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

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Summary: 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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Introduction

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

homelessness and increasing access to financial services and can do this in an economically efficient way, there are limits to this role.

Development of ideas around social exclusion and inclusion

Historically, ideas about deprivation revolved around concepts of absolute and relative poverty. Absolute poverty is the idea that people have insufficient resources of basic necessities such as food, safe drinking water, etc., to sustain life (United Nations, 1995). The concept of absolute poverty was considered to be inadequate for understanding the position of the poor in developed economies. Such people may have sufficient basic resources to sustain life, but they do not have the resources to participate fully in their society. The poor in developed economies are considered to be in relative poverty. The concept of relative poverty has been defined by Townsend (1979, p. 31) as people not having the resources, “living conditions and amenities which are customary, or at least widely encouraged or approved, in the society to which they belong”. Concepts of poverty were criticised, however, for being static and focusing simply on distributional outcomes for individuals and households. They were replaced initially by – and then combined with – the concepts of social inclusion and social exclusion, under the influence of the European Union (Madanipour, Shucksmith and Talbot, 2015). Ideas of social exclusion and inclusion are deemed to be more comprehensive, focusing less on the ‘victims’ of distribution and more on the societal processes and relationships that are contributory causes of deprivation. Significantly, ideas of social inclusion and exclusion are considered to be multidimensional and dynamic, potentially producing cumulative, longer-term effects.

The dynamic nature of social inclusion is expressed in the United Nations (2016, p. 17) definition as “the process of improving the terms of participation in society, particularly for people who are disadvantaged, through enhancing opportunities, access to resources, voice and respect for rights”. While there are a range of definitions of social exclusion (Charity Commission, 2001; Marsh and Mullins, 1998; Rawal, 2008; United Nations, 2016) and it remains a contested idea (Pawson and Kintrea, 2002), there is general agreement that it is the product of a confluence of forces that prevent individuals and communities from participating fully in the society in which they live. These forces include unemployment, financial deprivation, ill-health, poor educational attainment, substandard or no housing and familial breakdown (see Charity Commission, 2001). Two of the most significant (Hills, 2001) that are

of greatest relevance to this article are financial and housing exclusion. One definition of financial exclusion has been expressed as absence of “ready access to the core products and services that make up the financial system: a bank account to receive a salary, scheduled direct debits, a savings account or pension, a credit card with an affordable rate of interest, a business loan or line of credit” (Hadjimichael and McLean, 2017, p. 7; see also, McKillop and Wilson, 2007). A definition of housing exclusion has been articulated as where “the effect of housing processes is to deny certain groups control over their daily lives, or to impair enjoyment of their wider citizenship rights” (Somerville, 1998). Different organizations may function to either facilitate or obstruct access to important resources for different groups of people. It is to such organizations that the discussion now turns.

The interaction between finance and housing and the policy context

A number of studies suggest finance and housing interact to either accentuate or counter exclusion. Owner-occupiers’ shortage of finance could lead to arrears, eviction or an inability to carry out essential maintenance (RBS, 2013). Residence in some areas may be considered high risk and preclude access to bank accounts and reasonably-priced loans (Taylor, 1998). Lack of a bank account may make it difficult to obtain other services that affect housing status such as mortgages (Collard, Coppack, Lowe and Sarker, 2016). All such relationships are, of course, affected by the policy context, just as is the capacity for local authorities, social housing providers and credit unions to counter social exclusion. Thus, in the case of housing, hard constraints offered by limits in land are accentuated by ‘softer’ policy constraints. Although there are other approaches to housing exclusion (Pawson and Kintrea, 2008; Robinson, 2012), the discussion below is informed by a view that it involves denial so that individuals are without shelter in the form of housing.

Between 1945-1970s – and to a lesser extent, subsequently (Edmonds, 1992) – local authority council housing provided homes for many who could not afford owner-occupation. Since the 1970s, there has been a reduction in council house building due in part to financial constraints arising from reductions in Government support and the depletion of existing stock by the right of existing tenants to buy council housing at heavily discounted prices (Coelho, Dellepiane-Avellandea and Ratnoo, 2017; Maclennan and More, 1999; Whitehead, 1983). The cumulative effect of these changes has been to reduce the capacity of local authorities to provide

housing to either single people or childless couples, even if they are homeless. Much of the remaining council housing stock was transferred to social landlords from 2000 onwards (Webb, 2001; see also Best, 1988; Duckworth, 1996; Edmonds, 1992; Sprigings, 2002). Social housing landlords are subject to performance measurements that discourage toleration of rent arrears even though some may be accommodating many vulnerable tenants in highly populated, inner-city areas (Sprigings, 2002). Resulting evictions are likely to leave those affected dependent on whatever help the local authority is still able to provide. However, statute and housing policies have sometimes led to people evicted because of rent arrears being suspended from subsequent applications for social housing (Pawson and Kintrea, 2008).

