

People Helping People

Social Return On Investment Study Of Newington Credit Union Limited



NEWINGTON

CREDIT UNION LIMITED

SOCIAL VALUE

INTERNATIONAL

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**People Helping People Social Return on Investment
Study of Newington Credit Union Limited**

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Signed

Mr Ben Carpenter
Chief Executive Officer
Social Value International



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Project partners

Newington Credit Union Limited

"At the heart of the community"

Newington Credit Union Limited (NCU) is a non-sectarian, not-for-profit, member-owned cooperative established by local people in North Belfast in 1967. It aims to provide effective, efficient and quality services that ensure the financial wellbeing of its members. Following the 2016 transfer of engagement of three local credit unions at Loughside, Greencastle and Oldpark, its common bond now stretches from the city centre to Glengormley. NCU has assets of more than £65 million and a membership in excess of 23,000.

www.newingtoncreditunion.co.uk

Irish League of Credit Unions

"The credit union – imagine more"

The Irish League of Credit Unions (ILCU) is the largest credit union representative body on the island of Ireland. Its purpose is to lead, sustain and support the development of credit unions. Founded in 1960¹, the ILCU today has an affiliated membership of more than 300 credit unions in the Republic of Ireland and Northern Ireland. The credit union movement is built on a not-for-profit philosophy and an ethos of self-help, mutuality and volunteerism. The ILCU, as an advocate of this ethos, has a vision to influence, inspire and support the credit union movement to achieve all its goals – social, economic and cultural.

<https://www.creditunion.ie>

Whitebarn Consulting

"Helping not-for-profits to build a better world"

Whitebarn Consulting was established by Sandra Velthuis in 2005. The consultancy provides a range of supports to community groups, cooperatives, charities, voluntary bodies, non-governmental organisations, social enterprises, and the private and public sector bodies that work with them. Most contracts focus on outcomes, impact and social value. Sandra was the first Accredited Practitioner of Social Return On Investment (SROI) in the Republic of Ireland and today she is a Social Value International Level 3 Advanced Practitioner.

www.whitebarn.info

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Others operating in the NCU locality who shared their views in one-to-one interviews.

The ILCU for supporting this study.

Social Value International for the provision of assurance services.

*"... 'people helping people' the philosophy which the credit union movement is grounded in ..."*²

*"... members own and democratically control the credit union. Uniquely, they are the service users, beneficiaries, investors, borrowers, savers, and owners all at the same time. We get frustrated when we perceive that legislators, regulators, politicians or others don't seem to understand that we are different."*³

Acronyms used in report

APR	Annual Percentage Rate
ATM	Automated Teller Machine
CEO	Chief Executive Officer
ILCU	Irish League of Credit Unions
NCU	Newington Credit Union
SROI	Social Return On Investment

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Supplement: Value map (Excel spreadsheet) available on request

Chapter 1: Why this evaluation?

Because the credit union sector is in flux

It has become increasingly important for organisations across all sectors to understand and manage their impact. NCU knows that the credit union sector is no exception and that the time for doing this is ripe. Although there is a large and established credit union movement on the island of Ireland ⁴, with 146 credit unions in Northern Ireland alone ⁵, credit unions are undeniably stressed. Myths about credit unions abound. There is growing competition from other financial providers, including banks, credit card companies and 'fintech' ⁶. Many weaker credit unions have had little option but to merge with stronger ones, resulting in a sharp decline in the overall number of credit unions without an understanding of what the eventual effect of this will be. And credit unions are struggling to determine what business models they must adopt over the coming years to adapt to a changed landscape, while at the same time staying true to the cooperative principles and values on which they were founded ^{7 8 9}.

Because it builds on an emerging interest

The credit union sector can point to solid financial performance and impressive customer satisfaction, but it has struggled to articulate its social value more broadly. Things are changing, however. The Centre for Cooperative Studies at University College Cork continues to research the unique role – and latterly, the wider impact – of Irish credit unions ^{10 11 12 13 14 15 16}. The not-for-profit Swoboda Research Centre, which researches credit unions, cooperative banks and similar community-based financial providers throughout Europe, is exploring social value reporting ¹⁷ and is rolling out a toolkit for measuring the social impact of credit unions in England, Wales and Ireland ¹⁸. Credit unions are beginning to assess their social impact in a variety of different ways, as illustrated, for example, by initiatives in Canada ¹⁹ and England ^{20 21 22}. In 2020, Donore Credit Union in Dublin, Ireland's first and oldest credit union, published a SROI study ²³. Clockwise Credit Union in Leicester, England, quickly followed suit ^{24 25}. NCU and Naomh Breandáin Credit Union in Galway ²⁶ are now joining these pioneering credit unions by using the SROI approach to ascertain and manage their own social value. They are being supported in this process by the ILCU, which also wishes to find out more about the social value being created by its affiliates, and how this can best be captured and reported upon.

