Form T – an acknowledged measure of the motivational factors associated with entrepreneurial success – was administered to 59 prisoners in three U.S. states. The MSCS-T measures five factors: need for self-achievement, preference for avoiding unnecessary risks, desire for feedback on results, aspiration for personal innovation, and desire to plan for the future. The results were astounding (see figure 2): the prisoners scored higher than slow-growth entrepreneurs and managers, coming second only behind entrepreneurs in high-growth firms.¹⁵ A separate 2002 study established a statistical link between being a teenage drug dealer and being self-employed later in life not obviously explained by other factors.¹⁶ Most recently, research conducted in 2006 under the provocative title “An Examination of the Power of the Dark Side of Entrepreneurship” used the Myers-Briggs personality test to compare prisoners’ entrepreneurial drive and innovativeness with that of entrepreneurs, finding no significant difference between them.¹⁷

If the evidence seems to suggest that many incarcerated criminals are actually would-be entrepreneurs failed by entrenched societal inequalities – an assertion supported by the overrepresentation of prisoners from ethnic minority and deprived educational and economic backgrounds – then a key objective of the prison and wider criminal justice system should be to encourage more prisoners into self-employment. That is precisely what this report argues for, an argument we develop in the chapters that follow.

It is worth pointing out that we do not believe every prisoner is suited to self-employment. Many will be more comfortable and indeed better off with a stable job and a regular salary, so initiatives to prepare prisoners for employment and campaigns to tackle employer prejudice will remain essential. Another caveat is that the reasons – practical or psychological – a particular prisoner is suited to entrepreneurship will vary. For certain criminals, especially those involved in lucrative organised crime, fraud and drug dealing, the entrepreneurial traits argument is likely to apply. But for those criminals most reviled in the public mind – sex offenders and violent offenders in particular – and therefore least likely to find employment, it is the practical arguments of working for oneself that are most relevant.

Last but not least, because they understand the challenges of finding work with a criminal record, ex-prisoner entrepreneurs are more likely than others to hire and help individuals with criminal records. As our case studies illustrate, ex-prisoner entrepreneurs empathise with other ex-offenders and recognise the commitment they are likely to get from people grateful for any chance they are given. Take Gina Moffatt, whose award winning Blooming Scent Cafe has several ex-offender employees on its books, or Jonathan Smith’s social enterprise Brewbird, a coffee shop business which trains and employs ex-offenders as baristas.

Then there are the ex-prisoner entrepreneurs who have started ventures in the criminal justice sector, such as Derek Jones’ Email a Prisoner, which enables prisons to print emails sent to prisoners, or Michael Corrigan’s Prosper4, a network of social enterprises catering to ex-offender rehabilitation. This virtuous cycle – in comparison to the vicious cycle of reoffending – has the potential to create a resilient support system for the 75,000 people who leave prison every year.¹⁸

Employment versus self-employment

When it comes to talk of rehabilitating ex-prisoners in the long-run, employment has traditionally dominated the discussion. With good reason – prisoners who secure a job upon release from prison are half as likely to reoffend as those who do not.¹⁹ Employment gives ex-prisoners the means to support themselves and their families, and empowers them to resist the lure of a return to crime. But finding those jobs is another matter. In the period 2012-2013, only 26% of prisoners entered employment on release from prison.²⁰ While it is no surprise that prisoners have a hard time securing jobs from within the (largely internet-free) walls of prison, recent government data on the employment and benefit status of ex-prisoners several years after release do not make for cheerful reading. One month after being released from prison, roughly half of ex-prisoners were on out-of-work benefits. Two years after being released from prison, 42% of ex-prisoners were still on out-of-work benefits, with only 36% having been in employment at any point over that period.²¹

This is not to say that efforts have not been made to reduce the barriers facing ex-offenders who want to work and to convince businesses to hire more people with criminal records. Organisations such as Business in the Community (BITC), Nacro and Unlock have worked hard to “ban the box” forcing the declaration of convictions that the UK’s nine million ex-offenders face when filling out job applications. The initiative has so far been able to sign up 64 employers, including Accenture, Barclays, Boots and Virgin Trains, as well as the entire UK Civil Service.²² While this is a positive first step, these employers

represent a tiny percentage of the UK’s estimated 1.3 million employing businesses.²³ A 2010 survey by Working Links of 300 UK employers discovered that only 18% had employed someone with a criminal record in the past three years. It also found that – if a conviction were disclosed – almost three quarters would use this information to either reject the candidate outright or to discriminate in favour of an equally qualified candidate with no convictions.²⁴

If employment is effective at reducing reoffending, but only a fraction of employers are willing to offer work to the 9.2 million people with criminal records in the UK, then we need to look elsewhere if we are to sharply reduce the number of unemployed ex-prisoners.²⁵ This is where entrepreneurship comes into the picture. Like regular employment, being a self-employed business owner enables ex-prisoners to support themselves and avoid reoffending, improving their quality of life while generating savings for the taxpayer. Unlike regular employment however, there is no application process to setting up on one’s own. And because of their limited job prospects, ex-prisoners are arguably less prone to the fear of failure that dissuades 43% of the British population from setting up a business.²⁶ While there are undoubtedly additional barriers faced by those with convictions – including difficulties acquiring insurance, opening bank accounts and accessing credit explored later in this report – on a fundamental level entrepreneurship does not discriminate against those with criminal records.

FIGURE 2
Entrepreneurial traits
comparison of prison
inmates, entrepreneurs
and managers



Source: Barbato, Lussier and Sonfield (2001)

Entrepreneurship in prison

Demonstrating interest

There appears to be great interest among prisoners and ex-offenders themselves in entrepreneurship. On top of the convincing anecdotal evidence submitted to us by charities and prison and probation staff (with most agreeing that a large proportion are interested in working for themselves), several surveys conducted by the Centre for Entrepreneurs demonstrate high levels of interest in entrepreneurship among people with criminal records.

In partnership with Catch22 and Tempus Novo, we surveyed 95 prisoners at HMP Thameside, HMP Isis, HMP Feltham and HMP Wealstun to measure their interest in entrepreneurship. The results show substantial interest on their part, and a desire to see more enterprise education within prison walls. Although just a small sample of the total prison population – a reflection of the difficulties involved in surveying prisoners en masse – the findings add a quantitative dimension to our argument. A second survey we conducted of 158 ex-offenders (as opposed to prisoners) in partnership with Unlock uncovered equally strong levels of interest in entrepreneurship post-release, as well as an impressive amount of past or present business experience (this was also true of prisoners). The results of both surveys can be seen in figure 5. It is fascinating to compare these results to measures of entrepreneurial intent among the wider UK population (see figure 4).



Source: CFE/Tempus Novo/Catch22 survey of prisoners

FIGURE 4 Entrepreneurial intent in the UK

Source: Natwest Entrepreneurship Monitor (Q2 2015)



46%
I would prefer to be self-employed



42%
I have considered starting my own business



37%
I would like to start my own business

The concept of the “prison entrepreneurship programme”

Ex-prisoners might make good entrepreneurs, but like other entrepreneurs they need help getting started. While a small proportion may end up working for themselves after prison whatever the circumstances, unleashing the mass entrepreneurial potential of ex-prisoners will require support both in prisons and post-release – thereby increasing the proportion who decide to work for themselves and improving the prospects of those who would have done so anyways. Based on our research, we believe that the best way of providing this support is via enterprise programmes that begin inside prison but follow participants “through-the-gate” – providing them with tailored mentoring, training, access to finance and other support as they try to set up their businesses on the outside.

Existing evidence makes a strong case for the effectiveness of prison entrepreneurship programmes. While the government does not collect data on the reoffending rate among self-employed ex-prisoners (something we later recommend), several programmes that deliver entrepreneurship support to prisoners report recidivism figures that greatly outperform national statistics.

The most well-known of these, the Texas based Prison Entrepreneurship Program (PEP - case study on [page 38](#)) reports a three year recidivism rate of under 7%, compared to a U.S. national average of almost 60%.²⁷ A program in Germany modelled closely on the PEP – Leonhard (case study on [page 40](#)) – has seen only 11% of its participants go on to reoffend over four years, compared to the German national average of 46%.²⁸ In the UK, Startup (case study on [page 42](#)) reports a reoffending rate among ex-prisoner business owners of below 1%, while from the ex-prisoners that Prosper4 (see [page 36](#)) have help set up in business, under 5% have gone on to reoffend.^{29 30} And although not a prison entrepreneurship programme itself, an independent evaluation of The Prince’s Trust Enterprise Programme indicated a two year business survival rate of 78% among the ex-offenders it works with in the community - outcomes similar to those of participants on the programme as a whole.³¹



FIGURE 5
Interest and experience of entrepreneurship among ex-offenders and prisoners

Source: CFE/Unlock/Tempus Novo/Catch22 surveys

The economic case



£4.5bn

Reoffending by
ex-prisoners costs
£4.5 billion per year



£131k

Each reoffender costs
the government and
wider society £131,000



£82m

An entrepreneurship programme
made available to every pre-release
prisoner would cost approximately
£82 million per year



11k

Almost 11,000
new businesses
could be started
every year



£1.4bn

Total savings could
amount to £1.4 billion
per year



14%

We estimate a 14%
recidivism rate among
graduates from our
chosen model of prison
entrepreneurship
programme, compared
to 46% nationally

The Centre for Entrepreneurs has calculated the potential public savings were a prison entrepreneurship programme to be made available to every pre-release prisoner in England and Wales (Scotland and Northern Ireland have separate justice systems).

Based on official government data which reveals 46% of ex-prisoners reoffend within a year of their release, we calculate that making an entrepreneurship programme available to every pre-release prisoner (including through-the-gate support) could save the government up to £1.4 billion annually by sharply lowering the recidivism rate among participants.³² According to detailed estimates by the Social Exclusion Unit, the costs per reoffender (including the costs to the criminal justice system, the average cost of a prison sentence, and the costs borne by wider society) amount to £131,000 (adjusted for inflation).³³ This puts the current annual cost of ex-prisoner reoffending at approximately £4.5 billion.

To estimate the costs of delivering a prison entrepreneurship programme, we use as our model a highly successful UK-based programme known as Startup (case study on [page 42](#)). Although we believe a variety of providers – rather than a one-size-fits-all model – should deliver prison entrepreneurship programmes, Startup's client base of over 1200 ex-prisoners is a sample large enough for us to extrapolate from.

Using a 4-2-1 structure, Startup divides its cohort of prisoners into groups of four. These four prisoners take part in an initial "taster" workshop in prison, where they are introduced to the idea of self-employment and encouraged to discuss their business ideas. Out of the initial four, two participants deemed to have the right attitude, level of ability, motivation and business plan progress to the second stage. These participants continue to receive further instruction and peer mentoring on developing a business plan, of whom just one progresses to stage three and establishes an actual business. This final stage involves at least six additional months of support, plus grant funding used to purchase basic equipment on their behalf. On this model, it costs £7,500 per four participants to run a programme, with £5,000 of delivery costs over the three stages and £2,500 reserved as a grant for the participant who starts a business.

