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**A case study of the financial benefits of a credit union's
homeless prevention scheme.**

Journal:	<i>Public Money & Management</i>
Manuscript ID	Draft
Manuscript Type:	Original Article
Keywords:	Credit Unions, Social Housing, Social Inclusion, Social Exclusion, Homeless Prevention Loans.
Abstract:	This article examines the merits of Homeless Prevention Loans offered by one credit union to the tenants of its housing association partners. Using a theoretical framework informed by the idea that social inclusion and social exclusion are multidimensional and dynamic, with each dimension impacting on all others, the paper examines the potential impact of loans of this type on both housing tenure and financial inclusion.

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Manuscripts

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3 A case study of the financial benefits of a credit union's homeless prevention scheme.
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3 **Summary:** This article examines the merits of Homeless Prevention Loans offered by one credit
4 union to the tenants of its housing association partners. Using a theoretical framework informed
5 by the idea that social inclusion and social exclusion are multidimensional and dynamic, with
6 each dimension impacting on all others, the paper examines the potential impact of loans of this
7 type on both housing tenure and financial inclusion.
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10 **Keywords:** Credit Unions; Social Housing; Social Inclusion; Social Exclusion; Homeless
11 Prevention Loans.
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14 **Introduction**

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16 In the period since 2010, there have been significant reductions in Government's
17 allocations to local authorities' budgets, precipitating cuts in services affecting those in most
18 need, including those at risk of homelessness (Hastings, Bailey, Bramley, Gannon and Watkins,
19 2015). In this light, initiatives involving other bodies to help alleviate the strain facing local
20 authorities of preventing vulnerable people from social exclusion are extremely valuable. The
21 purpose of this article is to report on a case study of an initiative, supported and initially funded
22 by a local council or authority and administered by Lewisham Plus Credit Union to provide
23 Homeless Prevention Loans and savings facilities for social housing associations' tenants who
24 had rent arrears. In the case, a relatively small investment of £85,000 saved the local authority
25 expenditure of over a £1 million that might have been spent on people who would have
26 otherwise been made homeless. The scheme brought further benefits to the recipients by
27 opening up loans and savings facilities to them while repayment of the initial loans allowed new
28 Homeless Prevention Loans and the accompanying loans and savings accounts to be provided to
29 others who experienced a threat of eviction and housing exclusion. Although the initiative has
30 many aspects, the emphasis here is on its financial benefits for participants coupled with the
31 financial multiplier effects that allowed the initiative to be extended to others. In explaining the
32 case, the article uses the concept of social inclusion to articulate its merits. Thus, in the
33 organization of the remainder of the article, the next section explains the framework of social
34 exclusion and inclusion used to analyse the initiative. The subsequent section provides the
35 policy context in which credit unions may interact with others to counter social exclusion. After
36 a discussion of the methodology, details are provided of the case. The final section emphasises
37 that while credit unions may have a role in combatting social exclusion by helping to prevent
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3 homelessness and increasing access to financial services and can do this in an economically
4 efficient way, there are limits to this role.
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8 **Development of ideas around social exclusion and inclusion** 9