Because NCU wants to be as good as it can be

NCU wants to challenge itself. It wants to use the expertise of an independent consultant to discover if it really plays the role in its community that it believes it does. It wants to get feedback from its members and other relevant people. It wants to learn where it is generating a social return and where there is room for improvement. And it hopes to use the findings to make operational enhancements, report back to members, raise the profile of the credit union beyond the membership, motivate staff and volunteers, and attract new Board members. Finally, NCU intends to share any learnings from this research with other credit unions in Northern Ireland so that they too may begin to better measure and manage their impact.

In conclusion

This study is timely and there are a number of internal and external reasons for undertaking it.

Chapter 2: The research process

Adhering to *The Principles of Social Value*

These eight principles²⁷ form the backbone of any social value study and were adhered to throughout the process:

- 1: Involve stakeholders
- 2: Understand what changes
- 3: Value the things that matter
- 4: Only include what is material
- 5: Do not over-claim
- 6: Be transparent
- 7: Verify the result
- 8: Be responsive.



Setting up a working group

A small working group was established to drive and guide the research, comprising the President of NCU, the outgoing Chief Executive Officer (CEO), the Deputy CEO/incoming CEO, a representative from the ILCU, and the consultant. All are credit union members and brought many years of varied experience and skills to the table. The consultant reported monthly to the working group and used it as a sounding board throughout the process.

Scoping the evaluation

This is a SROI evaluation of NCU, covering the period 1 October 2020 – 30 September 2021, which is its most recent full financial year. This study describes and measures all the notable changes brought about by the organisation over that period, and values these using monetary equivalents wherever possible. This does not mean that all the figures that are shown in this report are actual cash flows that have taken place, although many are. It simply means that an attempt has been made to equate the value that people place on certain gains and losses caused by the credit union to other things that they attach importance to in their lives, and at the same time compare these to the value of any financial and non-financial resources they have invested. In this way, the social return of the organisation can be calculated. Note that only material (that is, relevant and significant) changes are included in the social value account, as per Social Value International's *Standard for Applying Principle 4: Only include what is material*²⁸.

Observing

In November 2021, the consultant made a two-day visit to the credit union and the locality where its branches are located. This enabled her to gain a good 'feel' of the place.

Reviewing written materials

Relevant external literature and internal documentation were gathered and synthesised. This included a review of the results of the previous year's membership survey, an analysis of financial information, and an assessment of the NCU website and social media channels. Administrative data were especially important to establish what resources had been invested into the credit union and what activities were able to take place as a result of that investment.

Mapping stakeholders

After the scope was agreed, an initial stakeholder mapping exercise was undertaken. This established which individuals and organisations potentially experienced change as a result of the activities undertaken by NCU, or otherwise influenced the organisation. Stakeholders themselves are normally best placed to describe the changes they experience and/or effect and their views should therefore primarily inform the results, alongside information gathered through literature/documentation reviews and from experts in the field. During the research process, some stakeholder groups were removed from the social value account, because it became apparent that they were not in fact experiencing any outcomes or because the outcomes they may have been experiencing were not presently material. Furthermore, some stakeholder groups were subdivided, because it became evident that they experienced different types of changes as a result of the credit union's activities. Such subdivisions were made mainly on the basis of people's use of particular NCU services. There could have been merit in exploring if there were more granular subdivisions using factors such as age, gender and length of association with NCU. This was not done on this occasion, because initial research did not appear to warrant it. However, NCU may wish to consider doing so in future iterations of this research.

Stakeholder engagement

Applying the *Research Ethics Guidance* of the Social Research Association²⁹ and Social Value International's *Standard on Applying Principle 1: Involve stakeholders*³⁰, a two-phase stakeholder engagement plan was drawn up, as is detailed below. A summary of the numbers involved in both phases of the stakeholder engagement process can be found in Appendix 1.

Engaging stakeholders – first phase

To gain clarity on the different results generated for different stakeholders, research that was primarily qualitative in nature was undertaken first. The questions that were used during these discussions can be found in Appendix 2. Three focus groups – one for members, one for volunteers and one for staff – were organised by NCU staff and facilitated/recorded by the consultant. Note that all volunteers and employees are also members of the credit union. The focus groups represented a good mix of people, some of whom had been involved for a very long period of time and others who were newer to the credit union. Note that both governance and non-governance volunteers took part in the volunteer focus group and that both managerial and non-managerial employees participated in the staff focus group. Other organisations and individuals with whom NCU had a relationship during the year were also invited to have a semi-structured interview with the consultant over the phone or via a video call. A total of 33 people shared their views in this phase of the process. The consultant was satisfied that saturation had been reached at this point.