To estimate the potential savings Startup or similar programmes could generate at a national level, we combine our own prison survey data with statistics submitted to us by Startup to predict that on average around two-thirds (59%) of pre-release prisoners will opt to participate in a "taster" workshop, with a roughly a third (36%) making it beyond this stage and 15% actually starting a business. Taking into account Startup's own reoffending outcomes, we assume a reduced recidivism rate of 14% for the third of pre-release prisoners that get past the first stage, compared to the national rate of 46%.

Starting at the individual prison level, we might imagine the results if such a programme had been offered to the 1,371 prisoners who left HMP Pentonville in 2015.³⁴ If 59% (809) had taken part in a taster workshop, and 36% (494) had made it to stage two or beyond, the reduced reoffending rate among the latter would have saved the justice system and wider society £26 million while costing £1,515,000. Assuming that one out of every four taster workshop participants had started a business, from this single prison we could have seen 202 new businesses in 2015. At the national level, applying the model to the 75,000 people who leave prison each year could yield annual savings of £1.4 billion and 11,000 new businesses, at the cost of £82 million.

There are several things worth noting:

Firstly, impact on reoffending is not measured for those who do not progress beyond stage one, as engagement at this point is relatively superficial. While a programme that rigorously pre-selects participants may be able to avoid this initial drop-out, this is at the cost of openness and the risk of "cherry-picking" the best (and least likely to reoffend) prisoners. In any case, given that funds are largely reserved for those that progress further, initial openness is not costly and has the advantage of offering all interested prisoners an introduction to self-employment at the very least.

Secondly, reoffending outcomes are measured both for participants who start businesses (stage three) as well as those that progress beyond stage one without actually starting a business (stage two). Startup and other programmes profiled in this report have observed that entrepreneurship training also gives participants the skills and confidence to secure employment or pursue further education, an effect measurable in reduced reoffending rates.

Thirdly, using Startup as our model gives us confidence that our figures are not undermined by "cherry-picking" of the prisoners least likely to reoffend. Startup opts not to pre-select participants through a competitive application process; anyone interested is encouraged to attend the initial workshops, and while a narrowing down does later take place this is done on a case-by-case basis. Startup also undergoes external auditing to ensure its clients are similarly diverse to the prison population itself. Furthermore, because of its preference for grant funding, Startup does not make progression dependent on eligibility for loans, widening the pool of prisoners capable of participating.

Designing a prison entrepreneurship programme

Increasing awareness of and openness to the idea of prison entrepreneurship is just one part of the task – the other is making sure the right programmes are being delivered. Through our case studies, our conversations with the organisations delivering prison entrepreneurship programmes and our interviews with ex-prisoner entrepreneurs, we have developed a best practice guide that we hope will inform both current and future initiatives in this area.

Starting out

Getting in

Given the importance of prison management in determining which activities are offered to prisoners, getting senior figures onboard such as governors, directors and heads of learning and skills is a necessary first step in setting up an entrepreneurship programme.

Evidence

For providers with a track record of delivering prison entrepreneurship programmes, proof of successful outcomes is essential. For first-time providers, a broad understanding of the case for prison entrepreneurship – much of it included in this report – will help bring unfamiliar staff onside.

Linking to education

If some form of enterprise/business/self-employment training is already included in a prison's education syllabus, then linking any potential entrepreneurship programme to it will increase its perceived relevance and value. Our own investigation of current Offenders' Learning and Skills Service (OLASS) prison education provision found that such modules are offered in many prisons, but inconsistently.

Demonstrating interest

Running a so called "taster" or "sample" session (without requiring commitment to further sessions) can demonstrate high levels of interest in entrepreneurship among prisoners that justify committing prison funding to entrepreneurship programmes. Another option is to survey prisoners directly, as was done in Isis, Thameside, Feltham and Wealstun to produce data for this report.

Selection

Determining participation

There is an initial choice to be made between initially opening a programme to all prisoners and selecting in advance through a competitive application process those most likely to succeed. Although the former approach can raise costs and reduce the attention given to each participant, the latter may alienate those excluded and is likely to lead to accusations of "cherry picking" – the avoidance of difficult, vulnerable and likely to reoffend prisoners.

Setting goals

Selection will naturally depend on the goals of the programme in question. Some organisations – the Bright Ideas Trust is one example – focus on individuals who want to start high-growth businesses. The majority of programmes – such as Start Up Now, Enterprise Exchange, PEP and Prosper4 – prepare their participants for a wide range of outcomes, including self-employment as a sole trader as well as running businesses that employ others.

Type of offence

Among UK practitioners we spoke to, the dominant view was that programmes should be open to all prisoners regardless of their offence. However, the PEP and Leonhard choose to ban sex offenders from taking part in the programme, while Defy Ventures specialises exclusively in training ex-drug dealers.³⁵ The approach taken by the BIS prison enterprise pilots represents a middle option, in which participants were excluded if their business idea corresponded too closely to their offence.³⁶

Programme design

Start date

An effective programme starts several months before a prisoner is due to be released. If run too long before release, the prisoner will not be motivated by his or her impending freedom and likely to forget much of what was learned, and linking up pre- and post-release support will be more challenging for providers. If delivered too close to release, participants will lack time to absorb information, acquire new skills and reflect on their business plans. We suggest an optimum window of three to six months before release.

Frequency:

The ideal start date for a programme determines the time frame in which it should be delivered. While starting just before release would mandate intensive, several-day workshops, beginning a few months earlier allows practitioners to introduce material at a manageable pace and build the trust and continuity that are key to success. We recommend engaging with participants on a weekly or bi-weekly basis.

Format:

Programmes should combine group work and one-to-one attention, and peer-to-peer support among participants should be encouraged. Group work is needed to efficiently share information and stimulate discussion, but prisoners often have special needs and/or self-esteem issues that require individual engagement. Strong peer-to-peer support among participants boosts morale, facilitates course delivery and can extend the impact of the programme beyond classroom walls. Prisoners with previous experience of entrepreneurship – around 40% according to our survey – should be encouraged to take on leadership and mentoring roles.

Content:

A good programme will impart the general knowledge needed to start a business while also making participants aware of the specific challenges they will face with a criminal record. The former include choosing and developing a business idea, fundraising, marketing, sales, networking and legal, tax and regulatory issues; the latter include difficulties accessing insurance and credit, ensuring nature of offence and business idea are not too closely related, and addressing welfare and debt issues post-release. Guest seminars with entrepreneurs and business professionals are highly encouraged.

IT access:

Some degree of IT and Internet access is essential if programme participants are to conduct market research and acquire the skills needed to run a business. While access is severely (and in our view counterproductively) restricted by the current prison regime, avenues such as Virtual Campus (currently underutilised) and external assistance (getting friends, family or volunteers to conduct research on behalf of prisoners) hold some promise.

Longevity:

While dependent on the discretion and stability of prison management, where possible an entrepreneurship programme should establish itself in a prison over an extended period of time, so that familiarity, reputational benefits and referral opportunities are maximised.

Post-release

Through-the-gate:

In view of the challenges of life post-release, all providers agreed that through-the-gate support is a necessity if ex-prisoners are to be successfully supported into entrepreneurship.

Making contact:

It can take time for ex-prisoners to get in touch with programme providers after release. Reestablishing oneself after prison is fraught with difficulties. Finding accommodation, reconnecting with friends and family, covering initial expenses; all can overshadow rehabilitation work, and many ex-prisoners lack the confidence to reach out. Providers should re-establish contact when necessary.

Attendance:

Because of ex-prisoners' confidence and time-management issues, attendance at workshops post-release can be an issue. Advertising them as casual, drop-in affairs and/or covering travel expenses may improve attendance. While collaboration with probation services introduces the possibility of making workshop attendance mandatory, this could reduce motivation levels by removing participants' sense of process ownership and independence.

Linking up:

Ex-prisoners have complex needs that cannot be addressed by any single programme. Entrepreneurship programmes should be linked (formally or informally) to providers of mental health, drug rehabilitation, housing, child support and other services, both in prison and in the wider community. .

Mentoring and funding

Choosing mentors:

Ex-prisoner entrepreneurs need mentors who can “show them the ropes” of running a business. These can be “mainstream” entrepreneurs or better yet established ex-offender entrepreneurs. Ex-prisoners are more likely to relate to entrepreneurs with a criminal record, but making this a requirement reduces the pool of potential mentors. Another possibility is recruiting successful entrepreneurs from disadvantaged backgrounds who understand the realities of crime and imprisonment

Alumni:

Many existing prison entrepreneurship programmes invite successful alumni back as mentors, demonstrating to course participants the effectiveness of the programme. For example, roughly half of Startup alumni who have set up businesses have joined the charity's peer mentoring programme, which trains mentors and pairs them up with suitable course participants.

Grants versus loans:

While several programmes direct prisoners toward loans, taking on debt should be seen as highly risky for a demographic whose debt problems pre and post-release are well documented (see [page 23](#)). Instead, we believe programmes should offer grants to participants with the most viable business plans. Affordable loans, such as those offered by Start Up Loans and other specialised providers, may be considered for a subset of businesses with genuine growth potential (see CDFI fund recommendation). But programme participants should not be screened based on their ability (credit history, repayment ability) to access loans.

Funding the programme:

Prison entrepreneurship programmes need funding themselves. While fixed public funding (from our proposed prison entrepreneurship fund) would guarantee stability and longevity, there is a strong case for supplementing this income with other funding. Options include private and corporate philanthropy (the Texas Prison Entrepreneurship Program is fully supported by donations), charging participants small fees, taking equity in alumni businesses that grow beyond a certain size, and running associate businesses which provide employment and training to participants while generating revenues for the programme.

Measuring performance

Key indicators:

First and foremost, a prison entrepreneurship programme should be judged by its success in reducing reoffending compared to the national baseline. Secondly, a reasonable proportion of participants should end up starting their own businesses. Other important – though harder to track – variables include business survival rates, turnover, job creation, and benefit usage.

Secondary outcomes:

While self-employment outcomes should be the primary goal of a prison entrepreneurship programme, other successful outcomes should also be celebrated. Most programmes have observed that while not all participants go on to start businesses, those who do not still apply the skills and knowledge acquired in employment or further education.

Soft versus hard outcomes:

There is a need to distinguish and track both “soft” and “hard” outcomes. While hard outcomes include factors such as whether a person has reoffended, whether or not they have started a business, and the length of time their business has been trading, soft measures track indicators such as improvements in self-esteem, satisfaction and motivation. Both are important in evaluating the performance of a programme.

Diversity:

It should be recognised that programmes that engage with all categories of prisoner – not just those most likely to succeed – may have slightly weaker “hard” outcomes than those that cherry-pick. In evaluating programme performance, the diversity of course participants compared to the prison population should be taken into account.

Using appropriate measures:

Using the wrong measures may result in suboptimal outcomes. For example, if – assuming a payment by results contract – providers are paid simply for the number of people they register for a course, quantity rather than quality will be prioritised when delivering services.