10 Historically, ideas about deprivation revolved around concepts of absolute and relative
11 poverty. Absolute poverty is the idea that people have insufficient resources of basic necessities
12 such as food, safe drinking water, etc., to sustain life (United Nations, 1995). The concept of
13 absolute poverty was considered to be inadequate for understanding the position of the poor in
14 developed economies. Such people may have sufficient basic resources to sustain life, but they
15 do not have the resources to participate fully in their society. The poor in developed economies
16 are considered to be in relative poverty. The concept of relative poverty has been defined by
17 Townsend (1979, p. 31) as people not having the resources, “living conditions and amenities
18 which are customary, or at least widely encouraged or approved, in the society to which they
19 belong”. Concepts of poverty were criticised, however, for being static and focusing simply on
20 distributional outcomes for individuals and households. They were replaced initially by – and
21 then combined with – the concepts of social inclusion and social exclusion, under the influence
22 of the European Union (Madanipour, Shucksmith and Talbot, 2015). Ideas of social exclusion
23 and inclusion are deemed to be more comprehensive, focusing less on the ‘victims’ of
24 distribution and more on the societal processes and relationships that are contributory causes of
25 deprivation. Significantly, ideas of social inclusion and exclusion are considered to be
26 multidimensional and dynamic, potentially producing cumulative, longer-term effects.
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39 The dynamic nature of social inclusion is expressed in the United Nations (2016, p. 17)
40 definition as “the process of improving the terms of participation in society, particularly for
41 people who are disadvantaged, through enhancing opportunities, access to resources, voice and
42 respect for rights”. While there are a range of definitions of social exclusion (Charity
43 Commission, 2001; Marsh and Mullins, 1998; Rawal, 2008; United Nations, 2016) and it
44 remains a contested idea (Pawson and Kintrea, 2002), there is general agreement that it is the
45 product of a confluence of forces that prevent individuals and communities from participating
46 fully in the society in which they live. These forces include unemployment, financial
47 deprivation, ill-health, poor educational attainment, substandard or no housing and familial
48 breakdown (see Charity Commission, 2001). Two of the most significant (Hills, 2001) that are
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3 of greatest relevance to this article are financial and housing exclusion. One definition of
4 financial exclusion has been expressed as absence of “ready access to the core products and
5 services that make up the financial system: a bank account to receive a salary, scheduled direct
6 debits, a savings account or pension, a credit card with an affordable rate of interest, a business
7 loan or line of credit” (Hadjimichael and McLean, 2017, p. 7; see also, McKillop and Wilson,
8 2007). A definition of housing exclusion has been articulated as where “the effect of housing
9 processes is to deny certain groups control over their daily lives, or to impair enjoyment of their
10 wider citizenship rights” (Somerville, 1998). Different organizations may function to either
11 facilitate or obstruct access to important resources for different groups of people. It is to such
12 organizations that the discussion now turns.
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The interaction between finance and housing and the policy context