Mapping and evidencing outcomes

Outcomes for different stakeholders were then defined, as per Social Value International's *Standard on Applying Principle 2: Understand what changes (part one: creating well defined outcomes)*³¹. Outcomes are the changes that occur as a result of activities – or inaction. They can be major or minor, anticipated or unexpected, positive or negative (limited negative outcomes may be traded off against a greater quantity of positive outcomes). They can relate to changes in awareness, attitude, behaviour, capacity, circumstance, or something else. Sometimes, ultimate outcomes happen quickly, whereas at other times there are one or more intermediate outcomes for a stakeholder that may then lead to ultimate outcomes over time. For some projects, such as training programmes, it is appropriate and feasible to assess change over a particular period of time using baseline and end-of-intervention data. This was not possible in this study, because of the more fluid and/or long-term relationship between people and the credit union.

Using the qualitative data gathered, together with key external research^{32 33 34 35 36}, a so-called chain of events or outcomes pathway was drafted for stakeholders. A decision also had to be made about which step on the pathway would be measured for materiality, because some outcomes are simply too distant and/or too broad to be able to measure and attribute in any meaningful way to the organisation, and others might not in fact influence decision-making.

For each outcome, the question was asked 'what happens to those people who are part of this stakeholder group, but who do not in fact experience the outcome?'. Sometimes, this question was moot, as everyone experienced the outcome – for instance, all prize winners by definition won prizes. In one, it was concluded that not experiencing the stated outcome did not lead to a different outcome. Not necessarily feeling part of a community within NCU simply meant that this was an outcome which some members did not feel was particularly relevant to them, as opposed to it implying the existence of a different, possibly negative, outcome. In the case of those wishing to borrow money, the evidence was sufficiently strong to warrant having opposite outcomes for those who experienced the advantages associated with borrowing from NCU and those who felt the disadvantages of being unable to access loans and/or defaulting on their loans.

The outcomes pathway and accompanying narrative were tested for sense and clarity with the working group and amended as necessary.

Engaging stakeholders – second phase

As part of the process of verifying, evidencing and valuing the results identified during the qualitative phase, research that was largely quantitative in nature was then undertaken. As the number of non-members whose outcomes appeared to be material (clubs/charities and people on placement) was relatively small, and as relatively in-depth one-to-one discussions had taken place during phase one, it was felt that sufficient data had already been gathered for this group. The same held true for volunteers. Further, it was not considered essential to separately probe prize winners, because their outcomes were already clearly defined.

However, more data was felt to be needed for other categories of member. To this end, an online members' survey for those aged 16 and over was rolled out, entry to which was incentivised to maximise response rates³⁷. The survey instruments can be found in Appendix 3³⁸. It was widely publicised on the NCU website and its social media feeds, on physical receipts issued to members, via email and within both credit union premises. To ensure that those without ready internet access were not excluded, hard copies were also made available in the credit union, and these responses were subsequently entered manually on to the SurveyMonkey platform that was used. 450 responses were received. The survey results can be found in Appendix 4.

Avoiding double-counting

Time spent working by staff and people on placement has not been included under inputs. Only benefits that staff receive as credit union members have been accounted for. Loan interest is only counted as an input for the entire borrower group, not for the borrower subgroups. An increase in disposable income appears under various stakeholder groups, and indeed many credit union members belong to more than one of these stakeholder groups. At first glance, therefore, it could be argued that there has been double-counting. However, this has been avoided because but only that increase in income which can definitively be linked back to the particular NCU service in question features in the account.

Valuing outcomes

Outcomes valuation is as much an art as a science. The valuation process was informed by the Social Value International *Standard on Applying Principle 3: Value the things that matter*³⁹. A range of valuation techniques is available to those calculating SROI⁴⁰, including revealed preference, stated preference, wellbeing valuation and cost-based methods, each with its own advantages and disadvantages. The choice of monetisation approach will be influenced by many factors, including the nature of the outcome, the audience for the results and the availability of resources. It is preferable to use as few different valuation techniques in the same study as possible, although sometimes using more than one technique is the most appropriate course of action.

In this study, in instances that involved money (of which, due to the nature of the organisation, there were far more than in a typical social initiative), it was relatively simple to use hard data. However, for less tangible results, other meaningful indicators were sought and proxies were employed to establish equivalent monetary values. All values were tested for sense and clarity with the working group. In order not to overclaim, any assumptions and estimations made were named, a very conservative approach to the calculation of value was adopted, and no double-counting took place. This may mean that NCU's total social value has been underestimated, but this is preferable to overclaiming social value.

The process of valuing outcomes included consideration of the commencement and duration of outcomes (where proxies were used, care was taken to ensure these have the same duration as the outcomes) and the amount of change effected. It also included (limited) examination of the following:

- Deadweight: would the outcome have happened anyway in the absence of NCU? ⁴¹
- Displacement: did the outcome lead to another outcome, possibly a negative outcome, happening elsewhere?
- Attribution: was the outcome caused solely by NCU or did other organisations or people also play a part?
- Drop-off: does the effect of the outcome last or does it lessen over time?

The detailed rationale for the valuation of each outcome can be found in Appendix 5.