Since 2010, local authorities may have been permitted to decide how many of their revenues are spent (Gov., 2015), but Governments have pursued austerity measures in response to the 2007/2008 financial crisis and reduced the allocations to local authorities with the possibility of further reductions up to 2020 (Bounds, 2017; Hastings et al. 2015). Hastings et al. (2015) report that the local authorities with populations that already suffer the greatest deprivations, have been subjected to the greatest level of central Government cuts. Fiscal constraints in the recent period have contributed to English local authorities cutting expenditure in real terms by 27% in the five years from 2010 and people in most need have been hardest hit by the loss of support and find many services unaffordable (Hastings et al., 2015). Moreover, there has been a myriad of additional tax, social security and welfare reforms that discriminate against poorer members of society (Portes and Reed, 2017), thus, creating an increasing vulnerability to homelessness when confronted by unanticipated reductions in income. While such changes may contribute to homelessness, the 2017 Homelessness Reduction Act has increased the obligation of local authorities to provide information services for all those who are homeless or at risk of homeless, with the potential to create increasing strain on already over-stretched resources.

Hastings et al. (2015) identify a number of strategies that local authorities have adopted to cope with the reductions in income. These are: Greater efficiency, so that the same services are delivered with fewer resources, although any such strategy was usually realised at the start of the austerity period; investment, often in preventative services to reduce the subsequent need for greater expenditure; and retrenchment which involves a new way of working, often involving other organizations to either prevent the need for some services or to deliver existing services in

new ways. The case of the Homelessness Prevention Loans considered below may be seen as synthesising investment and retrenchment strategies by providing funds to overcome homelessness which would necessitate greater expenditure in advising and potential rehousing of homeless families while involving experts in financial management in administration of the scheme. Before outlining that scheme, the nature of credit unions is outlined.

Credit unions have enjoyed a separate legal identity in Britain since the Credit Union Act of 1979. This Act (HMSO, 1979, Section 1.4) helped define their contribution to countering financial exclusion by stating their objectives as: “(a) the promotion of thrift among the members of the society by the accumulation of their savings; (b) the creation of sources of credit for the benefit of the members of the society at a fair and reasonable rate of interest; (c) the use and control of the members’ savings for their mutual benefit; and (d) the training and education of the members in the wise use of money and in the management of their financial affairs.” Initially, there were tight restrictions on their membership levels and areas of geographic coverage and although many have since been lifted (Lee and Brierley, 2017; McKillop and Wilson, 2003; McKillop, Ward and Wilson, 2007), the objectives above remain in place. By utilizing monies saved by some and lending to other members, credit unions help to promote the financial health of the citizens involved and the local community.

In a context where legislative pressure for banks to provide basic non-fee incurring accounts is less than in other European countries (Carbo, Gardener and Molyneux, 2007), credit unions have been classified by some authors (e.g., Jones, 2008; Lee and Brierley, 2017; Ralston and Wright, 2003; c.f., Byrne, McCarthy and Ward, 2007) as situated between retail banks that charge financially-secure, low-risk consumers reasonable rates of interest for loans and commercial payday lenders who often exploit the financially excluded by offering short-term loans at extremely high interest rates. Although credit unions may offer mortgages and current accounts, few do, with the vast majority focusing on providing loans and savings accounts to those who are serviced poorly by the banks. Credit unions’ historical objective of promoting thrift meant that, originally, they expected their members to save before taking out loans. However, following an initial prompt by the 2005-2010 Labour Government’s Growth Fund that supported initiatives to help vulnerable borrowers migrate from high cost payday lenders (Brierley and Lee, 2018; Collard, 2007; McKillop, Ward and Wilson, 2011; Myers, Cato and Jones, 2012), many credit unions experimented with loans to help new members most at risk of

