

Salford Credit Union

# SOCIAL IMPACT REPORT 2023

Produced by  
Gareth Evans and Matt Earnshaw  
The Financial Inclusion Centre



# Salford Credit Union in 2023...a snapshot

**69%**

of members reporting a positive effect on their financial wellbeing

**66%**

of members reporting a positive effect on their health and wellbeing

**54%**

increase in the proportion of members reporting higher levels of financial wellbeing

**65%**

reduction in the proportion of members feeling their credit debt is a heavy burden

**50%**

reduction in the proportion of members experiencing stress, depression or anxiety

**28%**

increase in the proportion of members feeling more in control of daily life

**£35m**

of social impact created through SCU's provision of fair and affordable financial services

**£24.16**

of social impact generated for every £1 invested by SCU



# Introduction

Welcome to Salford Credit Union's Social Impact Report

We are delighted to present our very first Social Impact Report, evidencing the significant positive changes the credit union has brought about in 2022/23.

In the face of the ongoing Cost-of-Living crisis, we have continued to provide crucial financial services and support to some of the most vulnerable households in our community. This report showcases the tangible benefits we deliver—not just enhancing the financial resilience of our members, but also positively impacting their health and wellbeing.

Our thanks go to our dedicated staff, volunteers, members, and partners whose support is essential to our mission of making local people's lives better and building stronger communities across Salford.

Mark Brazendale - Chief Executive

# Activity in 2023....



624

new credit union members



5,028

total credit union membership



3,888

fair and responsible loans



£1.3m

of lending

## ....and over the last 5 years

12,944

loans

£5.4m

of lending

### Marie's story

For Marie, a social housing tenant in her late 20's with three young children, Salford Credit Union provided a much needed lifeline during a difficult period of her life, as she explains:

*"I was really struggling when I first applied to the credit union for a loan. I was out of work and had just had a baby and I was finding it difficult to pay for every day things. But then a friend recommended I join the credit union."*

Having previously borrowed from high-cost sources, Marie liked the fact that the credit union loan was affordable and that she could repay it through her child benefit.

*"I think the credit union is brilliant. The process is just so easy and it also allows me to set aside some money for special occasions, so I'm not worrying about how to pay for things. Using the credit union has stopped me from using other more expensive sources of borrowing and I feel like I am now managing my money much better."*

# Addressing local need

Salford Credit Union is open to those living or working in Salford or parts of North Manchester, an area that faces a combination of social and economic challenges.



**768**  
average credit score [5]

**£12.8m** total cost of poverty premiums [6]

**16%** of households experiencing at least one poverty premium [6]

**£475** Average cost of poverty premiums per year for a low-income household [6]

**26%** increase in Financial Vulnerability Index score between 2017 and 2022 [1]

**58%** of adults without emergency savings [1]

**42%** increase in the proportion of employed people approaching Citizens Advice for debt advice between 2017 and 2021 [2]

**3.4%** of people seeking debt advice have previously taken out payday loans [2]

**£1,624** average amount of debt of those seeking debt advice [2]

Salford is ranked in the **lowest 10% of 369** local authorities in terms of credit need [3].

**17,285** people suffering with anxiety disorders or depression referred to psychological therapies [4]

## What is the poverty premium?

The poverty premium is the extra costs people on low incomes pay for essential products and services. Examples include:

- Using high-interest loans and credit cards;
- Paying more to access money;
- Using non-standard billing methods;
- Paying more for insurance; and
- Using prepayment meters for gas and electricity

<https://fairbydesign.com/povertypremium/>

# Money & mental health

**1 in 4** people will experience a mental health problem of some kind each year in England [7]

**74%** of UK adults have felt so stressed at some point over the last year they felt overwhelmed or unable to cope [8]

**68m** GP appointments caused by stress related illnesses each year [9]

**£11bn** Estimated annual cost of stress-related health issue to the NHS [9]

“

*“Prior to joining the credit union, debt and daily stress really affected me mentally and physically. Any time I was happy I would remind myself of all the things I needed to sort out or pay off - it affected my diet, my skin and my hair began falling out. It's scary what stress can do!”*

**Credit union member**



# Customer profile



**49%** aged 35-54

**27%** aged 18-34



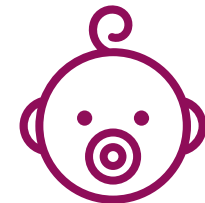
**54%** social housing tenants

**24%** home owners



**60%** in work

**15%** not working - long-term health issues



**64%** have children

**36%** have no children



**46%** income less than £20k

**17%** income less than £10k

## Bob's story

For Bob, a social housing tenant in his 50's, the real benefit of borrowing from Salford Credit Union came in the shape of the savings he started to build up as he repaid his loan.

*"I originally took a loan out to buy some furniture and bits and pieces for the house, but the credit union helped me start to save some money too. They made it really easy alongside my loan repayments."*

But it was as Bob's 'rainy day' savings began to grow, that he really began to see the benefit, not just in terms of his finances but the positive psychological impact it had on him too.

