



Social Impact Report

About Hertsavers

Introduction



About Hertsavers



Hertsavers offers a safe place to save and a range of affordable loans at competitive rates of interest.

Hertsavers Credit Union began operating in 2001 serving anyone that either lived or worked in Hertfordshire. As a financial cooperative, it is wholly owned by its members and operates solely for their benefit.



Financial year 2020 - 2021

93
New
members
in 2020

Over
1300
members

+35%
Loans compared to
2019 -2020

Despite the problems caused by Covid-19, it has grown its membership significantly and serviced an increasing number of loans.

Of particular note is the growth in loans to members in receipt of Child Benefit, whose employment may have been adversely impacted by Covid-19.



£435

**Average
loan per
member**

+61%

**Child Benefit
Loans given in
the last year**

“I was, within a short period, more in control of my finances. At the time I was a single parent of three . This stopped me getting into debt and encouraged me to save. Now I feel more financially secure. Hertsavers helped me through a difficult time .”

Members' satisfaction

The overall feedback from our members that have taken part to the online survey and on the virtual face-to-face interview has been positive. The majority of the people have claimed that their life has improved after joining Hertsavers.

79%

of the respondents

Have seen some sort of benefits in joining Hertsavers

82%

of the respondents

Affirmed that Hertsavers has had a positive impact on their life

91%

of the respondents

Have claimed that they would recommend Hertsavers to friends and family

The Social Impact Report

What is it and how it is done



What is a Social Impact Report and Social Return of Investment (SROI)?

Social Impact Report

A Social Impact Report is a document that aims to quantify the impact of social phenomenon giving them a numerical value based on the impact on people's lives. This is possible doing a Wellbeing Valuation.

A Wellbeing Valuation allows you to measure the success of a social intervention by how much it increases people's wellbeing.

Social Return of Investment (SROI)

Social Return on Investment (SROI) is a framework for measuring changes occurred in a specific situation where a monetary evaluation would not be the most appropriate. The SROI is obtained as result of a Wellbeing Valuation. It is one of the metrics that indicate the value of a social intervention.

Hertsavers Credit Union used the SROI to identify the impact on their members and on the community, using data collected with survey and qualitative interview in order to plan future strategies and to support the decision making process.



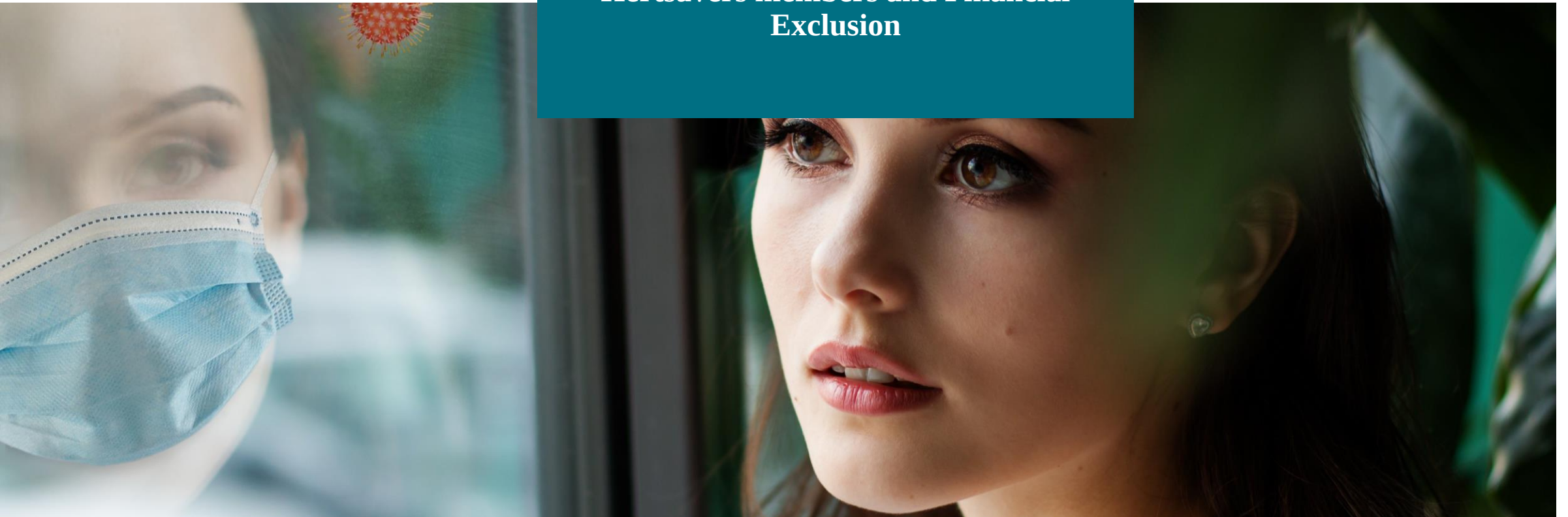
How we measured Hertsavers financial impact

