

# Rethinking homelessness ?



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Ian Powell, Chairman and Senior Partner, PwC

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# Re-thinking homelessness: a debate

## Tuesday 12th March 2013

People say the homeless sector is heading towards a perfect storm. Demand for services is rising fast just as the funding to deliver them disappears. The number of people without a home rose by 43% last year while funding is predicted to fall by 30% from April 2013.

This is not for lack of effort on the part of many charities and public agencies, including government. But no one thinks the problem is temporary. There are fundamental issues to address in terms of funding, strategy and coordination. We need to re-think our approach to homelessness.

From 6.30-8.30pm on 12 March, the Berkeley Foundation hosted a debate to address this issue at the Institute of Contemporary Arts in London. Ian Powell, the Chairman of PricewaterhouseCoopers, was our keynote speaker. He set out how a business might approach the issue of homelessness, drawing on his experience of leading strategic business reviews around the world.

Ian's speech followed contributions from three organisations supported by the Berkeley Foundation that work respectively at a national, regional and local level: Campbell Robb the Chief Executive of Shelter, Petra Salva the Director of No Second Night Out, and Stuart Nevill the Chief Executive of SPEAR.

We did not solve the problem in an evening but five key ideas emerged from the debate.

- Build more homes – a fundamental shortage of housing is at the root of the problem.
- Focus on prevention – in particular, use data much more effectively to map the triggers and points at which people become homeless.
- Review the 'priority need' categories and provide councils with greater resources to cope with demand.
- Develop clear pathways at a local level which support people from homelessness to self-sufficiency.
- Coordination is crucial – we must find better ways to pool our expertise and coordinate our interventions.

Thank you very much to everyone who took part.

We are very committed to supporting your efforts to tackle bad housing and homelessness.

# Ian Powell

## Chairman and Senior Partner, PwC

**G**ood evening ladies and gentleman. Thank you for inviting me here to speak on a topic of profound importance, not just to everyone in this room but to everyone in society.

As Rob highlighted in his programme notes for tonight's event, the homeless sector is heading into a perfect storm with demand for services rising fast, just as the funding to deliver them disappears and the supply of affordable housing falls.

Whilst accurate figures are never easy to establish, the number of homeless people in the UK appears to be rising sharply while funding is predicted to fall by almost a third from next month. If you set any business the objective of providing greater service, using fewer people and spending less money it would be extremely difficult to succeed. In the homeless sector, it's a crisis that cannot be ignored.

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### **Not an expert**

Looking around the room this evening, I'm frankly humbled by the efforts, commitment and achievements of so many of you in the fight against homelessness.

What's more, I don't claim to be an expert in this area. Indeed, you may be wondering why an accountant – a "bean-counter"! – has been asked to speak to you.

But as I thought about it, I quickly came to see that business, and perhaps more interestingly a business

approach to the issue, can make a contribution to helping rethink the way homeless people are helped and supported.

Rob's briefing note was challenging he asked me to "help the audience rethink the issue completely" – deceptively straightforward – thanks Rob! But let's see. I certainly hope that we can stimulate a good debate this evening.

I'd like to thank the Berkeley Foundation for hosting this event. The house building industry is critical to finding a solution to the homelessness challenge. Without affordable new homes being built in the UK, supply can't keep pace with demand.

In looking to address tonight's topic, I have drawn both on my recent experiences as chairman and senior partner of PwC and also my experience of restructuring businesses in crisis through at least four recessions. If I've learned anything, it's that the best solutions often spring from taking a fresh point of view and seeking out new and innovative ways, based on experience of what works, to help organisations tackle their problems.

Over the next few minutes I would like to tell you about our social enterprise hub and Brigade, a project we are proud to be a part of and which has framed my thinking on social issues and homelessness in particular, and then move on to outline the steps that we would normally take to evaluate a business challenge before considering some relevant case studies and finally, suggest some themes for further debate.

### **About PwC**

For those of you who don't know PwC, please allow me to start by just saying a few words about our firm.

You may know of PwC as accountants and auditors. But in fact we do much more and work with many types of organisations. It is an important part of our DNA to contribute to thought leadership on social and policy issues and apply those ideas through practical support for organisations and, more recently, to help foster social enterprises.

We employ over 17,000 people in 34 offices across the UK. But raw numbers like that actually do very little to explain what we're really about.

So, more interestingly, last year, some 5,000 of our people contributed a combined total of over 54,000 hours of time to volunteering in support of community-based activities with a particular focus on using their skills to support issues of employability, education and the environment.

Fundamentally our community efforts aim to improve social inclusion and cohesion through locally based support.

### The Fire Station

A good example of this local support – which is directly involved in the issue of homelessness – is the Fire Station, a social enterprise hub that we opened last year, close to our More London office, in Southwark.

This initiative involves a host of firsts and for us it's highlighted the complexity, the challenges, and the compromises that we face in dealing not only with homelessness and other social issues, but with public, private and voluntary sector partnerships.