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24 A number of studies suggest finance and housing interact to either accentuate or counter
25 exclusion. Owner-occupiers’ shortage of finance could lead to arrears, eviction or an inability to
26 carry out essential maintenance (RBS, 2013). Residence in some areas may be considered high
27 risk and preclude access to bank accounts and reasonably-priced loans (Taylor, 1998). Lack of a
28 bank account may make it difficult to obtain other services that affect housing status such as
29 mortgages (Collard, Coppack, Lowe and Sarker, 2016). All such relationships are, of course,
30 affected by the policy context, just as is the capacity for local authorities, social housing
31 providers and credit unions to counter social exclusion. Thus, in the case of housing, hard
32 constraints offered by limits in land are accentuated by ‘softer’ policy constraints. Although
33 there are other approaches to housing exclusion (Pawson and Kintrea, 2008; Robinson, 2012),
34 the discussion below is informed by a view that it involves denial so that individuals are without
35 shelter in the form of housing.
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45 Between 1945-1970s – and to a lesser extent, subsequently (Edmonds, 1992) – local
46 authority council housing provided homes for many who could not afford owner-occupation.
47 Since the 1970s, there has been a reduction in council house building due in part to financial
48 constraints arising from reductions in Government support and the depletion of existing stock by
49 the right of existing tenants to buy council housing at heavily discounted prices (Coelho,
50 Dellepiane-Avellandea and Ratnoo, 2017; Maclennan and More, 1999; Whitehead, 1983). The
51 cumulative effect of these changes has been to reduce the capacity of local authorities to provide
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3 housing to either single people or childless couples, even if they are homeless. Much of the
4 remaining council housing stock was transferred to social landlords from 2000 onwards (Webb,
5 2001; see also Best, 1988; Duckworth, 1996; Edmonds, 1992; Sprigings, 2002). Social housing
6 landlords are subject to performance measurements that discourage toleration of rent arrears even
7 though some may be accommodating many vulnerable tenants in highly populated, inner-city
8 areas (Sprigings, 2002). Resulting evictions are likely to leave those affected dependent on
9 whatever help the local authority is still able to provide. However, statute and housing policies
10 have sometimes led to people evicted because of rent arrears being suspended from subsequent
11 applications for social housing (Pawson and Kintrea, 2008).
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19 Since 2010, local authorities may have been permitted to decide how many of their
20 revenues are spent (Gov., 2015), but Governments have pursued austerity measures in response
21 to the 2007/2008 financial crisis and reduced the allocations to local authorities with the
22 possibility of further reductions up to 2020 (Bounds, 2017; Hastings et al. 2015). Hastings et al.
23 (2015) report that the local authorities with populations that already suffer the greatest
24 deprivations, have been subjected to the greatest level of central Government cuts. Fiscal
25 constraints in the recent period have contributed to English local authorities cutting expenditure
26 in real terms by 27% in the five years from 2010 and people in most need have been hardest hit
27 by the loss of support and find many services unaffordable (Hastings et al., 2015). Moreover,
28 there has been a myriad of additional tax, social security and welfare reforms that discriminate
29 against poorer members of society (Portes and Reed, 2017), thus, creating an increasing
30 vulnerability to homelessness when confronted by unanticipated reductions in income. While
31 such changes may contribute to homelessness, the 2017 Homelessness Reduction Act has
32 increased the obligation of local authorities to provide information services for all those who are
33 homeless or at risk of homeless, with the potential to create increasing strain on already over-
34 stretched resources.
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46 Hastings et al. (2015) identify a number of strategies that local authorities have adopted
47 to cope with the reductions in income. These are: Greater efficiency, so that the same services
48 are delivered with fewer resources, although any such strategy was usually realised at the start of
49 the austerity period; investment, often in preventative services to reduce the subsequent need for
50 greater expenditure; and retrenchment which involves a new way of working, often involving
51 other organizations to either prevent the need for some services or to deliver existing services in
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3 new ways. The case of the Homelessness Prevention Loans considered below may be seen as
4 synthesising investment and retrenchment strategies by providing funds to overcome
5 homelessness which would necessitate greater expenditure in advising and potential rehousing of
6 homeless families while involving experts in financial management in administration of the
7 scheme. Before outlining that scheme, the nature of credit unions is outlined.
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12 Credit unions have enjoyed a separate legal identity in Britain since the Credit Union Act
13 of 1979. This Act (HMSO, 1979, Section 1.4) helped define their contribution to countering
14 financial exclusion by stating their objectives as: “(a) the promotion of thrift among the members
15 of the society by the accumulation of their savings; (b) the creation of sources of credit for the
16 benefit of the members of the society at a fair and reasonable rate of interest; (c) the use and
17 control of the members’ savings for their mutual benefit; and (d) the training and education of
18 the members in the wise use of money and in the management of their financial affairs.”
19 Initially, there were tight restrictions on their membership levels and areas of geographic
20 coverage and although many have since been lifted (Lee and Brierley, 2017; McKillop and
21 Wilson, 2003; McKillop, Ward and Wilson, 2007), the objectives above remain in place. By
22 utilizing monies saved by some and lending to other members, credit unions help to promote the
23 financial health of the citizens involved and the local community.
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33 In a context where legislative pressure for banks to provide basic non-fee incurring
34 accounts is less than in other European countries (Carbo, Gardener and Molyneux, 2007), credit
35 unions have been classified by some authors (e.g., Jones, 2008; Lee and Brierley, 2017; Ralston
36 and Wright, 2003; c.f., Byrne, McCarthy and Ward, 2007) as situated between retail banks that
37 charge financially-secure, low-risk consumers reasonable rates of interest for loans and
38 commercial payday lenders who often exploit the financially excluded by offering short-term
39 loans at extremely high interest rates. Although credit unions may offer mortgages and current
40 accounts, few do, with the vast majority focusing on providing loans and savings accounts to
41 those who are serviced poorly by the banks. Credit unions’ historical objective of promoting
42 thrift meant that, originally, they expected their members to save before taking out loans.
43 However, following an initial prompt by the 2005-2010 Labour Government’s Growth Fund that
44 supported initiatives to help vulnerable borrowers migrate from high cost payday lenders
45 (Brierley and Lee, 2018; Collard, 2007; McKillop, Ward and Wilson, 2011; Myers, Cato and
46 Jones, 2012), many credit unions experimented with loans to help new members most at risk of
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3 financial exclusion. These policies include the provision – at relatively low interest rates – of
4 payday-types of loans that do not require people to have saved before borrowing, but which
5 provide the basic facilities of an accompanying savings and loans account (Evans and McAteer,
6 2013; Lee and Brierley, 2017). Some credit unions have also responded to social housing
7 associations' efforts to provide their tenants with financial savings and payment facilities
8 (Hartfree, Friedman, Ronicle, Collard and Smith, 2016). However, Hartfree et al. (2016) found
9 that the take-up of the schemes was slower and lower than expected and the schemes were
10 generally abandoned because they were not financially self-sustaining which was not surprising,
11 given the status of social housing associations as social enterprises that have to achieve financial
12 viability (Gillett, Loader, Doherty and Scott, 2016). In this context it is of value to consider the
13 Lewisham Plus Credit Union's use of a local authority financial allocation to provide Homeless
14 Prevention Loans to tenants of social housing providers at risk of housing exclusion through
15 eviction because of rent arrears.
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The Lewisham Plus Credit Union arrangement