Justice Data Lab:

The Justice Data Lab is a free government tool launched in 2013 that enables organisations working with offenders to access their reoffending data and compare it to a similar control group.³⁷ It is an effective and statistically rigorous way of measuring successful outcomes and should in future be used by all prison entrepreneurship programmes for objective data on their interventions.

The Leonhard prison entrepreneurship programme, Munich, Germany (case study on [page 41](#)).



Why are prison entrepreneurship programmes not more widespread?

If the economic and social case for ex-prisoner entrepreneurship is so strong, why are entrepreneurship programmes not more widespread in Britain's prisons? The truth is, despite the existence of the innovative and successful programmes mentioned in this report, entrepreneurship is not something usually associated with prisoners. Reasons for this might include our collective emphasis on punishing rather than rehabilitating, and our preference for keeping prisons "out of sight, out of mind" – as ex-prison governor John Podmore puts it, thereby sweeping the question of what happens within and after prison under the carpet.³⁸ And as we have seen, employment rather than self-employment tends to be seen as the answer to reducing reoffending, despite all the barriers ex-offenders face getting hired.

Changing the situation will require winning over hearts and minds with arguments, evidence and testimony on the merits of ex-prisoner entrepreneurship. But it will also require addressing the many concrete obstacles that exist within prisons, including: the challenges of working across multiple prisons, budget reductions and a security-first approach that hinder effective delivery of courses, the tightening of release on temporary licence (ROTL) rules, and poor IT access and training for prisoners. Post-release, ex-prisoners starting up businesses face a whole range of new obstacles, such as difficulties securing accommodation and healthcare, covering initial expenses and accessing benefits, and acquiring bank accounts and insurance.

The prison governor

One of the most frequent themes in our discussions with third sector providers was the challenge of working across multiple prisons. Despite the creeping centralisation of prison governance over the past few decades, when it comes to deciding which programmes prison budgets are spent on, governors still have the final say. This means that whenever an organisation wishes to establish an enterprise programme within a prison – regardless

of how successful it may have been in other prisons – it has to get the individual governor of that prison on board. Repeatedly building relationships from scratch with governors is very time consuming, especially for charities with stretched resources, so many end up staying small despite their impressive reoffending rates and scale-up potential.

One charity director described prison governors as divisible into three groups: a third who are generally uninterested in new ideas, a third who are too risk averse to experiment, and an entrepreneurial third who are engaged and interested in new approaches. While purely anecdotal, this suggests that a prison that could greatly benefit from an enterprise programme might never get one if its governor belongs to the "uninterested" or "risk-averse" category. This is not to say that prison governance should be centralised and power taken away from governors; there are strong reasons in favour of placing decision-making in the hands of those closest to the action, which is in fact what recently announced reforms plan to do (see [page 24](#)). It may also be the case that overly centralised regulation is to blame for the risk-aversion of some governors. Nonetheless, more needs to be done to train governors to think and act entrepreneurially.

Finally, the decreasing tenure terms of governors, which have sunk to an average of 20 months, should be reviewed.³⁹ Governors who know they might not be around for too long may be reluctant to commit to innovative new programmes, while programmes that do get introduced are always at risk of being terminated by an incoming governor.

Security and savings

In recent decades, British prisons have moved away from the rehabilitative ideal and made security their primary focus. Rather than ensure that prisoners are less harmful to society after their sentences, prisons prioritise keeping them locked up as securely as possible in order to pacify public anxiety. Preventing dangerous prisoners from escaping is an important function of incarceration, but a narrow-minded focus on it can compromise efforts at rehabilitation.

This is unfortunately largely what has happened. Innovation in rehabilitation has not stopped of course – Timpson’s innovative prison workshops and Clink’s highly successful prison restaurants come to mind – but it is being held back by security requirements across the prison establishment that have become increasingly onerous. External visitors – be they friends, family or providers of important services – are invasively vetted and often refused entry on undisclosed grounds. IT access is severely limited. Prisoners are kept locked up in their cells for longer (and away from productive activity) because they are not trusted to move around freely. A 2015 report by the Chief Inspector of Prisons found that 20% of prisoners were spending less than two hours a day outside of their cells, while only one in seven said they spent more than 10 hours outside. Overall, purposeful activity outcomes were judged good or reasonably good in only a quarter of male adult prisons.⁴⁰

All this makes delivering an effective entrepreneurship programme in prison more challenging, as providers must somehow fit their courses – which often require external equipment, technology, and guests – into the security concerns of prison management. Many of the charities we spoke to described instances where an outside individual – often a successful entrepreneur or businessperson – was refused access to a prison despite the obvious benefits their presence would have for the prisoners. Others recounted being denied permission to bring in basic materials for teaching purposes. A sober reevaluation of such policies is essential if entrepreneurship programmes and other promising forms of education and rehabilitation are to fulfill their potential.

The problems created by this “security-first” approach have been compounded by financial pressures on the prison service. A 29% reduction in full-time staff and a 40% reduction in the number of prison officers has meant that prisoners spend more time in their cells and less time in work or education for want of staff supervision.^{41 42} The resulting deterioration in conditions is

detailed in the Chief Prison Inspector’s latest annual report (2014–2015), which concludes that prisons in England and Wales are in their worst state for 10 years. The report found that assaults on staff, prisoner deaths and prisoner self-harming were on the rise, with figures for all three around a third higher than in 2010.⁴³ Nick Hardwick, the chief inspector at the time, blamed recent policy decisions such as the scaling back of the prison regime and large cuts in staff for much of the deterioration.⁴⁴

Our discussions with providers of entrepreneurship programmes corroborated these findings: we were told of how funding for prison education and external training had shrunk, and of once bustling workshops and recreational spaces lying vacant. The replacement of long-serving, knowledgeable prison staff with low-cost but inexperienced recruits was cited as another barrier to delivering high quality programmes. Much of this was evident on a visit we made to a prison in Northern England, where we heard of escalating violence and whose print workshop – that only recently had brought in £10,000 worth of orders annually – was full of broken equipment and no longer generating any revenue.

IT access and release on temporary licence (ROTL)

When it comes to preparing prisoners for life as entrepreneurs, two of the most useful tools are information technology (IT) and Release on Temporary Licence (ROTL). Access to IT hardware, software and training are essential if prisoners are to be equipped for survival in the modern economy. Much of the groundwork in setting up a business – writing a business plan, designing business cards, doing market research and handling data – now requires using a computer. ROTL prepares prisoners for life on the outside by allowing those nearing release to undertake activities in the community helpful to their rehabilitation. Prisoners committed to starting a business might apply for day release and use it to scope out accommodation and workspace, open a bank account, conduct market research, accumulate savings through part-time work, and address in advance many of the other difficulties they might face upon release (For example, see Michael’s Corrigan’s case study on [page 36](#)).

Unfortunately, both IT and ROTL are currently severely constrained in their capacity to educate and rehabilitate aspiring ex-prisoner entrepreneurs. While computers are relatively widespread in prisons, the vast majority are not connected to the Internet – largely for security reasons. This means that while prisoners can learn to navigate an operating system and acquire basic competency, they are not exposed to the digital skills truly indispensable in today’s world. So when it comes to undertaking market research – identifying opportunities, scoping out competitors, determining prices and seeking funding – imprisoned entrepreneurs are at a significant disadvantage. Furthermore, distance learning – a seemingly ideal way of

educating people locked up behind bars - is increasingly reliant on Internet access, meaning that the current set-up is depriving prisoners of the knowledge and qualifications they need in another way. The government's Justice Data Lab recently found that support from the Prisoners' Education Trust to undertake distance learning reduced reoffending by more than a quarter.⁴⁵

Virtual Campus (VC), a Prison Service initiative described as a "secure, web-based learning environment", is an attempt to improve the situation by enabling authorised personnel to update prison computers with external content.⁴⁶ Unfortunately, despite several success stories – such as one prison where prisoners are able to develop business plans on the system and access them post-release – much of the feedback on the service has been negative, with practitioners recognising the potential but critical of technical problems and inadequate staff support. The Prisoners' Education Trust notes that prisoners often only have access for several hours a week – insufficient time for serious studies – and that 83% consider access and support for VC poor.⁴⁷ More encouragingly, within the prison establishment there is growing recognition of the importance of IT and Internet access in preparing prisoners for release: a 2013 Prison Reform Trust survey of prison governors and directors revealed that 74% agreed that prisoners should have some form of Internet access, while 88% agreed that computer skills are needed for "most of the jobs they could enter on release".⁴⁸

After several serious licence breaches by prisoners granted ROTL in 2013 and 2014, there has been a major tightening of the conditions under which prisoners are allowed into the community. While some elements of the reforms seem sensible – such as distinguishing between low-risk "Standard ROTL" and high-risk "Restricted ROTL" offenders – the general reduction in ROTL opportunities under which prisoners no longer have any "presumption to ROTL" has been counterproductive in its impact on the rehabilitative possibilities open to prisoners. Between 2013 and 2015 there was a 41% decrease in total ROTL releases.⁵⁰

Several of the organisations we spoke to said this had affected their ability to effectively rehabilitate prisoners, a sentiment backed up by a 2016 Prison Reform Trust/Clinks survey of ROTL opportunity providers, in which 65% had experienced a decrease in ROTL placements and 79% described longer delays getting placements confirmed.⁵¹ For aspiring prison entrepreneurs who would benefit from a head-start on their business plans and reintegration into the community, the latest ROTL regime is just another unnecessary barrier. The reality is that less than one in one thousand releases on temporary licence fail, with only 6% of the failures involving an arrestable offence.⁵²

Life after release

Ex-prisoner entrepreneurs face a whole new set of obstacles once released. While they are subject to far fewer restrictions on what they do, how they communicate and where they go, for many ex-prisoners the sudden switch to freedom and responsibility can feel overwhelming after the controlled and predictable prison environment. More concretely, ex-prisoner entrepreneurs struggle with things most "regular" entrepreneurs take for granted.

Accommodation:

Despite evidence that housing reduces reoffending rates by up to 20%, finding decent, stable accommodation is highly challenging for many ex-prisoners.⁵³ Ex-offenders can be excluded from private sector and even housing association properties because of their records, while local authority discrimination of ex-offenders in council housing allocation is well documented.⁵⁴ Without a place to live, any attempt by an ex-prisoner to start a business is likely to founder, especially given the fact that many are likely to be founded and run from home.

Health and addiction problems:

Ex-prisoners suffer disproportionately from a variety of health and addiction problems that make successful adjustment harder. 36% of prisoners are estimated to have a physical or mental disability, compared to 19% of the general population. 64% reported using drugs in the four weeks before custody, with reconviction rates twice as high for this subset of prisoners. 38% admitted that their drinking was a "big problem".⁵⁵ Accommodation problems compound the situation, as without a registered address ex-prisoners cannot access the GP and community health services they need.