*In order to measure Hertsavers SROI, we used the HACT guide: “**Measuring the Social Impact of Community Investment - A Guide to using the Wellbeing Valuation Approach**”. The guide is available on HACT website. The HACT also provides an excel file to calculate the social impact of your campaign using the **Wellbeing Valuation Approach**.*



Response to COVID-19

Hertsavers members and Financial Exclusion



Hertsavers impact on their members during COVID-19

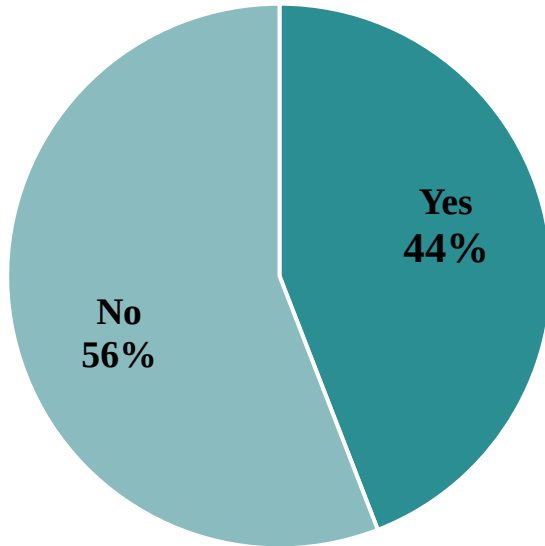
Millions of households went into the economic crisis financially unprepared.

It was estimated that, in 2018, 10.7 million adults (21% of the population) rarely or never save, and 11.5 million (22%) have less than £100 in savings.

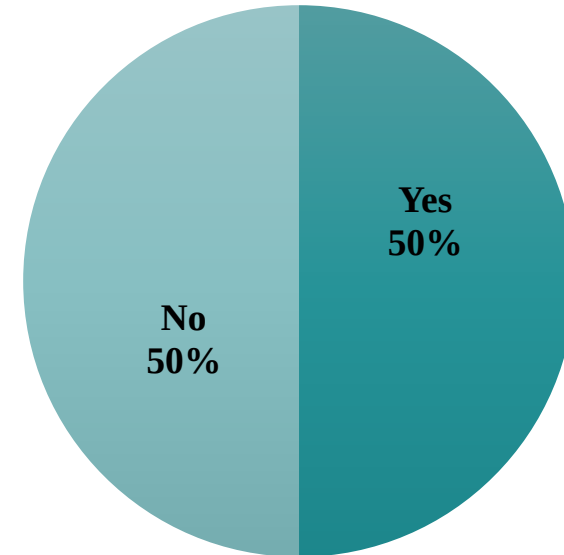


“I was able to get a loan from Hertsavers, that saved me. It was right in the middle of the pandemic, March last year, when my third baby was born. Right in the middle of the first lockdown. So, I would have really, really struggled without Hertsavers. I was already struggling mentally, having a baby and the lockdown which brought fear and stress. Hertsavers took away my financial stress.”

- ➔ *44% of the respondents to the online questionnaire have responded that their finances has been affected by the pandemic.*
- ➔ *50% of the members who responded to the questionnaire have claimed that Hertsavers helped them to manage their finances during the pandemic*



Has the pandemic affected your finances?



Do you think that Hertsavers helped you to manage your finances during the pandemic?