financial exclusion. These policies include the provision – at relatively low interest rates – of payday-types of loans that do not require people to have saved before borrowing, but which provide the basic facilities of an accompanying savings and loans account (Evans and McAteer, 2013; Lee and Brierley, 2017). Some credit unions have also responded to social housing associations’ efforts to provide their tenants with financial savings and payment facilities (Hartfree, Friedman, Ronicle, Collard and Smith, 2016). However, Hartfree et al. (2016) found that the take-up of the schemes was slower and lower than expected and the schemes were generally abandoned because they were not financially self-sustaining which was not surprising, given the status of social housing associations as social enterprises that have to achieve financial viability (Gillett, Loader, Doherty and Scott, 2016). In this context it is of value to consider the Lewisham Plus Credit Union’s use of a local authority financial allocation to provide Homeless Prevention Loans to tenants of social housing providers at risk of housing exclusion through eviction because of rent arrears.

The Lewisham Plus Credit Union arrangement

The research reported here focuses primarily on one initiative taken by Lewisham Plus Credit Union. Lewisham Plus Credit Union (LPCU) is primarily a community-based credit union catering for people living or working in the London Boroughs of Lewisham and Bromley, but its field of membership – previously referred to as its common bond – covers tenants and employees of its housing association partners and it is this part of the constituency that provides the focus for this paper. LPCU is situated in areas that include the highest deciles of multiple deprivation in London (Jones and Ellison, 2011) which makes it an appropriate site for research into different dimensions of social exclusion.

Most research into credit unions in the accounting and financial management disciplines, tends to be quantitative reporting on aggregations of findings across many credit unions (for examples, Brierley and Lee, 2018; Lee and Brierley, 2017; McKillop and Quinn, 2015; 2017; McKillop, Ward and Wilson, 2007; 2011). By contrast, a case study method is adopted here. The merits of a case study approach include a capability to examine a phenomenon in depth in its proper context, so that a deeper understanding of the issue examined may be obtained. Lee and Saunders (2017) distinguish between orthodox and emergent case studies. Orthodox case studies entail research based on a preconceived strategy to address questions that are formulated as a

consequence of a review of the literature before evidence is collected and analysed to answer those questions. Emergent case studies are those which might start with an idea, or an invitation by an organization to address a problem, or the collection of evidence, rather than with a review of the literature. An emergent approach arose in the research for this article.

The authors are an academic and a practitioner at the LPCU. The practitioner author has been involved the credit union in various guises since the credit union's inception. During that time, he has worked as a principal housing officer for a local council. In his current role as Deputy Manager of LPCU, he was involved in the negotiation and administration of the Homeless Prevention Loans policy. In this regard, he may be considered as a full participant. The academic author is conducting a programme of research into credit unions in different countries and observed the policy through attendance at events including one involving housing associations and the credit union, as well as through discussions and examination of a range of documents that show the operation of the scheme. The specific case study of the initiative emerged from the practitioner author explaining its operation to the academic author during the latter's visit to the credit union's premises when some of the financial data was also provided. The academic then sought to understand the initiative in the context of the wider literature, while the other author has elaborated on the context and operation of the scheme to allow this article to be developed iteratively. The evidence reported here is, thus, drawn from a range of sources including interviews and discussions, documents, observation and participation. The analysis of the evidence was conducted by using tabulated data about the Homeless Prevention Loans that had been prepared by the practitioner author for the credit union's own purposes and then asking the question of what do the patterns within the tables suggest for housing and financial inclusion and what is the evidence to support such interpretations?

Credit unions have been classified into three broad categories of: those that had extensive membership and assets, sometimes because of being national organizations representing occupations and which have been subjected to higher levels of regulation historically because of their classification as Version 2 credit unions under the 2000 Financial Services and Market Act; those that have undergone quite extensive professionalization, including developing a broader range of loan options; and smaller ones that offer a limited range of financial products and tend to be more heavily reliant on volunteers (Lee and Brierley, 2017). LPCU fall into the second of these categories. It operates from three main branches and has nineteen employees. Like a

number of other credit unions that fall into this category, it has relationships with providers of social housing. The case of LPCU may be considered as “information-rich” (Lee and Saunders, 2017, p. 27) in its provision of a lot of material to aid understanding of the relationship between finance and housing for its vulnerable members. While there is no intention to claim that the findings about the Homeless Prevention Loans may be generalized to other credit unions, the case provides important insights for credit unions, housing associations and local councils that may wish to explore transferring this initiative to their own organizations. While acknowledging that current national policy-makers have proven reluctant to actively encourage initiatives that prevent homelessness, their successors could use the insights from the initiative to consider incentives to promote inclusion on the housing and finance fronts.