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29 The research reported here focuses primarily on one initiative taken by Lewisham Plus
30 Credit Union. Lewisham Plus Credit Union (LPCU) is primarily a community-based credit
31 union catering for people living or working in the London Boroughs of Lewisham and Bromley,
32 but its field of membership – previously referred to as its common bond – covers tenants and
33 employees of its housing association partners and it is this part of the constituency that provides
34 the focus for this paper. LPCU is situated in areas that include the highest deciles of multiple
35 deprivation in London (Jones and Ellison, 2011) which makes it an appropriate site for research
36 into different dimensions of social exclusion.
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43 Most research into credit unions in the accounting and financial management disciplines,
44 tends to be quantitative reporting on aggregations of findings across many credit unions (for
45 examples, Brierley and Lee, 2018; Lee and Brierley, 2017; McKillop and Quinn, 2015; 2017;
46 McKillop, Ward and Wilson, 2007; 2011). By contrast, a case study method is adopted here.
47 The merits of a case study approach include a capability to examine a phenomenon in depth in its
48 proper context, so that a deeper understanding of the issue examined may be obtained. Lee and
49 Saunders (2017) distinguish between orthodox and emergent case studies. Orthodox case studies
50 entail research based on a preconceived strategy to address questions that are formulated as a
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3 consequence of a review of the literature before evidence is collected and analysed to answer
4 those questions. Emergent case studies are those which might start with an idea, or an invitation
5 by an organization to address a problem, or the collection of evidence, rather than with a review
6 of the literature. An emergent approach arose in the research for this article.
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10 The authors are an academic and a practitioner at the LPCU. The practitioner author has
11 been involved the credit union in various guises since the credit union's inception. During that
12 time, he has worked as a principal housing officer for a local council. In his current role as
13 Deputy Manager of LPCU, he was involved in the negotiation and administration of the
14 Homeless Prevention Loans policy. In this regard, he may be considered as a full participant.
15 The academic author is conducting a programme of research into credit unions in different
16 countries and observed the policy through attendance at events including one involving housing
17 associations and the credit union, as well as through discussions and examination of a range of
18 documents that show the operation of the scheme. The specific case study of the initiative
19 emerged from the practitioner author explaining its operation to the academic author during the
20 latter's visit to the credit union's premises when some of the financial data was also provided.
21 The academic then sought to understand the initiative in the context of the wider literature, while
22 the other author has elaborated on the context and operation of the scheme to allow this article to
23 be developed iteratively. The evidence reported here is, thus, drawn from a range of sources
24 including interviews and discussions, documents, observation and participation. The analysis of
25 the evidence was conducted by using tabulated data about the Homeless Prevention Loans that
26 had been prepared by the practitioner author for the credit union's own purposes and then asking
27 the question of what do the patterns within the tables suggest for housing and financial inclusion
28 and what is the evidence to support such interpretations?
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43 Credit unions have been classified into three broad categories of: those that had extensive
44 membership and assets, sometimes because of being national organizations representing
45 occupations and which have been subjected to higher levels of regulation historically because of
46 their classification as Version 2 credit unions under the 2000 Financial Services and Market Act;
47 those that have undergone quite extensive professionalization, including developing a broader
48 range of loan options; and smaller ones that offer a limited range of financial products and tend
49 to be more heavily reliant on volunteers (Lee and Brierley, 2017). LPCU fall into the second of
50 these categories. It operates from three main branches and has nineteen employees. Like a
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3 number of other credit unions that fall into this category, it has relationships with providers of
4 social housing. The case of LPCU may be considered as “information-rich” (Lee and Saunders,
5 2017, p. 27) in its provision of a lot of material to aid understanding of the relationship between
6 finance and housing for its vulnerable members. While there is no intention to claim that the
7 findings about the Homeless Prevention Loans may be generalized to other credit unions, the
8 case provides important insights for credit unions, housing associations and local councils that
9 may wish to explore transferring this initiative to their own organizations. While acknowledging
10 that current national policy-makers have proven reluctant to actively encourage initiatives that
11 prevent homelessness, their successors could use the insights from the initiative to consider
12 incentives to promote inclusion on the housing and finance fronts.