*"Yes, the credit union encourage you to save, but it doesn't matter if it's only a few coins rather than pounds" he says, "you get a great sense of achievement from this, well I do anyway. You would only waste the money on something you don't really need or want and even though it's not a lot, it slowly mounts up. It's then a surprise when you get your statement from the credit union and you think wow that's more than I thought I had."*

# Customer experience



97%

of members satisfied borrowing from SCU

94%

of members agree using SCU has reduced their need to use other more expensive sources of borrowing



87%

of members satisfied saving with SCU

82%

of members agree using SCU has helped them to save more regularly

89% of SCU members are worried about the rising costs of living

68% of SCU members agree that during the current cost of living crisis, being part of the credit union is reassuring and gives them peace of mind

“

*“The credit union is for the people. They don’t pressure, hassle or do anything negative. I don’t know what I would do without them. Thank you.”*

**SCU member**

## Clare’s story

Clare, a private tenant in her late 30’s, first approached Salford Credit Union when she was looking for a loan. Having applied to other lenders but been declined due to her circumstances, she found the credit union to be a flexible and approachable lender and a real source of positive help.

*“I was anxious about paying for a family holiday, but the credit Union loan really did help a great deal. Not only was it affordable, but the loan process is great too – it’s positive that there are no penalties for early repayment and reassuring to know that there is a top-up option there should I need it. I also feel that I can talk to a member of staff at any time if I don’t understand something or have a problem.”*

But it wasn’t just the the affordability and ease of borrowing from the credit union that Clare appreciated, it was the opportunity to start saving too.

*“It’s been really positive to start saving alongside my loan repayments”, says Clare. “I know that the savings I build up will either offset my final payment or be returned to me at the end of the loan period. Either way, it makes it easier for me to manage my money and this makes me feel less anxious.”*



# Improving financial wellbeing

**Borrowers:**

**Savers:**

Reported a positive effect on their financial wellbeing

**81%**

**79%**

Increase in proportion reporting higher levels of financial wellbeing

**80%**

**36%**

Reduction in proportion feeling that credit debt is a heavy burden

**92%**

**75%**

“

*“I used to always worry about money, but since joining the credit union my anxiety levels are not as high and I hardly worry about my financial wellbeing any more. Thank you.”*

**SCU member**

# Improving health & wellbeing



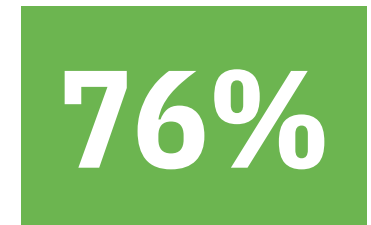
“

“At the time I started with SCU it gave me a place to save in small amounts, allowing me to have a Christmas and a holiday with my family - this helped me have a better quality of life.”

SCU member

Reported a positive effect on their health and wellbeing

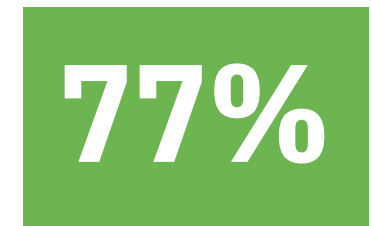
**Borrowers:**



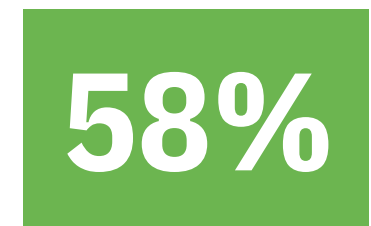
**Savers:**



Reduction in proportion experiencing stress, depression or anxiety



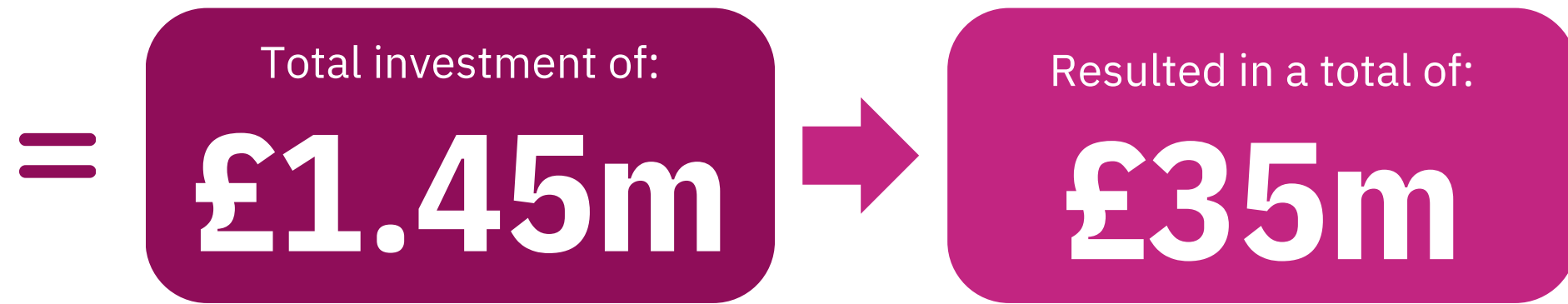
Increase in proportion feeling more in control of daily life



# Generating social impact

SCU is more than just a provider of fair and affordable financial services. By helping improve the lives of its customers, these outcomes also generate additional value that can be measured in pounds and pence.