Welfare:

For individuals leaving prison – who are more likely than the general population to be unemployed, suffering from some form of disability and lacking accommodation – with multiple benefit claims, the welfare system can seem perplexing. The standard £46 discharge payment received upon release (last adjusted in 1997) is barely sufficient to cover costs while claims are processed – departmental targets range from 14 to 24 days^{56 57} – while ex-prisoners without bank-accounts (see across) are unable to receive payments. Recent changes that exacerbate the situation include the rise of benefit sanctioning (there are numerous cases of ex-offenders losing benefits because of Jobcentre appointments clashing with probation or rehabilitation commitments⁵⁸) and Universal Credit, which being web-based will disadvantage IT-deprived ex-prisoners. Moreover, because of its rigid "minimum income floor" for the self-employed, UC may disincentivise many from working for themselves.⁵⁹



FIGURE 6

CFE/Unlock survey of ex-offenders on challenges of starting a business

Financial exclusion:

Raising the income to meet living costs while also attempting to establish a business is a challenge familiar to many entrepreneurs, but this an even harder task in view of the severe financial exclusion faced by ex-offenders. Two-thirds of prisoners were in real financial trouble and over half had debt before going to prison which worsens as bills, overpaid benefits, interest payments and other financial commitments accumulate throughout their sentences.⁶⁰ Alongside accommodation problems and lack of identification, the poor credit ratings that ensue hinder ex-prisoners from acquiring the bank accounts and insurance they need to operate their businesses. A Prison Reform Trust/Unlock survey of prisoners revealed that a third did not have a bank account, while original research conducted by the Centre for Entrepreneurs and Unlock found that almost 90% of ex-offenders believe their criminal record makes obtaining business insurance harder or more costly.⁶¹ Ex-offenders with unspent convictions pay more for their insurance and are dependent on the few specialist providers willing to supply them.

Declaring convictions:

As we have seen, having a criminal record not only makes it difficult to get hired, but also affects many things important when starting a business such as renting property and acquiring insurance. At the core of this is a piece of legislation known as the Rehabilitation of Offenders Act, which sets out the time periods within which people have to declare their convictions before they become "spent". Although the ROA was reformed in 2014 to make these periods shorter, current declaration requirements are still a major burden for aspiring ex-offender entrepreneurs. A one year sentence takes four years to become spent, while those with sentences of over four years will never see their convictions become spent.⁶² 14 years after leaving prison, successful entrepreneur Duane Jackson (see [page 34](#)) still pays far above the market rate for his personal and commercial insurance.

Why the time is right for prison entrepreneurship

Despite the considerable obstacles to widespread ex-prisoner entrepreneurship explored in the previous section, there are good reasons to believe the time is right for a major expansion of prison entrepreneurship programmes.

A change of heart

Over the past several decades governments of all stripes have propagated a predominantly punitive approach to sentencing and incarceration with nothing but a bulging prison population and high reoffending rates to show for it. This appears to be changing under the current Conservative government, whose rhetoric is increasingly focused on the importance of effective rehabilitation, education and productive activity in the lives of prisoners.

In a July 2015 speech titled “The treasure in the heart of man – making prisons work”, Justice Secretary Michael Gove acknowledged “our persistent failure to reduce reoffending” as evidence that “prisons are not playing their part in rehabilitating offenders as they should”. He recognised that prisoners are overwhelmingly “drawn from the ranks of those who have grown up in circumstances of the greatest deprivation” and spoke of transforming “human beings whose lives have been reckoned so far in costs to society, to the criminal justice system, to victims and to themselves” into “assets...who can contribute and demonstrate the human capacity for redemption”.⁶³ What better way of transforming prisoners into assets than turning them into self-sufficient entrepreneurs, capable of contributing to economic growth and job creation and more likely than others to hire other ex-offenders?

Rethinking prison

So far, this new agenda does not seem to be a case of “all talk and no action”. In a major speech on prison reform in February 2016, Prime Minister David Cameron echoed Gove by describing prisoners as “potential assets to be harnessed” and announced plans to devolve more power to prison governors, including “total discretion” over budgets and greater freedom from the “924 prison service instructions and prison service orders” currently issued from headquarters. Examples of what this will mean in practice include the ability to work with local rather than national suppliers, the flexibility to transfer funds between different pots of prison budgets, and freedom to tailor specific aspects of the prison regime – such as the time prisoners are required to spend in purposeful activity.

The Prime Minister also announced the creation of six “reform prisons” run by the “most innovative governors from across the prison estate” in which charities and businesses will have a strong role to play, and new “Prison League Tables” that will rank prisons on their reoffending and employment outcomes.⁶⁴ Finally, the Coates Review of prison education – expected in May 2016 – will likely recommend changes to contracting procedures more favourable to voluntary sector involvement. Taken together, these reforms promise to open the door to the innovative organisations delivering entrepreneurship programmes that have seen great success in reducing reoffending yet struggled to secure further funding. While the fact remains that budget and staff cuts have negatively affected the prison system’s capacity to offer effective rehabilitation, there may yet be grounds for renewed optimism.

Transforming rehabilitation

Over the past few years the government has introduced changes to community rehabilitation which aim to reduce reoffending and incentivise voluntary sector involvement. The reforms are known as the “Transforming Rehabilitation” agenda, and do away with the previous public Probation Trusts in favour of a National Probation Service (NPS) for high-risk offenders and 21 Community Rehabilitation Companies (CRCs) for low and medium-risk offenders. The CRCs are funded on a payment by results basis, according to which they are rewarded for their performance on various measures, including – but not limited to – reducing reoffending. Continuous “through-the-gate” provision from custody to community is now an official priority, as is working with “a diverse range of rehabilitation providers from the private, voluntary and social sectors”. Transforming Rehabilitation has also for the first time extended statutory rehabilitation to the 45,000 short-sentence offenders (12 months or less) released from prison every year (who commit three quarters of all reoffences).⁶⁵

As with the aforementioned prison reforms, on paper Transforming Rehabilitation sounds like an unambiguous victory for prison entrepreneurship programmes and prisoner rehabilitation in general. With the official commitment to working with diverse providers, they can expect to get more funding to deliver their services to both medium and long sentence offenders as well as the new cohort of short sentence offenders. Furthermore, the emphasis

on “through-the-gate” provision chimes perfectly with the inside and outside of a prison model that has proven most successful in supporting prisoners into entrepreneurship.

Nonetheless, a note of caution is required. At a roundtable discussion hosted by the Centre for Entrepreneurs, charities with experience delivering prison entrepreneurship programmes expressed their frustration that, so far, the Transforming Rehabilitation agenda has not lived up to its obvious potential. The CRCs were seen as confusing and risk averse; charities recounted being included on contracts as “bid candy” only to be dropped at a later stage, or being promised funding that either shrunk or never materialised. A recent survey of 156 voluntary sector organisations on the Transforming Rehabilitation reforms uncovered very little clarity as to what their involvement would be and how they would be resourced for it, and frustration with the slow pace of implementation.⁶⁶

The self-employment revolution

In this report we rely on a broad definition of entrepreneurship, covering the entire spectrum from self-employed sole traders to high growth innovative businesses. When it comes to breaking the cycle of reoffending by encouraging ex-prisoners to become entrepreneurs, what matters most is gaining the self-sufficiency needed to resist a return to crime. While some ex-prisoners will go on to start high-growth businesses – Duane Jackson, profiled on [page 34](#) is a case in point – most will be content operating as sole traders or micro-business owners. This is not only true of ex-prisoners: sole traders and micro-businesses make up 95% of the entire UK business population.⁶⁷

The UK has been experiencing a self-employment revolution over the past several decades: 15% of the workforce are now self-employed, compared to 13% in 2008 and 8.7% in 1975.⁶⁸ While the drivers of this are not yet fully understood, the transformation is attributed to factors such as a shift in values towards the freedom and meaning that come with self-employment, and new technologies that have sharply lowered the cost of doing business. The growing ranks of the self-employed are pressuring the government and private sector to place more importance on meeting their specific needs through tailored approaches to financial products (mortgages and savings), taxation, welfare (maternity pay, pensions, benefits) and training, as discussed in the recent Deane Review of self-employment.⁶⁹ All in all, there has never been a better time to become self-employed – criminal record or not. In its

indifference to entrepreneurship as a path to self-sufficiency for ex-prisoners, the criminal justice system is well behind the times.

Tapping into the UK’s entrepreneurial ecosystem

Establishing entrepreneurship as a genuine path for ex-prisoners will require tapping into the UK’s rich entrepreneurial ecosystem. The UK is consistently ranked as one of the best countries to start a business in by the World Bank’s “Doing Business” index and the Legatum Institute’s annual “Prosperity Index”.^{70 71} This is – among other things – thanks to a conducive institutional-regulatory environment and favourable tax regime, alongside a resilient support network of mentors and investors. Tailored support can be found for all types of business, from accelerators and scale-up schemes aimed at ambitious tech startups to mentoring and funding for entrepreneurs from disadvantaged backgrounds – such as ex-prisoners.

Alongside the entrepreneurs themselves, government has contributed to this success by introducing initiatives such as Start Up Loans (government funded, low interest loans for new businesses), the New Enterprise Allowance (an enterprise programme for unemployed welfare claimants), the Enterprise Investment and Seed Enterprise Investment Schemes (tax relief for investors in early-stage companies) and the Community Investment Tax Relief Scheme (a tax relief scheme for investment in enterprises within disadvantaged communities).^{72 73}

Mentoring is an important part of how successful entrepreneurs give back to society, and many choose to do so. Aspiring ex-prisoner entrepreneurs need mentoring even more than entrepreneurs without a criminal record, making expanding their access to high quality mentoring a priority. A survey of 94 British entrepreneurs conducted by the Centre for Entrepreneurs yielded highly encouraging results: 90% said they would be interested in mentoring an ex-offender entrepreneur “given the right opportunity” while 80% would consider visiting a prison to speak about their experience starting a business (see below).

There was less interest in “offering free workspace to ex-offenders starting out” – only 42% said they would consider it – though in most cases this was because of a lack of workspace to offer, rather than aversion to the idea itself. Roughly two-thirds of the entrepreneurs surveyed saw working for oneself as preferable to traditional employment for people with criminal records. Our findings point at the potential of the entrepreneurial community to support ex-offender entrepreneurs which has yet to be unleashed.

FIGURE 7
CFE survey of UK entrepreneurs on interest in mentoring ex-offenders and prisoners



Recommendations

1 Recognition

Self-employment should be recognised as an effective pathway towards rehabilitation and reduced reoffending for many ex-prisoners. This recognition should be reflected in the resource allocation, priorities and official statistics and performance measures of the prison and probation systems.



2 A prison entrepreneurship fund

The government should create a ring-fenced fund for prison entrepreneurship programmes. Our preliminary calculations suggest savings on the cost of reoffending worth up to £1.4 billion if high quality, through-the-gate support were made available to all of the 75,000 people leaving prison each year, at a maximum cost of £82 million – a 17x return on investment. Philanthropy has a role to play, but ultimately, stable, ongoing public funding for programmes is required.