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21 The credit union was established in 1992 and celebrated its silver jubilee in 2017. It was
22 originally formed by the Association of Churches Together in Sydenham and Forest Hill as
23 ACTS Credit Union Limited, then expanded to become a community credit union covering the
24 whole of Lewisham and Bromley before merging with the neighbouring Deptford and New
25 Cross Credit Union. LPCU’s general loans policy was similar to other credit unions in that
26 borrowers were expected to save with the credit union to demonstrate a capability to manage
27 funds responsibly before applying for a loan and then to continue to save with the credit union as
28 that loan was repaid. Like a number of other credit unions that fell into the middle category
29 identified above, it has introduced a product that does not require prior saving, but which does
30 necessitate saving once a member. Under this *Save as You Borrow* (SAYB) loan, new members
31 may borrow up to £2,000 subject to income and affordability criteria. The member will be asked
32 to arrange a regular payment either weekly or monthly, according to the frequency with which
33 they receive their income. The repayments made over the term of the loan include a savings
34 element which the member agrees not to redeem until the loan is repaid. In this way, the credit
35 union promotes both the object of thrift required by the original 1979 Credit Union Act and the
36 member’s commitment to greater financial inclusion by the accumulation of savings (see also,
37 Elliot, 2017).

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LPCU has also established strong relationships with a number of housing association
partners. Table 1, below, shows both the number of accounts that are held by members
associated with housing associations and the proportion of those accounts that arose through the
account that provides a loan in advance of savings. The 4,390 members who are tenants of the

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3 credit union's housing association partners represent 39% of the credit union's overall
4 membership of 11,150. This indicates that the credit union has a balance of members with over
5 60% living in other forms of residence and who are perhaps more affluent, accounting for
6 £3,712,795 – or 72% – of the total of £5,157,290 of members' savings held with the credit union.
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8 Significantly, members may hold more than one type of savings account with the credit union.
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10 The table also indicates that 2,650 or around 60% of the 4,390 members who were tenants of
11 social housing landlords had joined the credit union initially by taking out the SAYB loans that
12 did not require prior savings. The savings accumulated by those credit union members in
13 accounts amount to £584,710 indicating how being a tenant of a housing association which
14 entails enjoying a degree of housing inclusion, facilitates a form of financial inclusion through
15 this credit union's SAYB loan and savings account, subsequent savings and the establishment of
16 a credit record.
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26 Insert table 1 about here.