**£0.15m** of operational costs + **£1.3m** of lending in 2022/23



worth of social impact being generated - that can be broken down as:

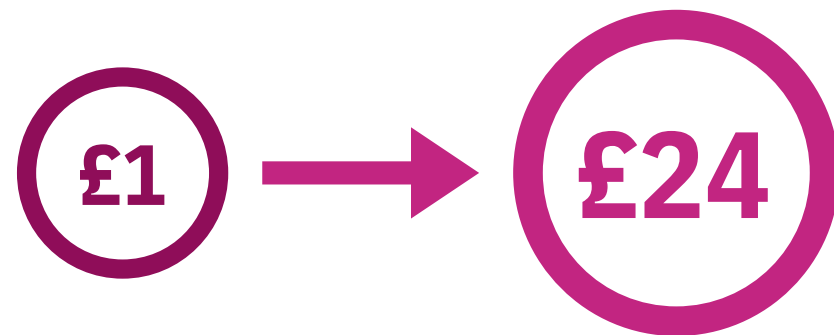


**£27.8m**  
financial wellbeing benefits



**£7.2m**  
health & wellbeing benefits

This means that every £1 invested by SCU generates £24.14 in social impact.



## Kelly's story

Being able to borrow affordably from Salford Credit Union has given Kelly much needed peace of mind when it comes to managing her finances. In her early 40's, and with two children, Kelly is currently unable to work due to poor health and prior to joining the credit union would often find herself struggling to stay on top of her finances.

*"Being a member of the credit union has definitely had a positive impact on me. I used to worry about money and find myself getting into financial trouble, but I don't any more", she says. "My debt has reduced, I'm managing my money better and I feel less anxious thinking about it too."*

But, as she is quick to point out, it isn't just the affordable borrowing that she has found beneficial either.

*"The credit union are a lovely team and I feel that I can talk to them openly about my finances and they are understanding of my situation. They also took the time to explain my credit history to me so I now understand it all correctly, and this was really helpful."*

# Calculating social impact

Social impact measurement provides a method for placing a value (in pounds and pence) on outcomes related to people's wellbeing. FIC designed the structured questions within the customer survey in order to translate to the outcomes provided by the HACT social value bank. Using the 535 survey responses, 220 positive reportable changes, connected to affordable borrowing, were identified relating to 4 individual HACT outcomes across 2 categories: financial wellbeing and health and wellbeing.

The relevant financial proxy figures for each outcome (based on the respondents age) were applied to the 220 changes with 'deadweight' reductions applied to counter the 'would some of it happened anyway' argument. Based on the survey results, this provided a total social impact figure of £3,260,000 with average social impact per person figure for each of the 2 categories able to be calculated based on number of survey responses.

These average figures were then extrapolated across the whole loan book to provide the estimate of social impact for all Salford Credit Union members in 2022/23 of £35,000,000.

Finally, the ratio of investment to social impact was then produced, using the following details:

- Staffing / admin costs = £150,000
- Lending = £1,300,000
- Total = £1,450,000

This can be split across the 4 categories using their proportional contribution towards the total social impact.



# Report references

[1] Financial Vulnerability Index - measuring the impact of financial vulnerability in local areas: <https://www.opinium.com/fvi/>

[2] Greater Manchester Poverty Monitor: <https://www.gmpovertyaction.org/poverty-monitor-2022/>

[3] The Good Credit Index: <https://demos.co.uk/research/the-good-credit-index-2022/>

[4] Psychological Therapies: Annual report on the use of IAPT services, 2021-22: <https://digital.nhs.uk/data-and-information/publications/statistical/psychological-therapies-annual-reports-on-the-use-of-iapt-services/annual-report-2021-22>

[5] Map of average Experian credit scores across the UK: <https://www.experian.co.uk/consumer/credit-score-map-uk/>

[6] The Poverty Premium: <https://fairbydesign.com/povertypremium/>

[7] Money and Mental Health Policy Institute: <https://www.moneyandmentalhealth.org/money-and-mental-health-facts/>



### **Produced by The Financial Inclusion Centre**

Launched in 2007, the Financial Inclusion Centre (FIC) is an independent not-for-profit research and policy innovation think-tank, focused on tackling financial and social exclusion.

**A** 57a Hatton Garden, London, EC1N 8JG

**T** 0207 391 4586

**W** [www.inclusioncentre.co.uk](http://www.inclusioncentre.co.uk)

Written by Gareth Evans and Matt Earnshaw

**E** [gareth.evans@inclusioncentre.org.uk](mailto:gareth.evans@inclusioncentre.org.uk)

### **Commissioned by Salford Credit Union**

Salford Credit Union is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

**Write to:** Brotherton House, 1 Loganberry Avenue, Salford M6 5UX

**Phone:** 0161 686 5880 - Phones open 10-12 Monday to Friday

**Email:** [info@salfordcreditunion.com](mailto:info@salfordcreditunion.com)

<https://www.salfordcreditunion.com>