Five years ago, the Fire Station on Tooley Street was a derelict building, saved from demolition only by its listed frontage. Five years on, it's a thriving hub housing:

- Brigade – a sustainable and profitable cook school, bar and bistro;
- The School for Social Entrepreneurs – a business training school for social entrepreneurs;
- Social Enterprise UK, the trade body for the industry;
- Blossoms – a healthcare centre;
- and PwC's Centre for Social Impact – measuring the value of social enterprises.

I reference the Brigade because it demonstrates a principle that I've seen a lot in addressing key business issues – it's about getting the right people together so that a concept becomes reality. Defining a clear view of what success looks like, and bringing together the specific expertise and resources needed to help drive the project forward. The other feature of successful outcomes is something I call strategic serendipity. Isn't it strange that when you get the right people with the right skills in the right environment what looks to be an intractable problem sparks a debate and a solution emerges. That's why tonight's event is so important. Who knows something said here might reshape the way we think about homelessness.

To the customers who go to Brigade regularly, it's a great place to eat, drink, socialise, and spend time

and money, but under the skin it's an amazing social enterprise – the 'beating heart of ethical capitalism' as Boris Johnson put it – that supports and trains people at risk of homelessness by offering apprenticeships in catering.

In less than a year, over 40 people have been trained, and over 300 have had work experience or guidance from the Beyond Food Foundation's programme. It's a pathway back to inclusion, employment, accommodation and regaining a place in society.

The Brigade's strength is that it gets away from any sense of homeless people being victims, and makes them part of a thriving and growing business, one that generates not just social benefits, but also real revenues and profits to invest in further community initiatives.

In regenerating the Fire Station a diverse group of partners came together with a shared vision. One of them, social entrepreneur Simon Boyle, who is the founder of the Beyond Food Foundation and head chef at Brigade, deserves particular credit – his involvement was fundamental in getting Brigade off the ground.

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### Why it works as a model

I would like to bring out why I think the Brigade is successful;

- First ... its clear, shared sense of purpose targeted at creating a profitable social enterprise offering sustainable jobs. This focus helps to break down the silos that sometimes exist between and within public, private and voluntary sector organisations.
- Second ... Its holistic perspective focusing not on improving just one aspect of people's lives such as housing, employment or education but on enhancing all of these at once.
- And third ... springing from the first two, its focus on understanding the likely challenges faced by our apprentices and taking preventive action before they arise.



Between us, the organisations behind the venture have a collective wealth of experience in both the commercial world and in helping vulnerable people put their lives back together which means we have a very good idea of what issues will arise for them at what point, and how to address them. So we can guide people along and manage their progress.

But I think the biggest lesson is that no single entity involved in The Brigade could do it alone. Everyone brought something to the table – and we needed to recognise and maximise that individual contribution.

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### **The challenge**

Moving on to the challenge of rethinking homelessness, putting our commercial business hat on and taking a look at the sector we could make the following scene-setting observations: we have numerous players trying to help; significantly increasing demand; and imminent declining funding. Put together, all these factors indicate that there are likely to be failures in the market, both in terms of individual participants and the overall quality of services.

### **A business approach to homelessness**

So how might a business-minded approach to homelessness frame the problem?

Over the years I've led strategic business reviews for many businesses around the world. So let me set out the five steps we would undertake if applying the same review process to homelessness.

In a business sense, society's loss of collective and individual value through homelessness is like a company haemorrhaging financial value, albeit much worse, because homelessness causes such widespread pain and suffering for those involved.

To turn the business round, the first step would be to establish a clear idea of the scale, nature and root causes of the problem. Why do people become homeless? Why do they stay homeless? What is the cost to society? How can we move them back out of homelessness?

Having scaled the problem, the second step would be to decide what it is that we're trying to achieve. What will success look like? A 50 per cent reduction in homelessness across the UK by 2030? Or in a particular city or neighbourhood? This gives us our vision for the future we're trying to create.

With the vision defined, the third step in a business restructuring-style approach would be to identify and engage with the stakeholders needed to turn that vision into reality. It's highly unlikely that any one organisation could do it all by itself. But by engaging with complementary organisations and buying into the same vision, we can create a shared sense of purpose. The partners needed to do this might look familiar and are probably represented in the room tonight.

With the partners on board and committed to the vision, the fourth step is to work out what tools, resources and relationships we can bring to bear collectively to deliver it. How do we engage with the people who need help, and assess their needs? As we all know, the homelessness sector – like many industries – is currently a resource-constrained environment. So the focus must be on tools that can deliver high impact at low cost.

Fifth and finally, we'll need metrics to track and measure progress towards our goal, with achievable targets along the way to enable adjustments to be made if necessary. If something isn't working, if valuable resources are being wasted then my experience of corporate restructuring confirms that you have to act quickly. The homelessness sector is no different.