27 It is in this context of successful lending through accounts that were established with a
28 savings element attached to a loan, that the Homeless Prevention Fund schemes were first
29 considered. In 2010, the local council provided initial funding of £85,000 for a Homeless
30 Prevention Loan scheme to be administered by LPCU. As indicated above, such a financial
31 allocation by the local authority synthesises Hastings et al.'s (2015) retrenchment policies by
32 involving a credit union in delivering financial support to vulnerable members of its
33 constituency, with investment policies of providing funds to prevent homelessness which would
34 otherwise necessitate greater expenditure on services for homeless families. The monies were
35 used to assist Lewisham tenants to clear rent arrears with an interest free loan, to prevent eviction
36 and homelessness. Table 2, below, shows the number of loans issued to Lewisham tenants
37 through the Homeless Prevention Fund. The table highlights the total value of those loans, the
38 sum of the loans that has been repaid to date, the outstanding balance on the loans, the sums that
39 have had to be written off as bad debts that were not immediately recoverable and the total
40 number of the write offs. The scheme has both protected the recipients from homelessness by
41 helping them to address short-term financial problems and promoted those tenants' increasingly
42 prudent behaviour. This is clear from the evidence that of the 109 families who were awarded
43 the Homeless Prevention Loan, only fifteen loans have remained unpaid and were written off as
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3 bad debts. Even though these loans were not repaid to the credit union, their provision to pay off
4 rent arrears meant that all of the families avoided eviction. Moreover, the scheme has also
5 helped the majority of the beneficiaries to establish a credit record to help extend their financial
6 inclusion in the future.
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12 Insert table 2 about here
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15 Other parties have also seen notable benefits. Although the scheme had an initial cost of
16 £85,000 for the funding given to the credit union to underwrite the loans, the local council
17 benefited by both initial and ongoing reductions in the costs of the evictions of families that
18 would have otherwise taken place. The scale of the saving has been expressed in a memorandum
19 from its Homeless Prevention Team in February 2018. This reported:
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24 “The average cost per homeless prevention has been £833 to [the local council].
25 Had these clients (tenants) been homeless, the cost to the authority of providing
26 temporary accommodation would have been in the region of £1.1m, representing a
27 saving to the local authority of £1m”.
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30 All of the housing associations that had partnerships with the credit union benefitted from saving
31 monies that would have been lost by writing off debts once a tenancy is terminated, re-letting
32 expenses, possible repair costs and a void period in rent income before the property was re-let.
33 There is a risk to the credit union as the 14% of bad debts written off is higher than the average
34 of 5.4% that was written off for its membership as a whole in 2015 (Annual Report, 2016).
35 However, this is underwritten by the £85,000 grant from the local council and the LPCU has
36 gained from increased membership and a positive community reputation. LPCU initially
37 charged an administrative fee of £100 – subsequently increased to £125 – for each Homeless
38 Prevention Loan and so its income has been increased marginally by the scheme.
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45 What is most notable about the figures is that while the initial grant was for £85,000,
46 repayment of sums from those who have been provided with loans, has facilitated a multiplier
47 effect. Since 2010, the fund of £85,000 has been lent out, repaid and re-lent. In total, 109 loans,
48 totalling £236,670 have been issued. Effectively, the initial sum has been lent out almost three
49 times over. Also, just over half – i.e., 55 – of the Homeless Prevention Loans provided, with a
50 total value of £101,500, have already been repaid in full. The consequence is that housing
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3 inclusion in the form of protection of a tenancy and financial inclusion through the provision of
4 financial services, has been extended to a greater number of people than originally anticipated.

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6 In order to explore any consistencies across different arrangements, it is of value to
7 examine findings along the same criteria of the number of loans provided each year, the total
8 value of those loan, the amount that has been repaid to date, the outstanding balance on the total
9 loans, the sums that have been written off as bad debts that are not recoverable and the number
10 of cases involved in those write offs from the experiment with the Homeless Prevention Loans
11 with a second local council scheme. These findings are shown in table 3, below. Many of the
12 gains are similar to those that were realised with the first scheme. Taking tables 2 and 3
13 together, the consequence is that 278 families continued to enjoy housing inclusion by avoiding
14 eviction through loans totalling £507,350 which also facilitated financial inclusion and access to
15 other financial services. Indeed, 31 families were helped in the first five months of 2018.
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26 Insert table 3 about here
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29 There are, however, other issues to be considered. Clearly – and perhaps obviously – a
30 lesser sum is paid back over the shorter period that the scheme has been operating vis-à-vis the
31 sums borrowed. The cumulative sums paid back was 65% with the first scheme that was
32 introduced in 2010 but, so far only 40% has been repaid on loans that were issued as part of the
33 scheme introduced in 2012. Equally notably is that the sum written off was 12% which –
34 although a little lower than the 14% of the first scheme – was considerably higher than the
35 general average of 5.4% that was written off across the credit union more generally, indicating
36 greater risks for the credit union. One other feature of the loans which appears to be consistent
37 across the two schemes is that there are initial teething problems when introduced with a high
38 proportion of initial loans going bad before procedures are found to exercise greater control and
39 manage the risks of this more vulnerable group.
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50 **Conclusion**