Calculating the social return

For each outcome, the number of stakeholders experiencing the outcome was then multiplied by the selected value. If applicable, percentage deductions were made for deadweight, displacement, attribution and drop-off. It was found that all outcomes remained material after these calculations (that is, sufficiently significant in terms of their quantity, duration, value and causality) and thus continued to be included in the social value account.

Standard calculations were undertaken to uncover the programme's SROI, which was then subject to a sensitivity analysis (see Appendix 6).

Note that this report is supplemented by a 'value map', which is a standard Social Value International Excel spreadsheet containing all the calculations necessary to determine NCU's social return. Due to the nature of the value map, there is a potential to become overly fixated on the final figure indicating the programme's social return in numerical form and to ignore the rich narrative that precedes it. This is inadvisable. Whilst every effort was made to manage the research process to the highest standards and whilst the rationale for all calculations is reported transparently, it should be remembered that the final figure presented is inherently risky. Reasons for this include:

- Not having been in a position to gauge the opinions of every stakeholder and thereby potentially missing out on unheard views (this is especially true for juvenile members)
- Assuming relative homogeneity within stakeholder groups as a result of not having analysed outcomes at a very granular level for wholly representative subgroups
- A potential simplification of chains of events, because people's lives are not linear
- Using average scores from survey data, albeit weighted
- Having been forced to estimate where hard figures were unavailable
- Having used imperfect proxies where no better alternatives appeared to be available
- Potentially double-counting (this is a risk in all SROI studies)
- Not having asked enough rigorous survey questions about deadweight, displacement, attribution and drop-off
- Research bias ⁴².

It is nonetheless hoped that the professional judgements made are sufficiently sound for readers to trust the evaluation results and, where appropriate, for NBCU and the ILCU to implement the arising recommendations.

Verifying and assuring

The emerging results were verified with the working group. Only minor amendments were found to be necessary and these changes were incorporated. Social Value International provided external assurance and further changes were made on foot of detailed assurance discussions.

Being responsive

Finally, the working group discussed how the results of the study and its recommendations would be communicated to others and used into the future in order to avoid a situation in which the report would simply 'gather dust on the shelf'.

In conclusion

The six stages of undertaking a SROI analysis outlined in *A Guide to SROI*⁴³ have been followed in a manner that suited the specific needs of NCU and its stakeholders.

A note on numbers

Note that numbers used in this report have been rounded up and down to the nearest integer wherever possible.

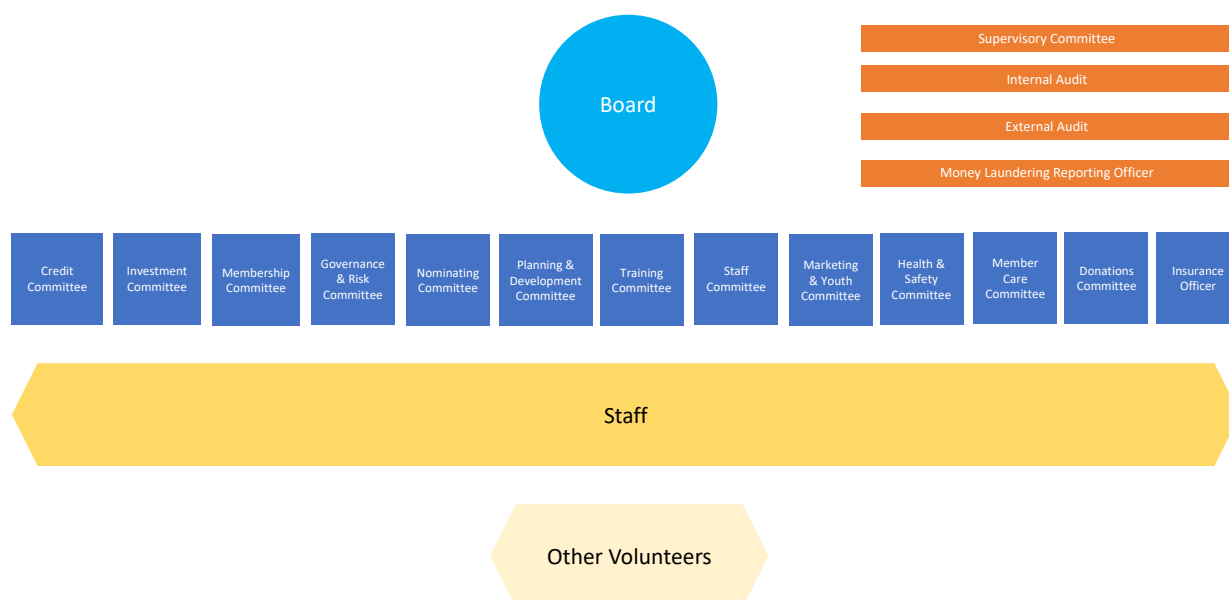
Chapter 3: Life at the credit union in the year under review

Compliance

As is the case with any organisation, NCU is required to adhere at all times to all applicable laws. Examples include health and safety ⁴⁴ and anti-discrimination ⁴⁵ legislation. NCU is authorised by the Prudential Regulation Authority ⁴⁶ and is regulated by this authority and the Financial Conduct Authority ⁴⁷. It operates under the *Standard Rules for Credit Unions 2019* ⁴⁸.