If we get these five steps right, then we can get all the interested parties contributing in a co-ordinated way around a shared goal, and multiply the benefits over time. And we unleash three powerful dynamics – collaboration; holistic support; and a focus on preventing problems through early intervention, rather than waiting for them to happen and sorting them out later.

### **A parallel in business**

Let me step back for a moment and talk about a business situation with some interesting parallels. The retail industry. The headlines and the gloom often speak for themselves but there are important lessons to be learned here.

In thinking about these issues, it struck me that Amazon is a practical example of a situation in which people have looked at a market issue and fundamentally rethought and reinvented a market response.

In recent years, retailing has been characterised by winners and losers, with successful new entrants like Amazon, and very public failures like Woolworths. My view would be that success or failure has had more to do with the speed with which the players have embraced change in technology and shopping habits rather than the underlying economic conditions.

One of Amazon's strengths is its smart use of data to identify consumers' habits and the correlations between them, in order to target their offers and predict their purchases. I'm sure you have all experienced the 'If you like that then you'll probably like this too' approach.

Similarly, if the homelessness sector were to collaborate in a coordinated way and pool data on the core triggers of homelessness, could Amazon type data analysis be used to identify and head off the events that increase the risk?

If we could use such a tool to predict when and where interventions should be attempted to prevent homelessness in the first place this might improve efficiency generally, and also ensure that increasingly scarce funding and resources are directed to where they have the greatest and longest lasting impact.

My guess is that many will say some of this is being done already. But I would wager that the data is incomplete, inconsistent and more qualitative than quantitative – and would not support an Amazon style model. Something we could debate afterwards perhaps.

## Prevention

Now, let's look at prevention. While we can all see many symptoms, the root causes of homelessness often come down to a handful of issues – including family break-up; dependency on drugs or alcohol; loss of employment; and the restricted supply and high costs of housing.

Clearly, we'll never stop all these issues. But we can take action to provide affordable accommodation options, and rebuild people's confidence to get back into employment. And it's clear the best possible approach is to prevent homelessness from happening in the first place.

To illustrate the power of preventative intervention I would like to tell you about the experience we've had fund managing a programme for the Girls' Education Challenge in Africa and Asia. This brings together NGO partners in many sectors to transform learning

opportunities for girls. Rather than focusing on supporting specific healthcare interventions when women become ill, it targets resources higher upstream on educating girls to help them escape the circumstances leading to poor health in the first place.

Turning to homelessness in the UK, I'm not claiming anyone can wave a magic wand and prevent it happening. But, we could investigate new preventative models.

This idea puts me in mind of some work that we're currently doing with local councils using a game approach to help them to "think the unthinkable". They're set a budget for a fictional town called AnyBorough, and have to deal with the scenarios of problems it faces and how they will meet budget cuts.

One of the most interesting outcomes has been the way the 'unintended consequences' of a decision in one area knock on into others an impact that has challenged local authorities' thinking on how departments work together. In a similar way, siloed thinking about 'fixing' homelessness without looking at root causes risks triggering similar adverse 'ripple' effects.

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## Holistic support: 'Plotter'-style social networking

Another key aspect to making progress is to consider a holistic approach on a tactical as well as a strategic basis. Given the need for flexible multi-party coordination to support homeless people and the squeeze on funding it is clear that the sector needs an easily-accessible, fast and low-cost tool for getting and staying connected to each other. Social networking is a natural choice on all counts as it expands beyond its consumer-focused origins, and experiences explosive growth as a business tool for instantaneous and flexible collaboration across and within markets.

## **Conclusion: you are not alone**

I hope I've given you some food for thought on how we might work together to tackle homelessness more effectively in the future. But let me close with a wider business perspective.

As I look across all industries, I can see several sectors that, like yours, are striving to simultaneously improve their quality of service, reduce their costs, and expand their operations and impact.

One organisation in this category that might not immediately spring to mind is HMRC. Just last month, HMRC revealed that it had slashed its spending by £269m over the 12 months to March 2012 19% more than its target while at the same time maintaining its performance in key areas such as tax collection and reducing tax debt.

By 2015, it plans to have lowered its running costs by close to one billion pounds since the government's 2010 spending review. Much of this reduction in costs is being enabled by new technologies and closer collaboration with employers through innovations such as real-time PAYE.

As we face up to the intensifying squeeze between rising demand and declining funding there may be useful messages here for the homelessness sector – such as whether the right partnerships have been established and new technologies explored.

To maintain quality and growth in such an environment, business-as-usual will not be enough. In my view, it's time to take a fresh look and apply some new thinking.

While there certainly isn't a silver bullet that can solve what seems to be an intractable situation I believe there are three key themes that we should focus on. Collaboration – getting the right people together with a common vision; preventative action – understanding the root causes and where intervention has the greatest impact; and finally developing a holistic approach to tackling the issue.

With this focus, we might just be able to rethink homelessness.

Thank you.

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The Berkeley Foundation works to improve the lives of young people and their communities in London and the South of England. The Berkeley Foundation is part of The Berkeley Group.