51 This paper provides a rare case study of a credit union in the disciplines of accounting
52 and financial management. The strength of case studies in facilitating in-depth research of a
53 phenomenon within its proper context has allowed a study of the Homeless Prevention Loans
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3 schemes administered by LPCU to tenants at risk of eviction by its social housing association
4 partners. The Homeless Prevention Loans extend the principles of the Save As You Borrow
5 Loan accounts which LPCU – like other credit unions (Evans and McAteer, 2013; Lee and
6 Brierley, 2017) – offer to promote financial inclusion by extending financial services that allow
7 new members to borrow money before they have accumulated savings. The Homeless
8 Prevention Loan schemes extend this facility to an even more vulnerable group, namely, those
9 under threat of eviction because of rent arrears. The schemes have been interpreted in the
10 context of ideas about the dynamic and multidimensional nature of social exclusion and social
11 inclusion and how one dimension can interact with another. The Homeless Prevention Loans
12 promoted housing inclusion by protecting the tenancies of the recipients and also facilitated
13 financial inclusion by extending financial services to them. Other parties also received benefits
14 from the Homeless Prevention Loans schemes; the local council saved money on servicing those
15 at risk of homelessness; and social housing associations did not lose monies associated with
16 evicting those in arrears. While LPCU has also enjoyed some benefit, there was the potential for
17 it to incur increases in risk if the loans that it was providing to such a vulnerable group had not
18 been supported by a grant from the local council.
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31 The article has acknowledged that erosion of the housing stock over a number of decades
32 means that entitlement to local authority and social housing is limited to those who meet strict
33 qualification criteria. Thus, the case reported here only applies to a proportion of those who are
34 vulnerable because of homelessness or the threat of homelessness. However, the response to the
35 financial crash of 2007/8 of governments in Britain has been to define a need for austerity that
36 has been manifest in changes to welfare benefits, taxation and other forms of public spending
37 that have been to the detriment of local authorities (Hastings et al., 2015) and poorer people in
38 their constituency (Portes and Reed, 2017). The likelihood of poorer people having funds to
39 continue to pay rent has been decreasing while the legal obligation on local authorities to provide
40 support for the homeless and those at risk of homelessness has been increasing simultaneous to
41 their budgets being over-stretched.
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50 Local authorities have been responding to the challenges that they face by pursuing new
51 strategies of improving efficiency, investment to prevent subsequent expenditure and
52 retrenchment of reorganizing some services – including by drawing on the expertise of outside
53 bodies – to protect what they can provide to their constituents (Hastings et al., 2015). Provision
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3 of the funds for the Homeless Prevention Loans fits in with the latter two strategies. The
4 Homeless Prevention Loans, thus, suggest a way forward for other local authorities to work with
5 social housing providers. Social housing providers in Britain are expected to use business
6 management techniques to sustain their own financial position (Sprigings, 2002) and do not
7 appear to be in a position to establish independent means to enhance the financial security of
8 their tenants (Hartfree et al., 2016). Given that there is less legislative pressure on banks to
9 provide basic banking facilities in Britain than is the case in other European countries (Carbo et
10 al., 2007), the findings reported here indicate that credit unions are best placed to administer such
11 loans. This may create a danger of credit unions acquiring a membership that is skewed towards
12 those that suffer from social exclusion – adding to the problems of them being perceived as a
13 poor person’s bank (McKillop et al., 2007; McKillop and Wilson, 2003; Myers et al., 2012) –
14 unless the credit unions administer such schemes as part of having a balanced membership.
15 Where credit unions do have a balanced membership, the case of LPCU demonstrates that
16 Homeless Prevention Schemes may have multiplier effects with monies repaid being used to
17 help others at risk of eviction.
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21 In putting forward the argument of multiplier effects, the intention has not been to
22 suggest that the benefits are infinite; they are not, homelessness will endure because other
23 policies preclude provision of housing for many. Nor is it to oppose arguments (e.g., Hastings et
24 al., 2015) that the continued pursuit of austerity policies is creating untenable strains on local
25 authority services. Our aim has been to analyse and explain one initiative that – for a small
26 investment by the local authority – is helping many people that are vulnerable to increased social
27 exclusion through loss of housing, to resist that exclusion and achieve a degree of financial
28 inclusion.
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Implications for Policy-Makers and Managers