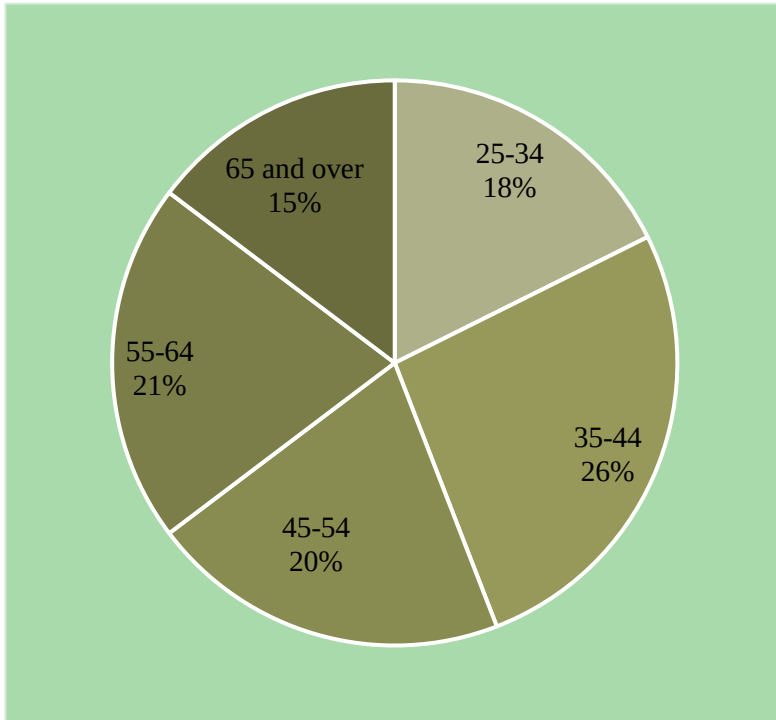
People

Hertsavers members and Financial Exclusion



Facts and figures about Hertsavers members

Age Groups of the respondents



While none of the respondents belonged to the age group of the under 25 years old, it is possible to observe that the distribution amongst different age groups is quite even.

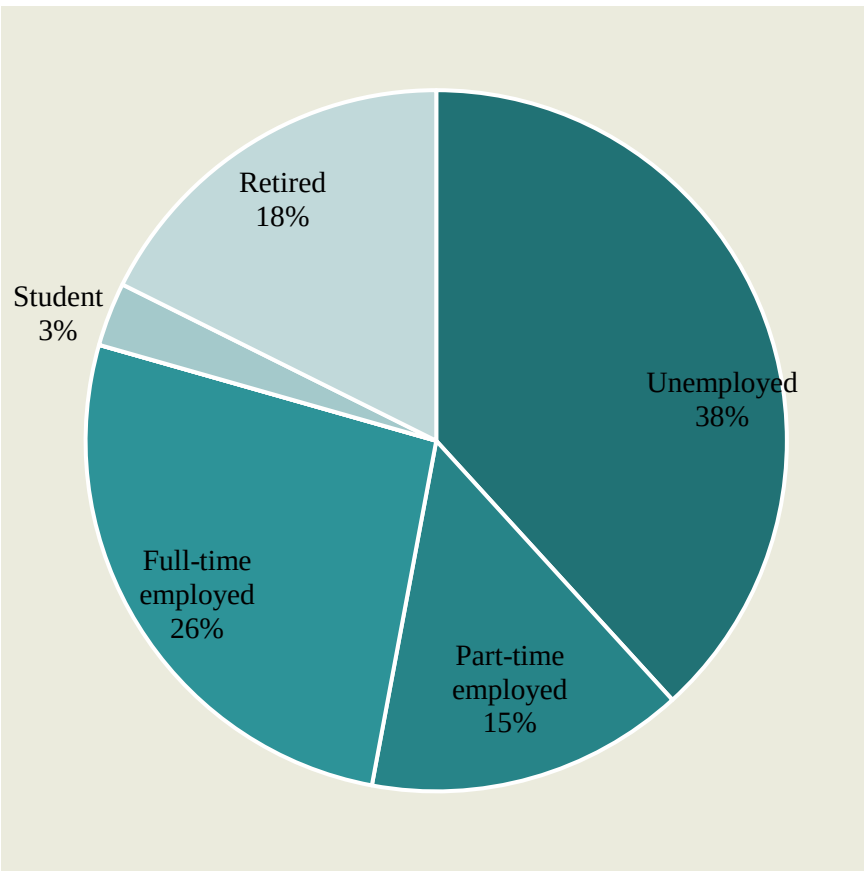
26% of the respondents are aged between 35 and 44

15% of the members which have taken part to our survey are 65 or over

This data is coherent with the numbers of people who are retired who constitute the **18%** of the respondents

Facts and figures about Hertsavers members

Employment Status of the respondents



38% of the members who have participated to the online survey are currently unemployed.