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

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

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

Insert table 1 about here.

It is in this context of successful lending through accounts that were established with a savings element attached to a loan, that the Homeless Prevention Fund schemes were first considered. In 2010, the local council provided initial funding of £85,000 for a Homeless Prevention Loan scheme to be administered by LPCU. As indicated above, such a financial allocation by the local authority synthesises Hastings et al.'s (2015) retrenchment policies by involving a credit union in delivering financial support to vulnerable members of its constituency, with investment policies of providing funds to prevent homelessness which would otherwise necessitate greater expenditure on services for homeless families. The monies were used to assist Lewisham tenants to clear rent arrears with an interest free loan, to prevent eviction and homelessness. Table 2, below, shows the number of loans issued to Lewisham tenants through the Homeless Prevention Fund. The table highlights the total value of those loans, the sum of the loans that has been repaid to date, the outstanding balance on the loans, the sums that have had to be written off as bad debts that were not immediately recoverable and the total number of the write offs. The scheme has both protected the recipients from homelessness by helping them to address short-term financial problems and promoted those tenants' increasingly prudent behaviour. This is clear from the evidence that of the 109 families who were awarded the Homeless Prevention Loan, only fifteen loans have remained unpaid and were written off as

bad debts. Even though these loans were not repaid to the credit union, their provision to pay off rent arrears meant that all of the families avoided eviction. Moreover, the scheme has also helped the majority of the beneficiaries to establish a credit record to help extend their financial inclusion in the future.

Insert table 2 about here

Other parties have also seen notable benefits. Although the scheme had an initial cost of £85,000 for the funding given to the credit union to underwrite the loans, the local council benefited by both initial and ongoing reductions in the costs of the evictions of families that would have otherwise taken place. The scale of the saving has been expressed in a memorandum from its Homeless Prevention Team in February 2018. This reported:

“The average cost per homeless prevention has been £833 to [the local council]. Had these clients (tenants) been homeless, the cost to the authority of providing temporary accommodation would have been in the region of £1.1m, representing a saving to the local authority of £1m”.

All of the housing associations that had partnerships with the credit union benefitted from saving monies that would have been lost by writing off debts once a tenancy is terminated, re-letting expenses, possible repair costs and a void period in rent income before the property was re-let. There is a risk to the credit union as the 14% of bad debts written off is higher than the average of 5.4% that was written off for its membership as a whole in 2015 (Annual Report, 2016). However, this is underwritten by the £85,000 grant from the local council and the LPCU has gained from increased membership and a positive community reputation. LPCU initially charged an administrative fee of £100 – subsequently increased to £125 – for each Homeless Prevention Loan and so its income has been increased marginally by the scheme.

What is most notable about the figures is that while the initial grant was for £85,000, repayment of sums from those who have been provided with loans, has facilitated a multiplier effect. Since 2010, the fund of £85,000 has been lent out, repaid and re-lent. In total, 109 loans, totalling £236,670 have been issued. Effectively, the initial sum has been lent out almost three times over. Also, just over half – i.e., 55 – of the Homeless Prevention Loans provided, with a total value of £101,500, have already been repaid in full. The consequence is that housing

inclusion in the form of protection of a tenancy and financial inclusion through the provision of financial services, has been extended to a greater number of people than originally anticipated.

In order to explore any consistencies across different arrangements, it is of value to examine findings along the same criteria of the number of loans provided each year, the total value of those loan, the amount that has been repaid to date, the outstanding balance on the total loans, the sums that have been written off as bad debts that are not recoverable and the number of cases involved in those write offs from the experiment with the Homeless Prevention Loans with a second local council scheme. These findings are shown in table 3, below. Many of the gains are similar to those that were realised with the first scheme. Taking tables 2 and 3 together, the consequence is that 278 families continued to enjoy housing inclusion by avoiding eviction through loans totalling £507,350 which also facilitated financial inclusion and access to other financial services. Indeed, 31 families were helped in the first five months of 2018.