Business and civil society

CDFI fund:

Post-release, there should be tailored access to loans for a small subset of ex-offender businesses with genuine growth potential. In order to pool resources and share best practices on lending to this demographic, we recommend that several community development financial institutions (CDFIs) join together with relevant partners (probation services, credit unions, Start Up Loans Company and charities/businesses) to create a ring-fenced loan fund for ex-offender businesses. This would be comparable to the CDFI funds that already exist for housing association residents, residents of former mining communities and other disadvantaged groups.⁷⁴

Community Investment Tax Relief:

The CITR is a scheme that incentivises businesses and individuals to invest in enterprises in disadvantaged areas through tax relief worth up to 25% over five years. The relief is applied to investment in CDFIs that lend to such businesses (rather than the businesses themselves) so that their expertise is used to identify viable recipients. We recommend greater use of this promising but underpublicised scheme, which, along with a dedicated CDFI fund (as recommended above) could go a long way in funding sustainable ex-offender led businesses.

Mentoring:

We propose creating a mentoring scheme connecting prisoners and ex-offenders with successful entrepreneurs and business

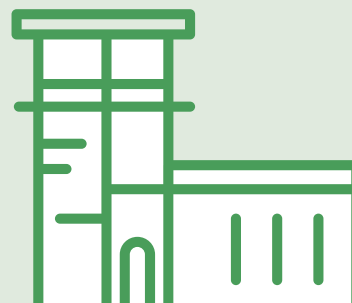
professionals. In our survey of entrepreneurs, almost 90% expressed interest in mentoring an ex-offender entrepreneur, while over 80% said they would consider speaking at a prison. Several existing prison entrepreneurship programmes also connect prisoners with corporate employees and MBA students. In order to capitalise on this abundance of available expertise, a platform should be launched through which potential mentors can advertise themselves to the charities, prisons and probation services training prisoners and ex-offenders in starting a business. The platform would be similar to “Speakers 4 Schools”, a platform that connects schools with leading entrepreneurs.

Workspace:

We recommend the creation of subsidised workplace schemes connecting ex-offender entrepreneurs with businesses, charities and local authorities with space to offer. Approaches pioneered by voluntary sector organisations such as Launch22 – an incubator which offers free space to disadvantaged entrepreneurs funded by charging regular clients – and Bathtub2Boardroom – which fills empty commercial space with early stage entrepreneurs at low cost – should be learned from and expanded.

Insurance:

Unlike consumer insurance, where since 2013 the law no longer requires applicants to “voluntarily” declare convictions unless asked, applicants for business insurance still have to declare even when unasked.⁷⁵ The two should be brought in line, so that business insurers must ask for conviction history if they wish to consider it. Furthermore, instead of raising premiums or rejecting applications for all convictions, business insurers should only consider offences relevant to the nature of the insurance being sought.



Government

League tables:

The upcoming prison league tables should have targets on self-employment as well as employment, so that individual prisons can be evaluated on their performance turning inmates into entrepreneurs.

Reform prisons:

Entrepreneurship programmes should be considered as a component of the new “reform prisons” announced by the Prime Minister, in which governors are to have total control of their budgets and business and voluntary sector participation encouraged. This will enable them to be tested before being rolled out at a larger scale.

Rehabilitation of Offenders Act:

While the 2014 changes to the ROA reducing the length of time in which convictions are “unspent” are welcome, current requirements are still burdensome to ex-offenders who want to start businesses (acquiring business insurance and renting property is far more difficult for several years, for example). The possibility of making convictions “spent” if people go conviction free and demonstrate rehabilitation over a fixed period of time should be explored, considering the incentives this would give ex-offenders to rebuild their lives.⁷⁶

Data:

Government data on rehabilitation outcomes should measure self-employment. This could be done by linking the Justice Data Lab – a tool used by voluntary sector providers to track their clients’ reoffending rates – to HMRC data as well as through an annual release of the (now discontinued) 2013 DWP/Ministry of Justice experimental data which compared reoffending, employment status and benefit usage.⁷⁷

Universal Credit:

In the UC benefit system currently being rolled out, after one year of trading the self-employed are subject to a minimum income floor which they are assumed to be earning – if they are below it, their benefit payments are reduced. While this is designed to prevent unprofitable businesses becoming dependent on state support, we believe the additional challenges facing ex-offender entrepreneurs justify letting them operate longer outside of the minimum income requirement. This would be comparable to the exemptions currently accorded to disabled people and lone parents on UC.⁷⁸

The New Enterprise Allowance:

The NEA – a government scheme that offers financial support and mentoring to unemployed welfare claimants starting a business – needs to be tailored to the different disadvantaged groups using it. Mentors assigned to ex-prisoner entrepreneurs should ideally themselves be entrepreneurs (not presently a requirement) alert to the specific needs of ex-prisoners. There should be collaboration between NEA and prison entrepreneurship programme providers, so that resources and expertise can be combined. If these changes are made, we recommend offering the NEA to released prisoners as an alternative to the Work Programme (currently mandatory).



Prisons

Raising awareness:

Self-employment and entrepreneurship should be presented to all prisoners as a viable alternative to traditional employment. Surveys measuring interest and experience in self-employment – such as our own questionnaire of 95 prisoners – should be regularly run so that interested prisoners can be directed towards the right programmes, or programmes commissioned if they are absent. Modules on business and entrepreneurship should be part of the education curriculum in prisons where possible.

Entrepreneurial governors:

Upcoming reforms handing greater autonomy to prison governors aim to encourage innovation by liberalising budgets and relaxing the burden of centralised regulation. But if a particular governor is not open to new approaches, such reforms will have limited impact. The autonomy reforms need to be combined with changes to governor training, so that all governors are encouraged to think and act more entrepreneurially and to identify prisoners with entrepreneurial talent. There should also be a review of the short tenure terms that make harder for individual governors to sustain rehabilitation programmes.

Information sharing:

In order to reduce the costs to programme providers of engaging with multiple prisons simultaneously, there should be frequent and high quality forums in which prison governors can share ideas and evidence with each other and the voluntary and private sectors. Prison governors should be incentivised to attend conferences and seminars showcasing innovative new approaches to rehabilitation. Governors should also have access to a one-stop online hub with detailed information on different rehabilitation programmes.

Relaxing ROTL:

The counterproductive tightening of Release on Temporary Licence (ROTL) rules should be reversed, so that prisoners not classed as serious risks to the public have a clear presumption of temporary release into the community towards the end of their sentences. This will enable them to acclimatise to the outside world and set themselves up for life post-release, which in the context of this report includes planning for the establishment of a business.

IT and Internet access:

Access to both needs to be expanded, so that prisoners are able to acquire necessary skills, conduct market research, benefit more from remote learning and make arrangements for life post-release. While this would require introducing firewalls, monitoring usage and pre-approving emails, this is by no means impossible, as has been demonstrated in Norwegian, Finnish and Spanish prisons.⁷⁹ Failing that, the consistency of provision and quality of Virtual Campus needs improvement. Even without

Internet access, access to secure computers in cells – as is currently being piloted in Australia – should be considered.⁸⁰ While details remain uncertain, the upcoming NOMS-led digital upgrade of the prison estate offers a great opportunity to implement our recommendations.

Reviewing security:

The onerous security and clearance requirements that hinder entrepreneurship programmes and other rehabilitation providers from operating or bringing in important equipment and guest speakers/mentors should be reviewed in order to attain a healthier balance between security and rehabilitation.

Staffing levels:

Prison staff numbers need to be increased beyond their current levels. Many of the above recommendations – improved IT access, an effective ROTL regime, and efficient security screening – require staff involvement and supervision, and frustrations surrounding all three have been partly attributed to low staff levels. An increased staff presence in prisons would facilitate the rehabilitation of prisoners and help address the worsening violence across the prison estate. While this would raise costs in the short run, improving rehabilitation would in the long-run lower prison numbers (by reducing reoffending) and therefore spending on the prison estate.

Financial health:

Prisoners should receive support for their financial health so that this is not a barrier to reintegration and starting a business post-release. Prisoners with bank accounts need help maintaining them, while those lacking them need help setting up a basic account. Prisoners with debt or upcoming expenses need assistance making payment, contacting those who can, or setting up other arrangements with creditors. Finally, all prisons should offer financial capability training, currently only provided in certain prisons by charities such as Nacro and Citizens Advice Bureau.

Prison industries:

There should be a renewed drive towards increasing private sector engagement with prisons through so called “prison industries” – in other words providing employment in prison. This will enable prisoners to (a) pick up relevant skills that will help them start their own businesses (b) save up capital for starting a business post-release or (c) more effectively secure employment post-release. Like any other employee, they should be paid at least the minimum wage so that non-prison labour is not undercut, and – like prisoners working in the community – they should pay a levy on their earnings to support victims of crime and perhaps rehabilitation itself. Currently, prisoners only earn an average of £10 per week.⁸¹

Gina Moffatt

When Gina Moffatt was sentenced to six years in Holloway prison for importing class A drugs worth over £200,000, she was convinced her life was over. "I had no qualifications and a criminal record – how on earth was I ever going to get a job?" But as she sees it now, "I began a new life from that moment: I was reborn".



Gina grew up in Tottenham, but was brought up by her parents in the “strict but loving Ghanaian way”. Both Gina’s father and stepmother – her biological mother left when she was three – worked multiple jobs to make sure she was well provided for, meaning that, as an only child, Gina spent quite a lot of time unsupervised. As for school, Gina says she was a “joker” and “liked by everybody”, but unfortunately this popularity did not translate into academic success, and she left education with only three GCSEs.

“I was jumping between retail jobs, feeling that everyone but me was moving ahead, when I met a man who promised me the world. Instead, he gave me two twin girls and left me to raise them alone, at which point I fell into a deep depression.” Things went from bad to worse when Gina met another man – “he spoiled me rotten, and didn’t want anything physical from me” – who asked her to bring back a few of his possessions on her next trip to Ghana. “I said yes, of course – and next thing I knew I was being arrested in Heathrow for transporting drugs.” Gina’s retired father was forced to fly over from Ghana to look after her kids, which along with the stress of her conviction she believes caused him to suffer a stroke.

Gina found prison life a shock at first. “I thought I was tough, but prison taught me I wasn’t. I was scared of my own shadow, and kept imagining I could hear my little girls crying.” After a chance conversation with an officer who told her “to make the most of her sentence”, Gina pulled herself together and progressed through a series of jobs – first as a wing cleaner and then as a receptionist in the visiting hall – that eventually landed her a post in the governor’s office. “The prison staff were surprised at how polite I was, but then they didn’t know how I was raised.” The governor at the time was impressed with Gina, and took it upon himself to prepare her for life after prison.

Gina credits a Prince’s Trust talk in Holloway on entrepreneurship for planting the seed that would become Blooming Scent. “At first I didn’t have high expectations; most of these courses are a waste of time. But then Dave Doughty (Prince’s Trust business mentor) asked me for my business idea, and – I still don’t really know why I said it – I told him I wanted to be a florist, because there weren’t any black florists in Tottenham.” Doughty saw potential in Gina’s idea and, with one thing leading to another, the governor enrolled her for a floristry NVQ at a London college via Release On Temporary Licence (ROTL). Gina passed the degree with flying colours, in no small part thanks to the prisoners who helped her with assignments – “some of the girls were very good at drawing, others helped me with my Latin” – and the enthusiasm of the prison officers who monitored her progress and made exceptions to the rules when necessary.

