

Briefing Paper 5

Innovation in the homelessness field: How does social enterprise respond to the needs of homeless people?

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Background

Since 2003 there has been an increasing policy interest in social enterprise as a potential solution to the problems faced by homeless people. This interest is primarily focused on organisations providing training and work experience opportunities to enable homeless people to escape social exclusion via the mainstream labour market. Given the current policy enthusiasm for using social enterprise to respond to homelessness, a review of the policy and research literature was conducted to help understand:

In what ways does social enterprise respond to the needs of the homeless population?

For the purposes of this paper, social enterprise is broadly defined as organisations primarily motivated by social aims and trading in order to achieve these aims. Homelessness is a variable and problematic concept incorporating different dimensions. This paper focuses on the literal homeless population – those homeless people sleeping

rough or living in emergency shelters or transitional housing programmes. Within this group a high proportion also suffer other characteristics of exclusion including mental health problems and substance abuse.

Findings

In tracing the history of social enterprise in the homelessness field, six models of social enterprise emerge (See Table 1). Some hybrid organisations combine two or more of these models. To some extent coercive pressure from the state would appear to be a factor in traditional charities and voluntary organisations adopting a more social enterprise orientated hybrid model.

Within the Department of Communities and Local Government (CLG) the concept of social enterprise has been largely reduced to helping homeless people into employment. This can be seen as part of a wider New Labour agenda that sees paid employment as the solution to social exclusion. Within the homelessness literature there is evidence to suggest that accessing a full time job marks the point at which formerly homeless people see themselves as achieving social inclusion. However, for many homeless people with the most acute needs paid employment is not a realistic short term goal. It may be that this group is better served (at least initially) by less formal approaches to social inclusion that focus on engaging homeless people with services and providing a space for them to interact with other people sharing similar experiences (for example day centres). Many longer term homeless people require ongoing personalised support to resolve homelessness and begin resettlement in the community.

Table 1: Models of social enterprise in the field of homelessness

Model of social enterprise	Description	Example
Revenue generator / mission awareness raising	Social enterprise as an income stream or means of raising awareness for Third Sector Organisations (TSOs). The trading activity is not central to social goals, income is diverted to other parts of the organisation. Thus social enterprise is an activity – trading to fund social purpose, rather than an organisational type.	Salvation Army WarCry
Contracted service provider	Homelessness related organisations delivering government contracts	Shelter
Accommodation providers	Hostel and Supported Accommodation providers offering places to homeless people. Revenue is usually derived wholly or in part through Housing Benefit paid by the state.	St Mungoes
Participation based community	Alternative safe living spaces for homeless people in tacit exchange for labour (and state benefits)	Emmaus
Employment provider	Social enterprises whose primary objective is to allow homeless people to earn an income. Employment (or self-employment) may be a temporary stepping stone to the mainstream labour market or long term (sheltered).	Big Issue
Training and work experience	Social enterprises providing homeless people with the chance to gain qualifications and / or work experience with the aim of moving them into the labour market.	Crisis cafe
Hybrid	Social enterprises combining two or more of the above models.	Big Life Company

Challenges faced by social enterprises in the homelessness field

The research literature on the impact of social enterprise on beneficiaries remains underdeveloped, particularly in the field of homelessness. The small numbers of studies that do exist independently reach similar conclusions.

Social enterprises must balance social and economic goals. Case studies have shown that ‘employment provider’ social enterprises trading in the marketplace to provide homeless people with the opportunity to earn an income have been unable to generate sufficient surplus to provide wider social support to clients. Thus although they can assist with work integration and financial

need, the provision of housing advice, long term support to live independently and access to supportive social networks, must be funded by other means, or be delivered by other providers. Some social enterprises have set up separate charitable Trusts to attract funding and deliver this social support to their clients.

Some case studies have shown that the ‘contracted service provider’ model of social enterprise may exclude those beneficiaries with the most acute social needs. This is because outcome related payments appear to encourage social enterprises to ‘skim off’ those clients easiest to place into employment or provide advice to. Social enterprises using this model may face pressure to abandon those homeless people with the most complex needs. In the short term this may be justified

as there are other providers delivering social support to those with more complex needs.

However, 'skimming off' is not inherent to all models of social enterprises. Some 'Accommodation providers' appear able to avoid this. In one case the social – economic tension was negotiated by separating responsibility for income generation from responsibility for providing social support. This was facilitated as Housing Benefit and Supporting People payments provided a relatively constant and secure income stream. Hence the project manager could aim to maximise the social support provided to residents within a fixed budget. This would suggest that different state contracting mechanisms have an important impact on social enterprises and their homeless clients.

