About the Case Study

• Between June 2013 and September 2013, the Justice Enterprise Consortium (JEC) was engaged by the Cabinet Office to provide support to the potential spin-out Public Service Mutual, RISE Mutual

• This is a joint case study by RISE Mutual and JEC on the results, journey, issues and lessons
About the Organisations

**JEC**
The Justice Enterprise Consortium (JEC) is an alliance of four national organisations established to provide the best professional capability to support Transforming Rehabilitation reforms to probation and prison through-the-gate services.

www.the-jec.co.uk

**RISE Mutual**
RISE is a proposed spin-out of the Rehabilitation Services of London Probation Trust with 130 staff and a budget of almost £8 million. It aims to become a Tier 2 subcontractor in the Transforming Rehabilitation service provision in London and beyond. It is one of 8 prospective probation Public Service Mutuals receiving Cabinet Office support in this period.

www.risemutual.com
The JEC Team

A core team of 7 experts were put forward spanning each JEC member organisation with SocialPioneers the lead contractor:

• SocialPioneers: JEC lead contractor and experts on the justice and rehabilitation business model, market and operating model for spin-outs
• Wrigleys Solicitors: JEC experts on mutuals governance, due diligence and legal documentation
• Inspire2Enterprise (I2E): JEC experts on mutuals management, finance and investment readiness
• TDP Development: JEC experts on the justice PSM organisation and commercial partnerships

The core team was supported by 6 JEC specialists on subjects such as pensions, TUPE, branding, commercial negotiations, and supply chain development
The Issues:
A Tier 2 Organisation with Growth in Mind

Unlike most other probation spin-outs RISE is:

• Not looking at any Tier 1 joint venture but exclusively focused on Tier 2 sub-contracting and possible JV across the country – therefore, it must distinguish itself as a discrete business pre-spin-out

• A small proportion of the probation service activities going to market in the CPA – a little over 15% - therefore inclined to be overshadowed by the bigger commercial stakes in a fast moving and uncertain business climate

• Lead by middle managers, not senior executives – therefore RISE has to be supported to secure resources, to control its own destiny and to influence its emerging business environment
The Issues: A Specialist Rehabilitation Organisation

Unlike the large “spin-it-all-out” approach of other probation PSMs, RISE is 100% dedicated to transforming lives and reducing re-offending through its own proven ways of working. Its staff will opt in and be selected for their capabilities, enthusiasm, flexibility and productivity. This is what makes RISE:

- Attractive to prime contractors
- Interesting to social investors
- Well positioned for high performance outcomes and to generate new business
- Able to advance cultural change relatively quickly
- Able to build a strong and distinctive brand and profile
- Of clear value to commissioners

However, it faces competition from the outset and price, innovation and reliability become key.
The JEC Proposal

From the outset, the RISE vision was of growth in the UK and internationally, and not just securing a tier 2 contract for its home base of London. Given this intention for the spin-out, JEC identified 6 priorities:

• The Project Plan – to support the ambitions
• Partnership selection for strong performance in London and to enable expansion
• Investment opportunities to both launch and diversify
• Organisational design with suitable business and operating models
• A future proof legal form and governance model
• Legal agreements – upwards to primes, down the supply chain, and across to investors and other commissioners

To be applied across 4 main working themes:
1. Competition – to operate competitively from the outset
2. Scope – to determine brand position in a diverse market
3. Outcomes – to maximise and evidence returns on investment
4. Supply Chains – to utilise best specialist and local expertise and provide reach for primes
The RISE and JEC Deliverables

A suite of deliverables were produced within the 3 month period of the contract.

Some would be required of any spin-out PSM such as:
• Staff engagement strategy
• Investment readiness
• Design of the organisational structure
• Due diligence

Others reflected the nature of a business with significant market prospects. For example:
• Business partnership criteria and strategy
• Business proposition, growth plans and diversification strategy
• Innovative service developments meeting PbR criteria and attracting prime contractor support
• Transformation Plan to quickly instill commercial practices and culture
Some Journey Insights

• RISE quickly established a small, high productivity, team to work for the Managing Director designate and with JEC. It comprised a project manager and experts in finance, HR, and service re-design with outsourced technical support on website developments.

• JEC provided guidance on developing the business model and the commercial and investment cases prior to signposting potential investors and business collaborators.

• The Parent Body, London Probation Trust, faced enormous upheavals and uncertainties throughout this period and was continuing to supervise the RISE leadership through traditional Senior Management Team meetings and line management despite increasing conflicts of interest. It was also very resistant to any type of re-organisation (e.g. grouping RISE services together as a business within a business) because of fears that performance would be affected detrimentally.

• The Ministry of Justice was unable in the short term to provide clarity on issues such as IPR ownership and licensing.
The Results – Competition Ready

• RISE Mutual CIC is established as a shell company with the key executive director positions filled by highly experienced and capable leaders
• RISE leadership has an ethical wall between its commercial interests and those across the rest of its parent body
• Prospective social investors have been enthusiastic about business prospects and the potential scope of national impact from high quality and proven service models
• Prospective prime contractors have been positive about subcontracting RISE, including in arrangements for mutual benefits from taking business to new territories
• There has been strong interest by other Tier 2 providers about constructing a pan-London joint venture capable of being rolled out to other parts of the country
The Results – Spin-out Readiness

• RISE is realising the benefits from **quality, bespoke services, with expert staff** as the way forward to address the risks of “vulnerability” to competition

• Experience of competing and winning contracts means that competitive fitness has been under development for several years including by engaging more sessional staff and less permanent employees. The freedoms of independence allow further advances

• The shell company is able to platform RISE and with the separate website, starts to **produce a real RISE identity**

• To advance its commercial and investment negotiations, RISE **must now consolidate its services as a business within a business** and develop a cohesive, effective single operation
JEC Knowledge Sharing Deliverables
available on the Cabinet Office MSP website

- Competition Readiness Health Check KSD
- Sustainable Competitive Advantage Tool KSD
- Probation Employee Engagement Helpline Service KSD
- Investor Matchmaker KSD
- Rehabilitation Market Segmentation Framework for Investment KSD
- A Publishable Case Study
Contacts
Kuljit Sandhu, Managing Director (Designate), RISE Mutual CIC
151 Buckingham Palace Road,
London SW1W 9SZ
Tel: 03000 480265
kuljit.sandhu@risemutual.com
www.risemutual.com

Bill Mather, Managing Director,
Social Pioneers Ltd for The Justice Enterprise Consortium
Exchange House, 494 Midsummer Boulevard,
Milton Keynes MK9 2EA
Tel: 01908 255515
bill.mather@socialpioneers.com
www.the-jec.co.uk