15% are on part-time employment.

77% of the unemployed members, are female which is around the **30%** of the whole sample.

Only 1 member (3% of the respondents) is currently a student.

Importance of Hertsavers for our members

55% of members

Taking part in the interviewed affirmed that Hertsavers had a positive impact on their lives.

79% of members

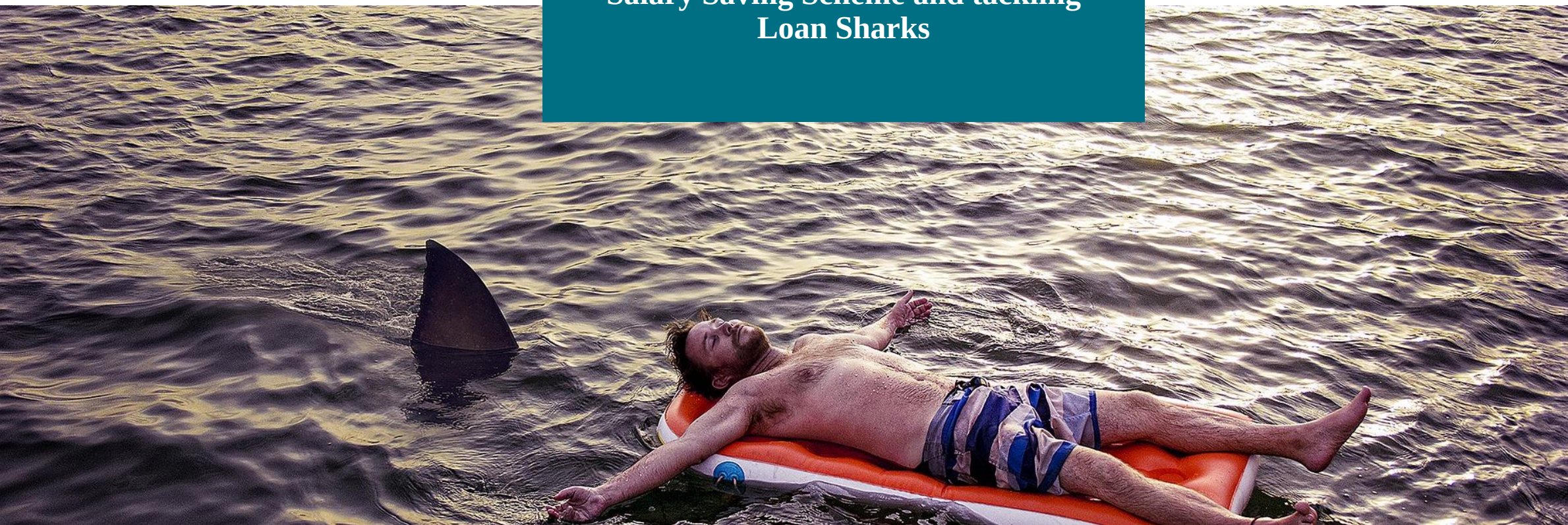
Who participated in the online survey have claimed to have seen benefits in joining Hertsavers

70% of members

Claimed that they have improved their savings after joining Hertsavers

Partners & Campaigns

Salary Saving Scheme and tackling
Loan Sharks



Loan Sharks

Who are they and what they do

Loan Sharks are illegal money lenders who charge for an higher interest than a legal borrower would charge for.