“At that point, I was so full of confidence that I asked the governor if he would let me have a flower shop in prison.” At first he was reluctant, citing Home Office resistance and lack of precedent, but later that day he called Gina into his office

to tell her she could go ahead with her idea. “I was terrified I had overstepped the mark, so I couldn’t believe my ears when he said I could do it”, Gina recalls. After sending out letters to florists telling her story and asking for donations – there were no funds for the business – Gina received a large donation of equipment worth several thousand pounds to get her started. She set up her stall outside the prison gates – again on temporary release – and, employing four other prisoners, began selling flowers to prisoners, staff and visitors. “Every wing had a Blooming Scent representative, and prisoners were able to buy them at the canteen. Wholesalers knew my story and gave me special deals, which helped keep them affordable”, she recounts with a smile.

Gina remembers feeling apprehensive as she got closer to being eligible for parole. “I was enjoying my life in prison, and I was scared of change. Some of the girls even told me to steal a sandwich so I could come straight back.” But as soon as she was released, The Prince’s Trust got back in touch with her. She successfully pitched her idea to a panel of business experts, and was offered a £4000 low-interest loan and a mentor (James Caan of Dragon’s Den) to help her set up her company. The Trust also referred her to the London Youth Support Trust, who set Gina up with a small unit free of charge at the Bernie Grant Arts Centre. “At first, I thought the help I was getting was part of some undercover mission to get me arrested again, it was just too good to be true”, she explains with a laugh. “But then I understood that all these people really believed in me and wanted me to succeed, and that filled me with optimism.”

Gina struggled initially to make ends meet, and earned extra money on the side cleaning the cafe in the Arts Centre. “The cafe wasn’t doing very well – the food was way too posh for Tottenham – so James urged me to ask the Centre if I could run it. I did, and they ended up giving it to me after being impressed with how well I had been taking care of it. They really liked that I was an ex-offender; they said it was for people like me that they had built the Centre.” A few years later Gina was offered another opportunity to expand her portfolio; the London riots had shaken up Tottenham, and London Youth Support Trust asked Gina to open another cafe at the nearby 639 Centre. Now well-established, both cafes serve unfussy Afro-Caribbean food, are hubs for the local community, and employ several ex-offenders, many of whom Gina met at Holloway.

Gina gives back to the community in other ways, including running floristry courses for housing association residents and acting as an ambassador for the Prince’s Trust. Her strong sense of principle is encapsulated in her decision to stick by the original name [Blooming Scent] for her business: “People wanted me to change it to ‘Gina’s’, because it sounded more personal. But my business got its name from a competition I held at Holloway, and I promised everyone there I would never change it, no matter how rich I got.”



LJ Flanders

LJ Flanders' promising future as an entrepreneur appeared to have met a premature end when he was sentenced to 14 months at Pentonville prison in 2011. While studying music business and management, he had begun setting up a company called Gig Trader that would enable fans to trade unwanted tickets with each other.

Illegal touting was a big concern at the time, and LJ felt there was room for an alternative to existing platforms like Seatwave and Viagogo that extract a hefty premium. A month prior to his sentencing he had met with Sharon Hodgson MP at the Houses of Parliament to discuss the problem, but now found himself locked up in a tiny cell "with no light at the end of the tunnel". LJ recalls watching a documentary on ticket touting while at Pentonville, and how it made him feel: "I was sure that Gig Trader would have been featured if I hadn't gone to prison."

LJ says the moment he committed his crime is mostly a blur. "I had never been involved in a life of crime, until one moment of madness and getting into a fight changed my life for good. After getting over the initial shock of being in prison, LJ begin to think about how to use his time productively, and decided he would become as fit as possible. Things weren't promising at first, as LJ was kept in his cell for 22 hours a day – "I didn't know what a 'Cell Workout' was back then" – but eventually he managed to sign up for a personal training course that taught him a great deal about getting into shape. As soon as LJ finished the course, other prisoners wanted to know what he had picked up, which gave him the idea of creating an exercise manual for prison.

"I was full of ideas and wanted to do some research, but couldn't as there is no Internet in prison, which was very frustrating. Instead I shared my idea with my girlfriend and family on the phone, and they told me that nothing like the book I had in mind existed yet." That was enough to convince LJ to get started, and he began working on the book in his cell, sketching hundreds of pages worth of exercise diagrams and workout instructions. Although writing a book as a self-described "borderline dyslexic" was a challenge, he kept himself motivated by reminding himself of the importance of what he was doing. "On a human level, many people in prison are really struggling, with problems such as mental illness or drug addiction. But exercise is the best drug there is, and once your body starts releasing those endorphins, things always seem to get a little better."

"Before I knew it, I was standing outside the prison gates. I had heard from others how easy it is to lose track of one's goals after release, so I did everything to make sure that wouldn't happen – I knew how much people inside needed that book." Just two weeks later, LJ was hired as a personal trainer at Virgin Active in Essex, after being honest with the manager about his record and convincing him he was right for the job. He spent two years there, working hard and building up a loyal client base, while working on his "Cell Workout" book in his spare time. LJ was initially quoted £25k by a publisher for producing his book – which also meant getting only 10% of each sale and "losing control", as he puts it – which forced him to get creative, recruiting student photographers and designers to help him put his book together. "I called up LCC college, told them about my project, and asked if they had a photographer who might be interested. It just so happened that a student of theirs [Drew Sheeran] was specialised in bodybuilding photography, and he immediately wanted to be involved. He did an amazing job taking the images of me that are in the book and we remain firm friends."

LJ sold his first book a year ago [In April 2015], and since then has sold over 1400 copies on his website [cell-workout.com] and through Amazon. He has been featured in the *Telegraph*, was a recent guest on the *Jeremy Vine Show*, and has seen interest in his book from places as varied as Mexico, Canada and Turkey. He's been back to prison several times to speak about both his personal experience and exercise regime, and has even been told by several prison librarians that "Cell Workout" is the most popular book in stock – "it's constantly going missing!"

LJ concedes you can "only earn so much selling books", and is now working on plans for separate equipment and protein supplement ranges. His ultimate goal is to sell his book directly to prisoners – currently they can only get it sent via friends or family – and continue to deliver his workshops in prisons. He's struggled so far to get high-level support for his ideas, but is confident that it is only a matter of time. "At least they got rid of that stupid book ban".

Duane Jackson

When Duane Jackson was just 13 years old, an educational psychologist concluded that he was a bright boy who would “either end up as a master criminal, or a successful businessman”. Instead, Duane fulfilled both predictions by first becoming – perhaps not a master – criminal and then a successful entrepreneur, founding innovative business accounting platform KashFlow in 2005.

It isn't particularly hard to explain why Duane ended up on the wrong side of the law. Living in care homes from the age of 11, instability was a constant theme in those early years. By 15 Duane had left education – having been expelled twice – and had begun mixing with the “wrong kinds of people”. When money troubles hit in his late teens, Duane didn't hesitate to help some acquaintances who needed some drugs transported to the US; at the time, a single ecstasy run to New York paid around £1,000. In 1999, aged 19, he was arrested for drug trafficking and money laundering in Atlanta. He was eventually extradited back to the UK where he was sentenced to five years at HMP Camp Hill.

Even before his run-in with the law, Duane had already demonstrated evidence of an enterprising personality. While in the care of social workers, he taught himself to code using a ZX Spectrum computer, and had started earning decent money as an IT contractor. Those skills proved unexpectedly handy in prison, where after completing a two-week computing workshop in a single day – “I felt like showing off a little” – Duane was invited by the instructor to stay on and teach the course to other prisoners. On the inside, he astonishingly found a way to continue working for a company he had contracted with before prison, by writing code with pen and paper and using a hacked prison phone to talk them through it.

The next step in Duane's journey was a transfer to an open prison (HMP Ford), though not without some difficulty – “the Camp Hill prison governor didn't want to start paying a professional IT instructor £30,000 when he had me at his disposal”. At Ford, he attended an evening seminar on entrepreneurship run by The Prince's Trust in the prison, and began to consider setting up his own company post-release, “something I hadn't done before”. That idea had time to gestate, as upon release in 2002, Duane – after completing the Trust's Enterprise Programme and receiving several thousand pounds worth of funding – initially returned to work as a freelance contractor. He credits the support of a scheme known as the New Deal – no longer in existence, but similar to the current New Enterprise Allowance (NEA) – which allowed him to keep receiving his benefits for six months during a “test trading” period of self-employment.

The premise for Duane's first business came about somewhat accidentally. Dissatisfied with existing accounting software that was expensive and required installation on a specific computer, he created his own “cloud” platform – accessible anywhere – to help him manage his financial flows. Duane began to believe that his invention, which came to be known as KashFlow, could help lots of cash-starved sole-traders and SMEs unable to afford the upfront cost of accounting software but willing to pay a regular subscription fee. Unsure of how to progress, Duane returned to The Prince's Trust for further (non financial) help in developing his business.

Another important moment was a meeting between Duane and Lord Young – former trade and business secretary under Margaret Thatcher – at an event hosted by the London Youth Support Trust, which convinced Lord Young to join KashFlow as a mentor and investor. From that point on the firm experienced steady growth and acquired thousands of customers, despite Duane's refusal to accept equity finance: “I had lost control of my destiny once by going to prison, and I didn't want to give it away again”. In 2012 Duane sold KashFlow for around £20 million – “it was a very compelling offer” – and is now busy with his latest venture Supdate, a business reporting platform that enables small companies to update investors on their progress.

Duane is acutely aware of the difficulties of life as an ex-offender – he still pays four times the going rate on his home insurance – and passionate about improving the prospects of people with convictions. While at KashFlow, Duane made sure that several of the company's 40 or so employees were ex-offenders, some of whom have gone on to bigger and better things. Upon selling the business, Duane wrote a £100,000 cheque to The Prince's Trust to support their future activities. He has also been a mentor for the charity, and now sits on their advisory board.

He strongly believes that many prisoners are suited to entrepreneurship: “Calculated risks, buying in volume and selling in smaller quantities at a higher price, dealing with competition, paying workers, strategic alliances. The list of parallels go on and on. There are some very very good entrepreneurs in prison – imagine they used those powers for good instead of evil!”



Michael Corrigan

According to Michael Corrigan, entrepreneurship was something in his blood from an early age. While at school he made and sold biscuits, and later earned pocket money buying and selling football tickets. When in work, he morphed from being a butler for The Lord Mayor of London, to doing several stints at various trade bodies and a financial regulator. He was then recruited by Deloitte, where, as an expert on pensions regulation, he helped expand their regulatory monitoring team from just a couple of people to 180 in the space of three years – “it was good business for us”, he says.