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32 The study reveals that there are benefits for local councils to work with credit unions to
33 promote financial wellbeing for social housing tenants especially as credit unions have
34 expertise when helping people to manage their finances. The study indicates that people at risk
35 of eviction appear to have a greater inability to repay loans than a credit union’s regular
36 membership. However, many recipients do repay loans and their repayments permits the credit
37 union to help others who are also vulnerable to eviction. Given that the benefits of credit
38 unions’ involvement in supporting tenants at risk are broad, but risk of loss falls
39 disproportionately on credit unions, spreading the cost through local authority grants to credit
40 unions or through local authorities’ underwriting of losses created by such groups provides a
41 means to share the risk of financial initiatives that prevent housing exclusion and promote
42 financial inclusion.
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Biographical notes:

Bill Lee is Professor of Accounting at Sheffield University Management School.

Liam Carlisle is Deputy Manager of Lewisham Plus Credit Union (LPCU) with responsibility for relationships with its Partners including Councils, Colleges, Churches, the Department of Work and Pensions, Schools and Social Landlords.

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TABLE 1: Housing Partners and their tenants who are members of the Credit Union

March 2018	Share 1	Share 1	Share 2	Share 2 Tied to SAYB Loan	Total Savings
Social Landlord Partners	No of Active Savers	Total amount of savings in share 1 (£)	No of Active Savers	Total amount of savings in share 2 (£)	Total amount of savings in Share 1&2 (£)
Landlord A	1,420	336,785	[740]	172,155	508,940
Landlord B	800	113,365	[500]	123,350	236,715
Landlord C	600	126,055	[315]	68,855	194,910
Landlord D	600	96,620	[380]	79,200	175,820
Landlord E	315	86,080	[195]	43,050	129,130
Landlord F	110	23,665	[90]	16,285	39,950
Landlord G	90	22,025	[80]	14,025	36,050
Landlord H	75	11,140	[40]	10,430	21,570
Other social landlords	380	44,050	[265]	57,360	101,410
Members Savings Totals		£ 859,785		£ 584,710	£1,444,495
No of RSL Members	4,390		2,650		
Total of ALL Members of LPCU Total Savings of members at LPCU	11,150	£4,141,825	[6,650]	£1,015,465	£5,157,290

Table 2: Homeless Prevention Loans by the credit union to Lewisham residents - 2010 to May 2018.

	Year	No of Loans	Amount on Loan	Repaid to Date	O/S Bal To Date	Actual Write off	Number of Write Offs
TOTALS (1)	2010	9	30,370	29,390	560	420	One (1) Loan
TOTALS (2)	2011	12	29,840	11,755	1,550	16,535	Seven (7) Loans
TOTALS (3)	2012	4	13,165	13,165	Nil	0	
TOTALS (4)	2013	8	21,330	16,210	Nil	5,120	Two (2) Loans
TOTALS (5)	2014	10	14,870	9,615	2,570	2,685	Two (2) Loans
TOTALS (6)	2015	15	37,520	28,760	4,760	4,000	Two (2) Loans
TOTALS (7)	2016	26	42,170	32,100	8,070	2,000	One (1) Loan
TOTALS (8)	2017	17	30,990	11,360	17,705	1,925	One (1) Loan
TOTALS (9)	2018	8	16,415	1,810	14,605		
TOTALS		109	236,670	154,165	49,820	32,685	16 loans
	Percentage		[100 %]	65%	21%	14%	

Table 3: Homeless Prevention Loans by the credit union to Bromley residents - 2012 to May 2018.							
Year		No of Loans	Amount on Loan	Repaid To date	Balance To Date	Actual Write off	Number of Write Off's
TOTALS (1)	2012	3	6,250	3,265	Nil	2,985	Three (3) Loans
TOTALS (2)	2013	31	29,162	14,884	1,512	12,766	Sixteen (16) Loans
TOTALS (3)	2014	16	11,549	8,690	180	2,679	Five (5) Loans
TOTALS (4)	2015	25	42,972	29,537	7,235	6,200	Nine (9) Loans
TOTALS (5)	2016	28	39,815	22,665	12,050	5,100	Five (5) Loans
TOTALS (6)	2017	43	77,155	23,925	49,690	3,540	Three (3) Loans
TOTALS (7)	2018	23	63,777	5,464	58,313		
TOTALS		169	270,680	108,430	128,980	33,270	41 loans
	Percentage		[100 %]	40%	48%	12 %	