Structure

The graphic below shows the structure of NCU. The voluntary Board of Directors, marked in light blue, is responsible for the effective governance of the credit union. Oversight is provided by the groups and individuals marked in orange, which comprise both volunteers and external contractors. The Committees of the Board, marked in dark blue, have responsibility for progressing specific aspects of NCU's work and development. Each Committee is chaired by a Board member and ordinarily comprises a mix of additional Board and staff members. The paid staff, marked in yellow, manage and deliver the day-to-day operations of the credit union and are supported in this by other (non-governance) volunteers, marked in pale yellow.



The common bond

An initial common bond was determined when the credit union was founded, but this has since expanded following the transfers of engagements of three other credit unions. The common bond now covers all of the BT15 postcode area and parts of those contained within the BT1, BT13, BT14 and BT36 postcode areas of North Belfast ⁴⁹. The population of this catchment is approximately 100,000 ⁵⁰. The area is quite divided, both culturally and socio-economically. The most recent Small Area Census data show that it contains some of the most deprived neighbourhoods in the whole of Northern Ireland, yet also has pockets of affluence ⁵¹.

Membership

NCU is owned by its members. Anyone who lives or works within the common bond can become a member of the credit union. Juveniles do not need to pay an entrance fee. Full voting members (that is, those who are aged 16 or over) are required to pay a £1 entrance fee and must lodge a minimum share of £1 into their account.

At the start of the year under review, NCU had 23,339 members⁵². This figure rose by almost 2% to 23,727 by year end⁵³. When membership is disaggregated by gender, it shows that credit union membership is somewhat more popular amongst females than males. When broken down by age, it can be seen that the credit union is especially popular amongst juveniles (there were 3,412 under-16s) and people in their thirties to early sixties, with fewer members in other age groups. Some members no longer live or work in the area but have retained their NCU membership. However, this proportion is well below 10% of the overall membership.

Premises and opening hours

NCU's busy main branch is in Duncairn Gardens, adjacent the Antrim Road. It also has a smaller branch on the Shore Road in Greencastle. A third branch on Limestone Road in Loughside is no longer open and the building is now for sale. The main branch opening hours are Monday to Friday 9.00 – 16.30 (opening at 10.00 on Tuesdays) and the Greencastle branch opening hours are Tuesday 10.00 – 16.30 and Thursday and Friday 9.00 – 16.30. Both premises are modern and inviting. The Duncairn Gardens branch has a book swap facility for members. A cashpoint/automated teller machine (ATM) is also available at Duncairn Gardens. This is not owned by the credit union, but NCU was keen to make it available to local people because, unlike most ATMs, it dispenses £5 notes, which are valued within a community where economic hardship is commonplace.

Telephone and digital access

Although there is a considerable emphasis on personal, face-to-face service provision, NCU has nonetheless made concerted efforts to additionally provide telephone and digital access to its services. A telephone hub is staffed by at least three employees daily. NCU has a website that provides information about its services and has an online banking area. The electronic signature app DocuSign⁵⁴ enables members to complete all the necessary paperwork to support online loan applications. A mobile app⁵⁵ facilitates members with a smartphone to transact their credit union business while 'on the go' and more than 8,000 pin numbers have been issued for this. NCU makes good use of Facebook, where it has over 5,000 followers⁵⁶. It also has around 400 followers each on Twitter⁵⁷ and Instagram⁵⁸.

Day-to-day 'banking'

Members can save using cash, cheque or standing order. A tiny minority has their wages or pensions paid directly into their credit union account. Members can withdraw their money at any time; some ask for cheques to be made payable to third parties. Almost a third of all transactions are now completed via Electronic Fund Transfer. Loans are applied for and payments are made towards these. Fuel stamps that help householders to save for home heating oil can be purchased⁵⁹. No transactions fees are levied. Account balances are always available.

Saving products

NCU encourages regular saving by people of all ages⁶⁰. Savings are guaranteed under a financial compensation scheme. Under-16s hold Juvenile Deposit accounts⁶¹ and are not permitted to borrow. At age 16, individuals become full members with a Regular Share account⁶². The funds held in a Regular Share account are collateral for any loan. Easy Share accounts⁶³ are held by around 9% of full members. These are secondary to the main Regular Share account and are used for day-to-day budgeting and/or saving for particular events such as Christmas. The funds held in Easy Share accounts are not taken into consideration when a member applies for a loan and they are not used as collateral. A share cap of £15,000 and an annual lodgement limit of £6,000 was instituted in June 2021⁶⁴. Dividends are paid annually.