He had become a partner but, wanting a fresh challenge, Michael went on to help Nigeria-based Access Bank establish operations in the UK. It was, on reflection, a poor decision as it led to him being charged with signing off documentation in London. Michael was sentenced to three years in prison for “fraud by abuse of position of power”, of which he served 16 months in Brixton prison. Before being charged, he had a first stab at setting up a small business with Mayfair Economics, a small consultancy established to help promising entrepreneurs write good business plans, something “many of them couldn’t do for toffee”.

From his first day in prison, Michael’s professional experience and entrepreneurial personality kept him very busy. “As an ex-consultant, I noticed many flaws in the prison system: knowledge all over the place, poor quality statistics, and an appalling standard of education – it was just total chaos. The prison system is good at following procedures and avoiding accidents, but terrible at project management and solving problems.” Prison management were quick to seize on Michael’s expertise, getting him to work on rationalising Brixton’s ROTL (Release On Temporary Licence) regime and giving CV and business advice to other prisoners. Along with fellow inmate Steve Newell – who also had an entrepreneurial background – Michael became what one might call a “star” inmate, paraded in front of anyone important visiting the prison.

One of those people was Andrew Dixon, a former banker and angel investor with a keen interest in ex-offender employment and self-employment opportunities. Andrew was impressed with the work Michael and Steve were doing to prepare prisoners for employment – and in some cases self-employment – and offered to support them financially to do similar work on the outside. “We all saw a clear gap in the rehabilitation market for such services, so Andrew asked me to write up a business plan”. At around the same time, Michael became eligible for

ROTL, which he credits as “instrumental” in allowing him to do online research on the major players – prime contractors, local councils, Community Rehabilitation Companies – in the rehabilitation space.

Once released, Michael and Steve officially established Prosper4, an umbrella entity composed of various social enterprises committed to reducing reoffending among ex-offenders. Just as the money started running out, Prosper4 secured a contract with Working Links, one of the major contracting companies in the sector, to take over a failing programme training ex-offenders to start up businesses. “We used our own experiences of starting a business to guide people through the various challenges you face, such as raising funding and getting insurance. My brother is an insurance broker, and he helped link our participants with companies known for insuring ex-offenders.”

Meeting Joanna Hill [COO of the Start Up Loans Company] was another big moment for Michael and Prosper4. “She supported what we were doing and encouraged us to apply for a Start Up Loan, which until then we had assumed were unavailable from ex-offenders. That relationship enabled us to cross paths with Lord Young – one of the founders of SULCO – and all of a sudden we were having our photo taken in front of 10 Downing Street, less than a year after leaving prison.”

Just as things had started going well, several unforeseeable events took place that threatened to derail Prosper4’s progress. Most significantly, both business partners fell gravely ill: Michael with sepsis [blood poisoning], Steve with a serious gastric band complication. According to Michael, this “probably had something to do with our time in prison: we both had vitamin D deficiency due to the lack of sunlight”. As if that wasn’t difficult enough, in their second year the UK implemented a new EU directive – supposedly designed to stop terrorist finance – preventing anyone with a fraud conviction from bidding for



government contracts. "That was a serious problem for us given that most prison and rehabilitation work is on public contracts", Michael explains.

They say every cloud has a silver lining, and so it was in this case. While being bedridden was "not ideal", it taught Michael and Steve the importance of collaboration, something they had not previously emphasised. "Given that we both had fraud convictions and neither of us was able to do much, we had to delegate more responsibility to other staff, and partner with other organisations, both of which have become key features of Prosper4." Since then, both Steve and Michael have made full recoveries and Prosper4 has continued to gain traction, winning contracts with the Ministry of Justice and private sector firms Serco and Mitie.

Reflecting on the past few years, Michael makes several observations. "Firstly, as an entrepreneur you have to account for the wholly unexpected. You might think that having a business partner gives you insurance against sickness, but what if both of you fall ill? I always bring up illness now when preparing people to start a business." He also believes people don't quite realise just how vulnerable ex-prisoners are. "When I left prison, people described me as vulnerable, and, although I was loathe to admit it, I've come to accept it as the truth. Prison separates you from everything that is normal – family, friends, work – and picking it all up again is never easy."

Model

Texas Prison Entrepreneurship Program

The Texas Prison Entrepreneurship Program (PEP) is what you might call the gold standard of prison entrepreneurship programmes. Since its foundation in 2004, it has served over 1,300 prisoners and achieved a reoffending rate of below 7% over three years, compared to the national U.S. average of almost 50%. Its graduates have set up over 200 businesses, including six that generate over \$1 million in annual revenue.



While not all go on to start businesses, 100% of them go on to find employment within 90 days of their release from prison, and almost all are still employed after 12 months. These impressive outcomes have been recognised by extensive national media coverage and an award for “Criminal Justice Volunteer Service” from the Texas Governor.

The initiative was started by former private equity professional and Berkeley MBA graduate Catherine Rohr after she was given a tour of a Texas jail. Rohr had been expecting to encounter a “bunch of caged animals”, but instead “saw people who were repentant and people who had changed”. The following month, she brought together other executives to pilot a business course at the prison, the success of which inspired her to start the PEP. Rohr has since moved on to start a similar programme in New York (Defy Ventures) training ex-drug dealers to become entrepreneurs, but PEP – now led by CEO Bert Smith – continues to thrive.

PEP is funded primarily from private donations, but also covers around 5% of its annual costs with rent payments from the organisation’s “transition homes” and services fees from graduate-owned businesses. It is attempting to expand its earned income activities through organisation owned and operated businesses that also employ graduates of the program: the first of these, a franchise of auto-repair shops known as Auto-Lab, was acquired recently.

Given its long existence – relative to the infancy of prison entrepreneurship programmes elsewhere – and a substantial annual budget of over \$2 million, PEP has developed a highly sophisticated model involving significant private sector involvement that other programmes have yet to replicate.

The model

Selection:

PEP has a rigorous selection process designed to identify the top 500 men each year from over 10,000 candidates identified by the Texas Department of Criminal Justice. Of those who express interest, the pool is narrowed down through a detailed application process involving written and in-person interviews.

In-prison education:

Selected participants are transferred by the State to one of the two Texas prisons where PEP operates. Once transferred, participants begin the programme with a three-month, in-prison character development programme known as the Leadership Academy. Participants learn about PEP’s “10 driving values”, and instructors work with them to identify and remove character traits and behaviours that stand in the way of a positive life transformation. PEP Family Liaisons also works to strengthen lines of communication and ties between each family and their participant.

Business plan competition:

The Leadership Academy is followed by a six-month “mini-MBA” programme, taught by PEP staff, board members and business executives lecturing on their areas of expertise. Students take part in a business plan competition modelled after competitions held at major U.S. universities, where they pitch their business ideas. Participants also complete courses on financial literacy, employment, business etiquette and public speaking.

Graduation and certification:

Upon completing the programme, participants graduate in a formal ceremony held within the prison, with family and friends strongly encouraged to attend. Graduates are presented with a “Certificate in Entrepreneurship” from Baylor University in Texas, a genuine college certificate without any mention of the word “prison”.

Transition:

Graduates are picked up by PEP Transition Coordinators at the release gate. Those who wish (65%) are offered accommodation in PEP’s five “transition homes” in Houston and Dallas. In addition to housing, PEP provides extensive post-release services to its men, including transportation, regular counselling, a support network, social events and emergency financial assistance. Participants also have access to bus passes, phone cards, subsidised dental services, medical services and opticians through partnerships with other providers.

eSchool and business centres:

PEP hosts a weekly “eSchool” for released participants taught by executives, MBA candidates and university professors. eSchool graduates who start small businesses qualify for a \$500 eSchool Completion Bonus in the form of a reimbursement for qualifying expenses, while those in need of more significant funding have access to PEP’s network of financial institutions and individual investors. PEP also runs business centres in Houston and Dallas, which act as low-cost incubators for graduate businesses providing everything from Internet access to affordable accounting.



Model

Leonhard

In April 2009, Bernward Jopen was reading the Financial Times when he came across an article about the Prison Entrepreneurship Program in Texas. So inspired was he by its achievements that he immediately booked a flight to visit the programme, spending a week there familiarising himself with its ins and outs. Bernward – himself a serial entrepreneur with experience in the telecommunications and IT sectors – had already established an entrepreneurship programme at the Technical University in Munich, and saw no reason why his expertise couldn't be applied to prisoners in his native Bavaria. His enthusiasm soon spread to his daughter, Maren, who quit her own job in marketing to help him set up a prison entrepreneurship programme known as "Leonhard" – named after the patron saint of prisoners, Leonard of Noblac, who famously asked the Frankish King Clovis for the right to liberate prisoners worthy of forgiveness.

“Right from the start we were fascinated by the amount of talent that goes to waste in prisons. Despite finding themselves in what most of us would consider a hopeless situation, many prisoners express a real confidence about the future”, explains Maren. Despite initial skepticism towards the idea from criminal justice practitioners, in 2010 Bernward and Maren put €50,000 of their personal savings towards getting the programme off the ground. They approached the Bavarian Justice Ministry with their idea, and soon afterwards held their first course in a prison with seven participants. While there were some teething problems to start with – such as choosing the right prisoners and understanding how to make business concepts appealing to them – the success of the pilot led to further contracts and roughly €300,000 worth of annual funding from the European Social Fund.

Leonhard run their intensive 20-week programme biannually in Stadelheim prison for 15 to 18 male prisoners selected from Bavaria’s 36 prisons. Participants must speak fluent German, while sex offenders and serial fraud offenders are barred from applying. After just six years, Leonhard is able to boast several success stories – including one graduate with businesses in everything from search engine optimisation and marketing to plumbing and fibreglass production – and a reoffending rate of just 11% compared to the German national average of 46%. While only around a third of graduates immediately start businesses, 60% go on to secure a job or commence further education within two months – outcomes that are just as valuable to the father and daughter duo.

The model

Prison:

- Participants discuss their business ideas, learn to write a business plan, and think about how they would go about implementing it. Seminars help them to develop refined ideas that have a realistic chance of making it to the market. While participants are allowed to work with laptops, Internet access is not allowed, so volunteers from local colleges carry out research on their behalf and advise them on their business plans.
- Alongside practical business training, prisoners receive comprehensive personal coaching in which they learn to “apply their individuality in positive ways”. The coaching covers topics as diverse as “taking responsibility, self-belief, motivation, flexible thinking patterns, overcoming obstacles, group dynamics and leadership, and handling bankruptcy”.
- Leonhard host several events with professionals from the political, business and scientific spheres. These successful leaders and entrepreneurs give participants valuable feedback on their business plans and are potential mentors for them post-release.