People are using loan sharks instead of legal money lenders as they usually do not carry a credit score check

**About
310,000**

People are in debt to illegal money lenders in the UK, according to www.stoploansharks.co.uk

**Nearly 4
million**

People on lower incomes in the UK resorted to using high-cost credit to meet day-to-day living costs in 2017

**High-cost
credit**

Is the most common coping strategy used by people in the UK after a “life event” and who are in “problem debt”, according to research by StepChange⁴

**Over £8
billion**

Is the annually amount of high cost credit used by vulnerable people with money struggle in the UK

Who is Loan Shark's target?

It is generally those on low incomes with poor or thin credit histories that were most likely to be using high cost credit for essentials.



Households that use high cost credit generally have lower than average levels of income and in many instances have a poor or no credit history that limits their access to mainstream lenders.



Financially excluded households living below the MIS currently have a limited pool of affordable credit options available to them.



Loan sharks are using online platforms to advertise their predatory lending activities and target potential victims.



'High risk' borrowers are likely to be more financially vulnerable, on the lowest incomes and either unemployed or in insecure employment.

Our members experience with Loan Sharks

"I used to get money for Loan Sharks. If they give you £300 than they expect you to pay them back monthly or weekly, depending on your agreement with them. I used to do that before in the past, but now it's all stopped. I don't have to go through that cycle of borrowing from X to pay Y. And I would have gone to the banks to borrow money, but I don't have good credit score. And I don't know how to amend my bad credit score, I've been trying to, but seems like my best is not good enough."

"With Loan Sharks I ended up paying back over double of what we have borrowed. They terrify me because the reason they give out loans so easily is because you than must pay them back double. Whereas with Hertsavers there is a tiny bit of interest on top, like hardly anything. With Loan Sharks I've had a big amount of debt until it was paid off. It did involve selling quite a few of my property. [...] I will never go near them again. "



Tackling Loan Sharks Through our Salary Saving Scheme

Hertsavers collaborate with the Illegal Money Lending Team in order to tackle the Loan Sharks phenomenon

Payroll partnership with credit unions enable people to consistently save on a regular basis and repay affordable loans via deductions that are made directly from their salary.

As part of the process of joining the credit union, the employee can opt to make deposits through savings from their salary by simply selecting the amount they would like to save from their salary.

Salary Saving Scheme

Our partners include: East Herts DC; Broxbourne DC; B3 Living; Abbeyfield Care; Herts Urgent Care.

In 2018/ 19, the equivalent of 12.7 million working days were lost due to stress, depression or anxiety – 54% of the total of 23.5 million working days lost.

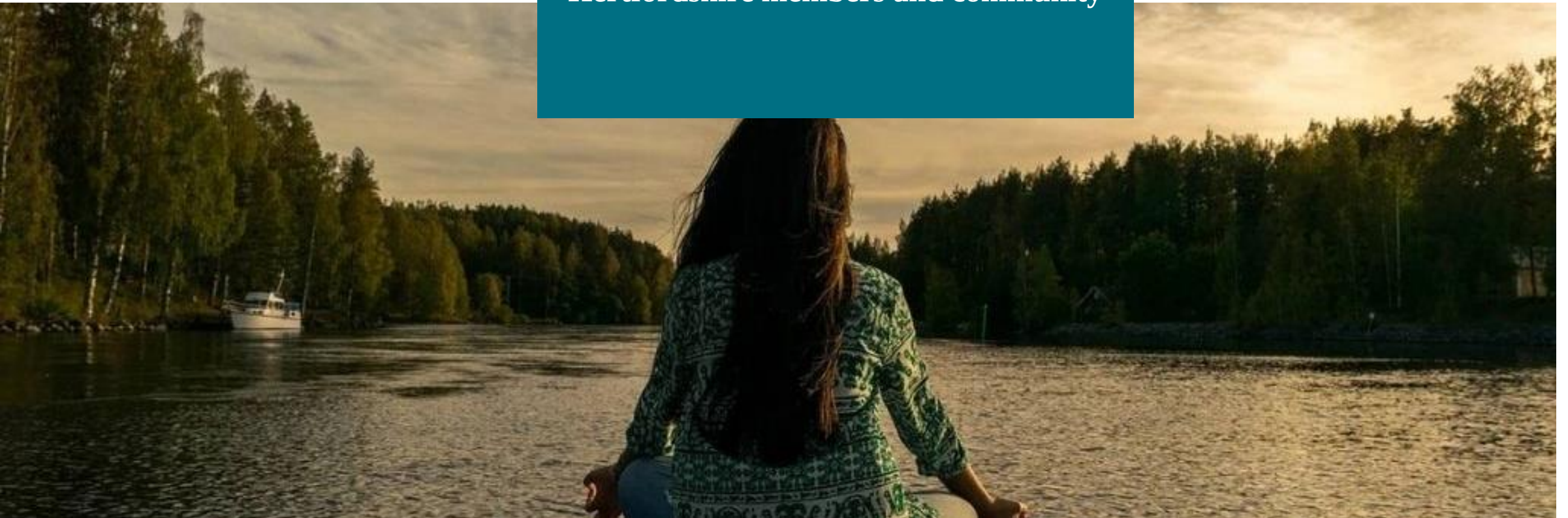
According to Cushon's Financial Resilience research, 72% of employees surveyed would like their employers to offer a workplace savings scheme in addition to a pension.