Insert table 3 about here

There are, however, other issues to be considered. Clearly – and perhaps obviously – a lesser sum is paid back over the shorter period that the scheme has been operating vis-à-vis the sums borrowed. The cumulative sums paid back was 65% with the first scheme that was introduced in 2010 but, so far only 40% has been repaid on loans that were issued as part of the scheme introduced in 2012. Equally notably is that the sum written off was 12% which – although a little lower than the 14% of the first scheme – was considerably higher than the general average of 5.4% that was written off across the credit union more generally, indicating greater risks for the credit union. One other feature of the loans which appears to be consistent across the two schemes is that there are initial teething problems when introduced with a high proportion of initial loans going bad before procedures are found to exercise greater control and manage the risks of this more vulnerable group.

Conclusion

This paper provides a rare case study of a credit union in the disciplines of accounting and financial management. The strength of case studies in facilitating in-depth research of a phenomenon within its proper context has allowed a study of the Homeless Prevention Loans

schemes administered by LPCU to tenants at risk of eviction by its social housing association partners. The Homeless Prevention Loans extend the principles of the Save As You Borrow Loan accounts which LPCU – like other credit unions (Evans and McAteer, 2013; Lee and Brierley, 2017) – offer to promote financial inclusion by extending financial services that allow new members to borrow money before they have accumulated savings. The Homeless Prevention Loan schemes extend this facility to an even more vulnerable group, namely, those under threat of eviction because of rent arrears. The schemes have been interpreted in the context of ideas about the dynamic and multidimensional nature of social exclusion and social inclusion and how one dimension can interact with another. The Homeless Prevention Loans promoted housing inclusion by protecting the tenancies of the recipients and also facilitated financial inclusion by extending financial services to them. Other parties also received benefits from the Homeless Prevention Loans schemes; the local council saved money on servicing those at risk of homelessness; and social housing associations did not lose monies associated with evicting those in arrears. While LPCU has also enjoyed some benefit, there was the potential for it to incur increases in risk if the loans that it was providing to such a vulnerable group had not been supported by a grant from the local council.

The article has acknowledged that erosion of the housing stock over a number of decades means that entitlement to local authority and social housing is limited to those who meet strict qualification criteria. Thus, the case reported here only applies to a proportion of those who are vulnerable because of homelessness or the threat of homelessness. However, the response to the financial crash of 2007/8 of governments in Britain has been to define a need for austerity that has been manifest in changes to welfare benefits, taxation and other forms of public spending that have been to the detriment of local authorities (Hastings et al., 2015) and poorer people in their constituency (Portes and Reed, 2017). The likelihood of poorer people having funds to continue to pay rent has been decreasing while the legal obligation on local authorities to provide support for the homeless and those at risk of homelessness has been increasing simultaneous to their budgets being over-stretched.

Local authorities have been responding to the challenges that they face by pursuing new strategies of improving efficiency, investment to prevent subsequent expenditure and retrenchment of reorganizing some services – including by drawing on the expertise of outside bodies – to protect what they can provide to their constituents (Hastings et al., 2015). Provision

of the funds for the Homeless Prevention Loans fits in with the latter two strategies. The Homeless Prevention Loans, thus, suggest a way forward for other local authorities to work with social housing providers. Social housing providers in Britain are expected to use business management techniques to sustain their own financial position (Sprigings, 2002) and do not appear to be in a position to establish independent means to enhance the financial security of their tenants (Hartfree et al., 2016). Given that there is less legislative pressure on banks to provide basic banking facilities in Britain than is the case in other European countries (Carbo et al., 2007), the findings reported here indicate that credit unions are best placed to administer such loans. This may create a danger of credit unions acquiring a membership that is skewed towards those that suffer from social exclusion – adding to the problems of them being perceived as a poor person's bank (McKillop et al., 2007; McKillop and Wilson, 2003; Myers et al., 2012) – unless the credit unions administer such schemes as part of having a balanced membership. Where credit unions do have a balanced membership, the case of LPCU demonstrates that Homeless Prevention Schemes may have multiplier effects with monies repaid being used to help others at risk of eviction.

In putting forward the argument of multiplier effects, the intention has not been to suggest that the benefits are infinite; they are not, homelessness will endure because other policies preclude provision of housing for many. Nor is it to oppose arguments (e.g., Hastings et al., 2015) that the continued pursuit of austerity policies is creating untenable strains on local authority services. Our aim has been to analyse and explain one initiative that – for a small investment by the local authority – is helping many people that are vulnerable to increased social exclusion through loss of housing, to resist that exclusion and achieve a degree of financial inclusion.

Implications for Policy-Makers and Managers

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

For Peer Review Only

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

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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 %	