Loan products

Personal loans can be arranged. The Standard Loan available to members – which can be for amounts as small as £50 or as high as £35,000 – is charged at an annual percentage rate (APR) of 12.68%^{65 66}. An online loan calculator is available to indicate repayment rates and interest. Between October 2019 and March 2020, in order to encourage greater borrowing, NCU offered a Promotional Loan at 6.17% APR⁶⁷ for amounts between £5,000 and £15,000. In August 2021, it made provision for a Special Secure Interest Rate Loan for secured loans of £2,500 or more at 3.8% APR⁶⁸ and this offer ended in February 2022. Loan decisions are made as quickly as possible, often immediately. If NCU is satisfied that the member making the application has the capacity to repay, and other terms and conditions are met, loans will be granted. A total of 6,975 loans was issued during the year, totalling £11.2 million; 1,785 of these were new loans and 5,190 were 'top ups'. Some people had more than one loan. There are no penalties for early repayment. A loan interest rebate is available on Standard Loans only. At year end, the total outstanding loan balance stood at just under £20 million.

Managing indebtedness

NCU seeks to prevent and reduce member indebtedness in a variety of ways. It does not grant loans which are clearly beyond a member's ability to repay. It rarely refuses loan requests outright, however, and will often make smaller loans available and coach members through a process of committing to small regular savings and repaying loans that are more manageable in size. Loans may be restructured or rescheduled if a person's circumstances change, at the same interest rate as the original loan. Those with significant credit card debt or similar debt (for instance, accumulated via store cards, payday loan companies and doorstep lenders), may be assisted through consolidated loans. NCU also strives to educate these members about avoiding the same problems in future. Every attempt is made to get loans that are in arrears repaid, up to and including recovery through the courts. Write-offs are more common amongst those aged under 35 and/or who have been a member of NCU for less than five years.

Informal advice

Staff try and assist members with any queries that they present. If they cannot be of assistance themselves, they will signpost to other relevant voluntary organisations and statutory agencies.

Benefits Account

Some banks and building societies in Northern Ireland will not readily open accounts for people who are claiming state benefits or state pensions. Many such people previously used a Post Office card account for this purpose, but this service is being phased out ⁶⁹. NCU provides a Benefits Account for people who have nowhere else to go, although this service is not widely advertised and is reliant on word-of-mouth and signposting by the Post Office, the Department for Communities ⁷⁰, and charities supporting marginalised people, such as Depaul ⁷¹.

Insurance products ⁷²

NCU members can avail of various insurance products. Disability benefit covers any outstanding loan owed by a member who is under the age of 65 years and has been declared unable to ever work again. Loan protection insurance clears the outstanding loan balance on the death of a member; this insurance protects members up to the age of 85 years. Death benefit insurance is a payment of £2,000 to a nominated person dealing with the funeral expenses of a member aged up to 85. In the case of a death that is the result of an accident, the cover is doubled to £4,000. Life savings insurance is also payable to a nominee and is dependent on the level of shares owned and the age of the member at death (maximum benefit is £30,000). All insurance products are subject to further terms and conditions. Claims were made under all four policies.

Will writing service

Members can avail of will writing services at a reduced rate from a local solicitor: Rafferty McGrath & Co Solicitors ⁷³.

ILCU art competition

NCU continued to promote and facilitate this much-loved competition ⁷⁴ to local schools. Around 50 entries were received.

Prize draws

A number of draws with cash prizes were held during the year.

Bursary scheme

NCU has a well-established Newington Student Bursary Scheme for members in third level education. Bursaries are awarded by means of an annual draw. The scheme is co-delivered with Newington Housing Association ⁷⁵. The partnership between NCU and Newington Housing Association was recognised in the Chartered Institute of Housing's All-Ireland Housing Awards 2021 ⁷⁶.

Participation in research

In addition to this SROI study, NCU also participated in a research project on credit union governance by a postdoctoral researcher at Ulster University ⁷⁷.

The Covid pandemic: an extraordinary year

February 2020 saw the first confirmed case of Covid in Northern Ireland ⁷⁸. Some two years later, the pandemic is ongoing. It should be emphasised, therefore, that the 2020-2021 financial year was atypical for NCU.

Credit unions were identified by government as an essential service during the Covid pandemic. NCU continued to operate as much as possible in its traditional manner of prioritising a personal service to its members. It was forced to close its Loughside office when restrictions were brought in, however, as the layout of the premises did not facilitate adherence to public health guidelines. The redeployment of staff to its two other branches, plus new social distancing requirements, meant that staff were segregated into smaller teams and office layouts were changed. To this end, a room at Duncairn Gardens which had previously been available for the use of the community (for acupuncture and meetings) sadly had to revert to staff use. Furthermore, fewer volunteers, placement students and work experience students than normal could be hosted.

There was a far greater emphasis on telephone and online services to protect the health and safety of staff, volunteers and ordinary members. The Board and Committees continued to meet, but now did so using the Zoom meeting platform. The annual general meeting on 14 December 2020 was also held over Zoom following legislative change that permitted this.