Post-release

- Every graduate who passes a final exam is accredited as an “Innovation & Business Creation Specialist” with a certificate from the Steinbeis Hochschule (a tertiary education institution) in Berlin, an official partner of the Leonhard programme. Graduates interested in further education can use the certificate as a pathway into a bachelor of arts degree.
- Every single Leonhard graduate is assigned a personal supervisor who gives them tailored advice and support. Whether a graduate is interested in starting a business or prefers applying for a job, he is supported in doing so. Those with specific financial and psychological needs and/or substance abuse problems are referred to specialist providers.
- Leonhard also run a standalone mentoring programme which connects graduates with successful entrepreneurs and executives. Mentors are chosen based on their ability to help a particular participant, as well as the relevance of their profession or sector to the participant’s own interests. Both parties meet every three to four weeks for mentoring sessions, in which graduates get advice on building a business or a professional career, introductions to other potential mentors, as well as general support.

Startup

Startup is a highly successful charity established in 2006 which helps female prisoners set up businesses after their release. The programme was founded by Juliet Hope, an ex-investment banker at Rothschild Asset Management; its staff includes individuals with a mixture of both business and criminal justice backgrounds.

Since its inception, Startup has provided business support to over 1200 ex-prisoners and ex-offenders, with only one recorded reoffender among those that started businesses. The charity uses the 4-2-1 model adapted for our own economic case (see [page 15](#)), in which clients begin to receive support while still in prison (outcome one), with half of these going on to develop a business plan (outcome two) and a final cohort that receives grant funding and additional mentoring to start a business (outcome three). Startup participants are vetted solely based on their ideas, business acumen and motivation, not the nature of their crime. "We don't want to cherry-pick those prisoners that are least likely to reoffend in the first place", says Juliet.

One of Startup's most unique features is its peer mentoring scheme, whereby the programme's successfully self-employed clients give personal support to current participants. One way this is done is through opportunities to "experience a day in the life of" an ex-offender whose business is in the industry that a particular individual is interested in. In the early days, Juliet recruited professionals from the corporate and financial sectors to mentor, but this was unsuccessful because "they just couldn't relate to each other. In Juliet's experience, having a criminal background with similar challenges to face in common makes a big difference".

Despite Startup's impressive track record, the charity has struggled to access the funding it needs to meet the demand for its services, despite Juliet's belief that up to half of ex-prisoners could be self-employed. She has focused on women following the Corston review (of women in the criminal justice system) and believes that self-employment is often the only way women leaving prison can become financially viable. Startup receives the lion's share of its funding from charitable trusts and the Big Lottery Fund, with government funding hard to come by. This might be about to change, as the government's new "Transforming Rehabilitation" agenda has promised to open up rehabilitation funds to third-sector providers. So far though, nothing has materialised, with Startup still awaiting funding as part of delivery with the London Women's Consortium - promised as part of TR - for a London rehabilitation contract now a year overdue.

The support offered includes:

- Business planning support while in prison developing ideas and plans.
- Startupnow Days hosted in prisons, inviting clients to present their ideas to a panel of business experts for advice and potential financial support.
- Funding for materials and equipment (this financial backing is only ever given in the context of other support).
- Access to an award winning peer mentor programme.
- Design and printing of promotional material: as clients open the door to their home on release day their business cards are on the mat.
- Regular workshops, drop in clinics and peer-led meetings to facilitate peer support.

Examples of sectors in which Startup clients have succeeded include web design, bookkeeping, chocolate making, beauty, floristry, jewellery design and personal training, among many others.

Startup's achievements in reducing reoffending and getting ex-prisoners into business have been recognised through praise from 10 Downing Street and awards from the Centre for Social Justice, The Howard League for Penal Reform and the Oxfordshire Charity and Volunteer Awards.





Model

Enterprise Exchange

Enterprise Exchange (EE) is an organisation that specialises in helping people with additional barriers – including but not limited to prisoners and ex-offenders – transform their lives by becoming self-employed or starting a business. EE was founded on the realisation that mainstream business support is often too expensive or not suitable for marginalised demographics. It is run by Phil Ashford – an experienced and accredited business adviser with a background in both the private and public sectors – and Benna McCarthy, an experienced entrepreneur-turned qualified life coach.

In partnership with HMP Lewes and the University of Brighton, Enterprise Exchange put together a programme in which prisoners are offered intensive support to become self-employed, both while they are serving their sentences and afterwards in the community. The support includes business advice and guidance, but also tackles some of the underlying issues that need to be resolved to enable success – for example, confidence and self esteem. “Prisoners are a particularly vulnerable group of people that often need individual attention to come to terms with their past and open up, which is why we combine group sessions with personal support”, Phil explains. “Courses should be practical, not academic – in my experience anything that reminds them of school is a no go.”

Like some of the other organisations profiled in this report, EE encourages successful graduates to become peer mentors, “something that has proven to be extremely powerful for this client group”. One of EE’s most innovative features is its work with corporate partners such as John Lewis and Legal & General, who supply their staff to act as mentors or “enterprise

managers”. Programme participants benefit from access to professional expertise, while the companies give their employees an unusual and highly rewarding experience.

Enterprise Exchange hasn’t been working with prisoners for long, but over an 18 month period it has already helped 42 out of 124 prisoners from Lewes Prison into self-employment. Nonetheless, Phil is outspokenly critical of features of the criminal justice system that are holding back the expansion of enterprise training for prisoners and ex-offenders. “Prisoners get moved around far too frequently and unpredictably, which interrupts courses and damages their sense of stability. There tends to be a focus on quality over quantity in course provision, which leaves a lot of prisoners feeling cynical about their ability to help them.” Like others, his experience with the Transformation Rehabilitation reforms has left a lot to be desired: “We’ve found that the large ‘prime’ providers of the rehabilitation contracts are reluctant to work with third-sector organisations, using us as bid-candy without actually paying us for services.”

Support offered includes:

- Workshops on relevant business topics including an introduction to self-employment, business planning, and sales and marketing.
- Intensive one-to-one coaching to develop the business skills required and improve confidence and self-esteem. The coaching is delivered by experienced business coaches who are specialists in working with offenders and clients from excluded backgrounds. This support carries on after prisoners are released.
- Market research. Prisoners have barriers to conducting market research, due to the fact that they do not have access to the internet in prison. In collaboration with prisoners, advisers provide support by conducting the relevant market research to aid progression.
- Signposting. Individuals are passed onto the relevant agencies and partners who may be able to help them with funding, employment or any other support they need on a personal or practical level.
- Networking. By helping prisoners 'plug into' mainstream business networks, foundations may be laid for support after they leave prison to give them a much higher chance of success.

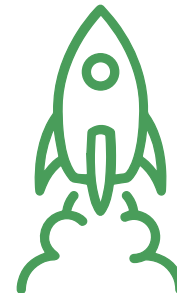
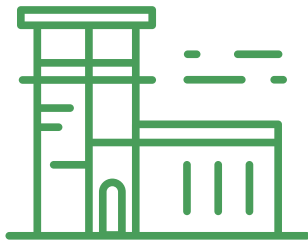
EE course for Brighton Probation

At a course delivered to recently released ex-offenders in Brighton, the Centre for Entrepreneurs observed Enterprise Exchange and director Phil Ashford in action. Participants (who were in their first of six weekly workshops) initially shared their business ideas, which included a bespoke furniture company, a restaurant and becoming a freelance rock-climbing instructor. They explained their reasons for wanting to become entrepreneurs, such as being their own boss, feeling respected, being more motivated, and choosing their own hours. When asked what success meant for them, responses varied from providing for family, escaping the revolving door of prison and giving back to other ex-offenders, to rewarding employees and becoming wealthy. Using informal, relatable language, Phil explained to those present the complexities of HMRC registration, and encouraged them to promote their businesses through avenues like the FSB, LinkedIn and the local Chamber of Commerce.



Ricardo

Ricardo was one of the most engaged participants on the course, with not one business idea but three: a biohazard cleaning company, a record label, and a charity working with people at risk of ending up in prison. He had already printed business cards, knew how to go about registering a company, and while in prison had already begun developing a business plan on a computer. More ambitious than most, his long term goals include buying a yacht and private island, and building schools in Africa.



Conclusion

Despite the fact that reoffending by ex-prisoners costs the government and wider society £4.5 billion a year, success in reducing recidivism has been limited. Almost half of prisoners reoffend within a year of their release, with young and short-sentenced prisoners actually more likely to reoffend than not. At a time when the public sector is attempting to consolidate and become more efficient, the billions spent every year catching and imprisoning repeat offenders is an unacceptable waste.

Current rehabilitation, when concerned with employability at all, has focused on traditional employment. This is problematic for two reasons: the first is deep-rooted employer reluctance to hire people with convictions; the second is the changing nature of an economy where entrepreneurship and self-employment are becoming ever more widespread.

Research and common sense both suggests that employment is one - if not the key - factor in reducing reoffending. Yet jobs for ex-prisoners are not forthcoming, which means that entrepreneurship should be considered a viable alternative for reducing reoffending rates. Yet our argument goes beyond pure necessity or even appeals to common sense: academic studies, as well as our own surveys of prisoners and ex-offenders, strongly support the notion that entrepreneurial attributes and interest in entrepreneurship are more prevalent among people with a criminal record.

However, unleashing the entrepreneurial drive innate in many offenders will require more than just a little advice and education before leaving them to their own devices. While an exciting and fulfilling path, entrepreneurship comes with its own difficulties – including a lack of external structure, limited interaction with colleagues, and unpredictability of income – especially when starting out. If entrepreneurship is not to become yet another dead-end for a highly vulnerable group of people, entrepreneurship programmes must be made available to every pre-release prisoner interested in starting a business.

What such a programme looks like will depend on the needs of a particular group of prisoners and the expertise of individual providers. Our chapter on “designing a prison entrepreneurship programme” discusses the decisions and challenges any potential programme provider will have to face. While we are open to various ways of designing a programme, we believe there are certain things a programme must do if it is to be successful. These include prioritising grant rather than loan

funding, avoiding the pitfall of selecting prisoners least likely to offend in the first place, and making sure that support follows prisoners “through-the-gate”.

While barriers such as restricted Internet access, limited day-release opportunities, reductions to the prison service budget and staff, and the overall difficulty of reintegration after prison have hindered the delivery of entrepreneurship programmes and rehabilitation in general, recent developments hint at a brighter future. Despite so far failing to live up to its promise, the Transforming Rehabilitation (TR) agenda is designed to give charities and businesses a greater role in post-release rehabilitation. Similarly, recently announced reforms to set up several innovative “reform prisons” and give prison governors more autonomy will – if implemented the right way – open up many more opportunities for innovative ventures within prison walls.

Any governor interested in reducing his or her institution's reoffending rates – something that will be measured in the forthcoming prison league tables – should seriously consider establishing an entrepreneurship programme alongside other core programmes addressing prisoners' diverse needs. The potential payoff is huge: we estimate that an entrepreneurship programme made available to every interested pre-release prisoner could save the government and wider society up to £1.4 billion annually.

Of course, not every prisoner is a born entrepreneur. But among those that are interested and capable of working for themselves, ensuring they get the support they need is a sure route to reducing reoffending. It can also help address ex-prisoner unemployment and welfare dependency, as well as create further employment opportunities and generate tax income. Most importantly, however, it will give ex-prisoners the fresh start they desperately need and surely deserve.

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