55% of employees aged 16-65 would like their employer to offer saving and borrowing through payroll.

“The reason why I’m not part of the Salary Saving Scheme is the fact that I can't really access the savings through the employer scheme, because they're not in Hertfordshire. I think I would sign up if I could get my employer to join Hertsavers so at least I can save before my wages gets to my bank account.”

Places

Hertfordshire members and community



Deprivation in Hertfordshire and within our members

In Hertfordshire the number of Jobseeker's Allowance claimants at August 2015 was 8,240.

Across Hertfordshire districts the total claimant count as a proportion of the working age population was highest in September 2015 in Stevenage and Watford and lowest in East Hertfordshire and St Albans².

From our survey:

47% of the members that have responded to the questionnaire are in receipt of benefits.

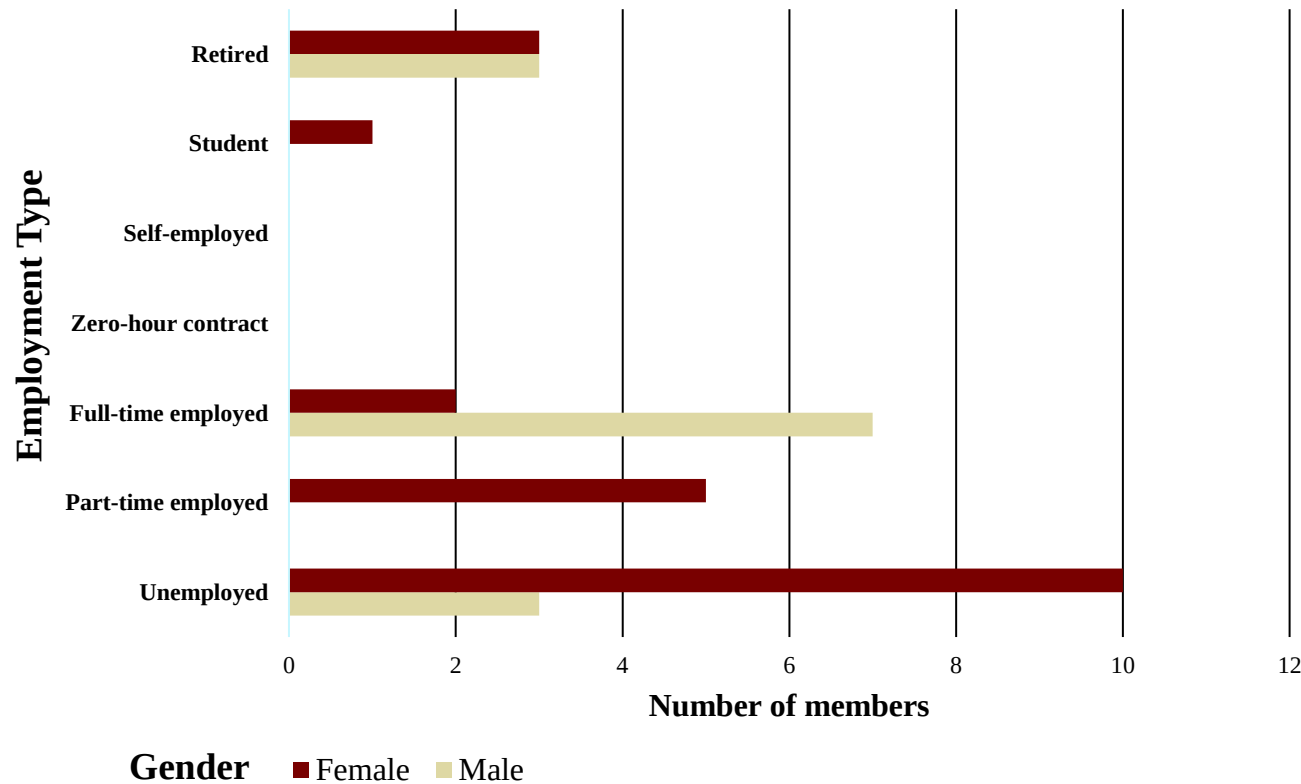
68% of them has Universal Credit support