Little is known about the impact of the other models on homeless people, although a cost benefit study of a 'participation based community' does find that the financial benefit to the wider community is significant. As regards the 'revenue generator / mission awareness raiser' model, it is unlikely that there is a direct impact on the beneficiary as the homeless person is not directly involved in the trading activity. However this model may be a useful way of raising funds to deliver social support to beneficiaries.

Areas for further research

How do different models of social enterprise balance the tension between social and economic objectives, and what are the implications for clients?

This paper identified a number of approaches to managing the tension between social and economic objectives, including creating a separate charitable Trust to help meet the needs of the most excluded groups, or relying on other TSOs to meet the needs of those clients whom a market mechanism renders unprofitable. Further research is required in order to understand the ways in which different models of social enterprise balance the tension between social and economic objectives with particular reference to the impact on homeless people.

How do social enterprises compare with other organisational types in responding to homelessness?

Some models of social enterprise are not able to respond to the needs of the most excluded homeless people. For the majority of homeless people with less complex needs, social enterprise does have a role to play. Contracted service providers do deliver housing advice and shelter. The Big Issue offers the opportunity to earn an income. Training and work experience social enterprises offer the opportunity to gain new skills, qualifications and self esteem. For those homeless people whose situation is more permanent, participation based communities can offer a safer alternative lifestyle that in some cases might lead to reintegration into society and the mainstream labour market. The employment provider model offers temporary and occasionally permanent employment opportunities. However there are insufficient comparative studies to enable us to understand how different models of social enterprises compare with Public, with Private and with other Third Sector providers in responding to homelessness.

What happens to the most excluded groups if processes of isomorphism lead to the Third Sector becoming more business orientated?

Finally evidence suggests that as Third Sector organisations become more business like there may be a tendency for them to abandon their most excluded clients. This marginalisation of the most excluded would seem to be a direct consequence of the need to generate a surplus. At its simplest these groups are not profitable enough to work with. Thus becoming more businesslike can alter an organisation's social aims, or the client group it works with. As the Third Sector faces increasing pressure from inside and outside to become more business orientated this begets the question: what is the impact of this commercialisation on those homeless people with the most acute needs?

Implications

It is important to emphasise that homelessness is first and foremost about the lack of a home. For most homeless people, help in finding a home may be the only assistance needed. The promotion of social enterprise as a route to employment for homeless people has not been based on any reliable evidence. It is not known whether social enterprises are better equipped than other organisations to move homeless people into employment. What evidence that does exist suggests that social enterprise as a route to employment may only be appropriate for those homeless people with less complex social support needs.

Less attention has been paid by CLG to the role of social enterprise in delivering accommodation, advice and wider social support to those homeless people with more acute social needs. To some extent this is a language issue. CLG have played an important role in reducing levels of (statutory) homelessness and rough sleeping over the last decade. They have also directly improved the quality of temporary and emergency accommodation provided to those homeless people not entitled to permanent housing. However it is important to be aware of the range of potential roles offered by different models of social enterprise, and to consider ways in which these might be tailored to the circumstances of the individual homeless person.

Social enterprise should not be seen as a panacea by government or by the Third Sector. However some projects may be

deliverable using social enterprise models. Other projects, particularly the provision of social support to homeless people, are likely to require more diversified income streams. Whether or not a social enterprise model can be used to deliver social support would depend on the priorities of state agencies (or other funders). It may be possible for some social enterprises and third sector organisations to offer integrated packages of support to homeless people with different levels of need and at different stages in their pathways out of homelessness. Each activity or programme may be funded in different ways.

For smaller organisations it may prove beneficial to form close links with other organisations working with clients with different levels of need, and / or with organisations providing different services to similar client groups. In this way smaller organisations can develop expertise in specific areas while their clients are offered move-on opportunities. Hence an emergency accommodation provider might link with a training and work experience provider in order that once the homeless person's residual housing need is satisfied they can begin to search for employment. The chain would be enhanced if the training and work experience provider is linked to a contracted service provider able to access target related payments for moving homeless people into employment. At the other end of the chain, soup run providers could be 'encouraged' or paid to refer homeless clients to organisations providing accommodation and / or wider social support.

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