Travel outside of the jurisdiction essentially halted and NCU suspended its foreign exchange service.

Members who experienced financial difficulties as a direct result of the pandemic needed additional supports. The uncertainty in the overall climate meant that many members became very prudent in their borrowings. Savings increased and loan demand fell. The poor performance of NCU's loan book, coupled with reduced returns on investment and increased regulatory requirements, prompted an interim review of the organisation's strategy to determine what corrective action could be considered to address the risks facing the credit union and to redo financial projections in line with new goals.

NCU has a schools savings scheme ⁷⁹, which encourages pupils of local schools to open a credit union account and pay into it weekly. For every £250 that is saved into the students' accounts, NCU gives the school £10. This scheme has been on hold since the start of the pandemic, although is being recommenced at the time of writing.

Other community activities also went into hiatus. NCU did not participate in the ILCU Schools Quiz. NCU normally plays an active role on the North Belfast Business Association, and hosts meetings of the committee in its boardroom, but this did not happen during the year. NCU also ordinarily sponsors the Best of the North Award ⁸⁰ to the tune of £1,000, but once more, this did not happen. There was also a general drop in request for donations from local groups, which were similarly constrained in their activities.

Hosting placements

NCU regularly hosts job placements. During the year under review, these comprised two JobStart ⁸¹ placements for unemployed young people to gain employability skills and credit union work experience. NCU also hosted two third level student placements, one relating to social media marketing and another relating to accounting.

Charitable donations

A number of local groups received donations from NCU towards their work. These included a soup kitchen, a mental health charity, youth clubs, sports clubs and other support groups. NCU also has a longstanding commitment to international development. To this end, it continued to support Belfast-based charity Project Zambia ⁸² and contributed to the work of the ILCU International Development Foundation ⁸³. It is also beginning a new relationship with another Belfast-based charity called Tools for Solidarity ⁸⁴.

In conclusion

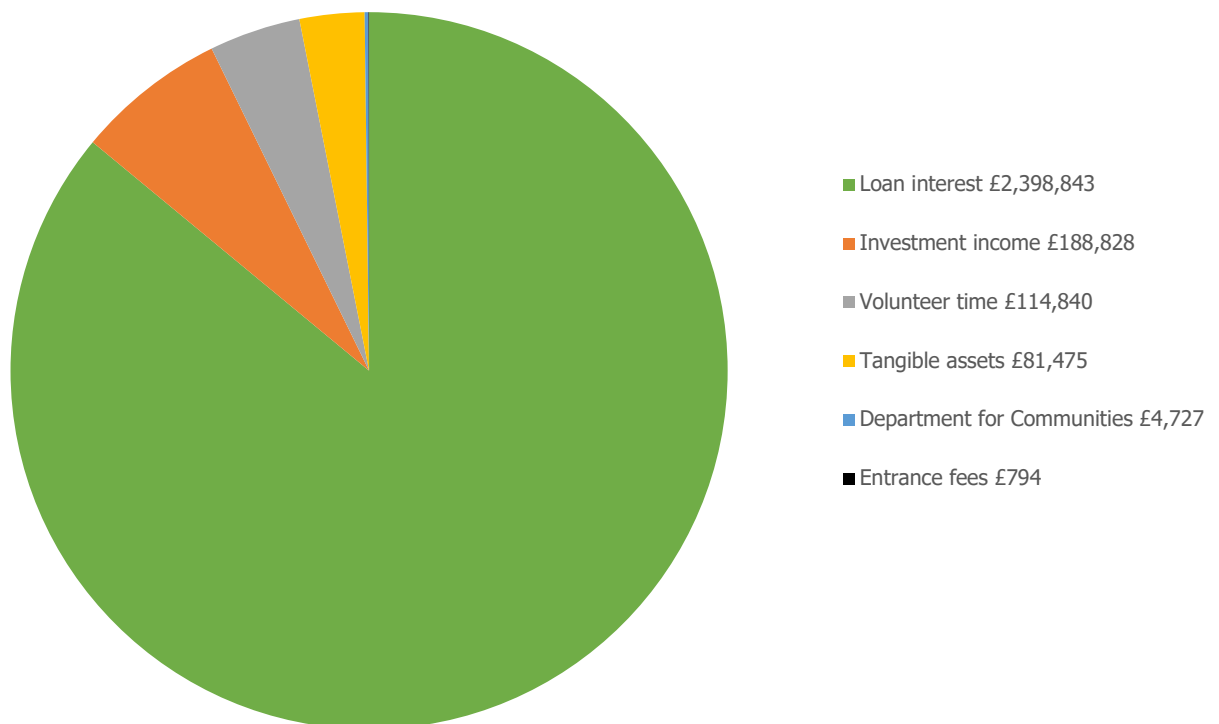
The 2020-2021 financial year was not typical. NCU was understandably affected by the Covid pandemic. It remained exceptionally busy and continued to provide member services to the best of its ability during the year, albeit with less emphasis on community outreach activities.