71% of the benefit are amongst people with at least 1 children under 18

20% of lone parents with dependent children are in arrears on one or more household bill compared to 7% of couples with dependent children.

Unemployment rate within our members

Employment by gender



34% of the members who participated in the online survey were unemployed
76% of the unemployed members were female
15% were employed part-time and all of them are female

What our members say

Some of the experiences from our members, collected through the online survey's open questions and with virtual face-to-face interviews



1

Members' experience with HertSavers

What our members think about HertSavers and their experience with us.

“Something has changed in my life since joining HertSavers. Now I know I can always go to them for support if I am struggling.”

“I do not want complicated options with my finances and HertSavers keeps it simple.”

“I think for families it is a great way of saving and borrowing when needed, with low interest options.”

“It makes you feel better knowing that you've got some money aside. I think the fact that for me it was the first time I have properly saved as well is incredibly good. And now I still do that.”

Impact on members' health and wellbeing

How Hertsavers has had a positive impact on our members life, reducing financial distress and increasing the overall wellbeing

“What is important for me is also the relationship you're building up. Everybody was very not judgmental, supportive. Was such an easy process as well.”

“Hertsavers gives me peace of mind in knowing I have a safety net in case of an emergency.”

“I was able to save for the first time, I am no more worried about high interest rates on loans compared to loans taken out in the past from other lenders. It has reduced money worries overall.”

“I was, within a short period, more in control of my finances. At the time I was a single parent of 3 . This stopped me getting into debt and encouraged me to save. Although I am financially secure now, it helped me through a difficult time.”

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Feeling of being part of a community

Feeling of being part of a community and being part of HertSavers as a way to contribute to Hertfordshire community

“Hertsavers helps low-income people with loans where larger institutions would not entertain.”

“Hertsavers provide a positive impact on the society compared to high street banks”

“When I approached Credit Unions I was thinking that I don't want to use other services, like high street banks. I thought of what other options are out there that might align with my values, or might positively impact on the community. And that's when I heard of HertSavers.”

“It's kind of nice to have the sort of local connection as well. It makes it feel more like a community based service, as opposed to you know high street banks and other financial services.”

Conclusion

and limitations



Conclusions

The impact of Hertsavers on its members and the community has been very positive.

With the online survey and the interviews, we have been able to estimate a SROI for **£606,276** within the members that have taken part in the online questionnaire. The SROI prevision extended to all the over 1300 members is **£25,279,088**.

Our members also seems to have experienced an increase wellbeing in other aspects of their lives as a consequence of the reduce financial distress and have confirmed that financial exclusion can interfere in many aspects of someone's life, not only in regard of their finances.

Limitations of the Social Impact Report



The results described in our Social Impact Report should be considered in the light of some limitations:

- The sample of people which answered to both the online survey and the face-to-face interview is limited. Therefore the results might not be representative of the population of Hertsavers members
- The research was conducted during the summer, after a pandemic. Therefore, finding participants has been challenging
- The SROI has been calculated using an external tool, the HACT Social Value Calculator¹³, which might not be taking into consideration the peculiar case represented by Credit Unions
- In order to reach the participants, it has been used the monthly newsletter which might be limited to people owning their own email address. Furthermore, Junior members have access to their reserved area using a parent (or legal guardian) email address and this could explain the lack of participants under 25.



Thank you!

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Resources, websites and case studies
used for this report



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