

CUTTING OUT THE MIDDLE MEN

When workers in the City of London head home each evening, a hidden legion of homeless people shuffles out of the shadows to reclaim their territory. The Square Mile has more rough sleepers than any London borough except Westminster: 338 were identified by Broadway, a charity, over the past year, most of whom had spent more than a year on the streets. Policymakers have long struggled to find ways to shift such people, some of whom take deluded pride in their chaotic circumstances, resist offers to come in from the cold and suffer from severe drug, drink or mental-health problems and sometimes all three.

Broadway tried a brave and novel approach: giving each homeless person hundreds of pounds to be spent as they wished. According to a new report on the project, it worked—a success that might offer broader lessons for public-service reform and efficiency.

The charity targeted the longest-term rough sleepers in the City, who had been on the streets between four and 45 years (no mean achievement when average life expectancy for the long-term homeless is 42). Instead of the usual offers of hostel places, they were simply asked what they needed to change their lives. One asked for a new pair of trainers and a television; another for a caravan on a travellers' site in Suffolk, which was duly bought for him. Of the 13 people who engaged with the scheme, 11 have moved off the streets. The outlay averaged £794 per person. None wanted their money spent on drink, drugs or bets. Several said they co-operated because they were offered control over their lives rather than being bullied into hostels. Howard Sinclair of Broadway explains: "We just said, 'It's your life and up to you to do what you want with it, but we are here to help if you want.'"

This was only a small-scale pilot project, but it underlines the importance of risk-taking in the provision of public services. In this case the savings should outweigh the costs. Some estimates suggest the state spends £26,000 annually on each homeless person in health, police and prison bills. Handing control to the users of public services can yield better results. That is itself in keeping with an emerging international trend to use conditional cash transfers to solve intractable social problems.

Roland Fryer, a Harvard economist, has invested more than \$6m to test the proposition that paying pupils can improve poor schools. Similar schemes are proliferating in the developing world. In Malawi, the World Bank recently gave a trial to the idea of paying adolescent girls to stay in school. It worked, and is one more lesson in the power of responsibility and self-control.

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