Chapter 4: Resources invested

Resources overview

The activities described in the previous chapter could not have happened without a significant input of resources. Resources that have been included, and excluded, are described below.

Included in social value account



Loan interest

Those who took out loans from the credit union had to pay interest on these. The total interest paid by borrowers during the year was £2,398,843.

Investment income

Each full member owns shares in the credit union and additionally, juveniles hold deposits in the credit union. Together these amounted to an enormous £58,997,314. The full value of these should not be included in the social value account, however ⁸⁵. Credit union regulation requires shares and deposits to be invested and only ⁸⁶ the annual interest earned on these investments is made available to credit union services. This equated to £188,828.

Volunteer time

Eight members volunteered for the NCU Board of Directors. A further four Supervisors provided an oversight function and two volunteers sat on the Credit Committee. Ten volunteers helped with the day-to-day operations of the credit union. By definition, they were not paid, with the exception of the Treasurer, who in line with credit union regulation, received an honorarium of £4,000 (down from £6,500 the previous year). The time they invested was ascertained from internal records. This varied from person to person, with some contributing around two and others giving 25 hours of their time to NCU business every week. Together, these totalled around 169 hours per week across the volunteer force or 8,788 hours per year. Allowing for some holiday time, this equates to a substantial average of 350 hours per volunteer per year. This time was spent on a wide range of tasks from training and meetings, to back-office and member-facing work.

The value of volunteers should never be reduced to the amount of money they save an organisation ⁸⁷. However, because of the need to put a financial value on their input for the social value account, a wage equivalent has nevertheless been used. Choosing the appropriate level is difficult. Neither the National Minimum Wage nor Living Wage ⁸⁸ are meaningful, given the skills and level of responsibility of the work undertaken by volunteers. Nor are the very high remuneration rates for non-executive directors in the corporate sector ⁸⁹ a suitable proxy, because the context in which they operate is so different. Instead, the median industrial wage for the financial sector could be used, which is £13.67 per hour ⁹⁰. Alternatively, the median wage for NCU staff could be used, which is £10.24 per hour. It could be argued that the work of volunteers in a governance role should be valued at a higher rate than the work of those delivering or supporting the credit union's day-to-day operations. However, it is felt that this adds unnecessary complexity. It would appear appropriate to use the median industrial wage, which equates to £4,785 per volunteer for the year, or £114,840 for the entire volunteer force.

Tangible assets

As a cooperative, all property, plant, equipment and fixtures are held in common by shareholders. The carrying value of these at year end was £1,621,433, comprising freehold property of £1,494,453 and fixtures/fittings/equipment of £126,980. Given the long lifespan of these assets, only a proportion should be added to the account for the period under evaluation. The convention of using one year's depreciation of these assets has therefore been followed ⁹¹, which totalled £81,475 according to the credit union's accounting treatment of same.

Department for Communities

This Department contributed a grant and wages to NCU for the provision of the JobStart placements. These totalled £4,727 for the year ⁹².

Entrance fees

As indicated previously, new members aged 16 or over had to pay a £1 entrance fee on joining. The total income from entrance fees for the year was £794.

Excluded from social value account

NCU maintained **reserves** equal to 10.75% of total assets. Whilst reserves perform an important function, by definition, they do not play an active role.

Staff time could potentially have been included. A total of 30 staff was employed by NCU, with four of these retiring during the year. Their contracted hours have not been valued as they are reimbursed through salaries and other employment benefits; doing so would have constituted double-counting.

Similarly, the **time spent by people doing placements** at NCU has been excluded, as this was reimbursed via the National Minimum Wage, or a small stipend ⁹³.

Resources have to be invested by **regulators** in order to ensure credit unions operate to acceptable standards. In theory, a proportion equivalent to the cost of servicing one credit union could have been allocated to the social value account. However, NCU covered some of these costs by a payment of £2,071 to the Financial Conduct Authority so this was not deemed necessary.

In conclusion

Members invested both financial and non-financial resources into NCU. The total value of these was £2,789,507 and it was this that enabled NCU to do its work during the year.

Chapter 5: Determining the materiality of stakeholder outcomes

Initial stakeholder and outcomes mapping

The full list of NCU's potential stakeholders and their potential outcomes was generated by the working group and through the phase one consultation exercise, and was cross-checked for completeness against external research. As per the aforementioned 2020 SROI study of Donore Credit Union, the most obvious split is between those who are members of NCU and those who are not. A case has been made for differentiating between affluent, coping and vulnerable members of a credit union ⁹⁴ and whilst this is a potentially useful categorisation, it is insufficient on its own in the case of this social value study of NCU. Further subdivision of both members and non-members is necessary, because the outcomes for different clusters of people vary, depending on the nature of their interaction with the credit union:

NCU	
Members	Non-members
Shareholders Outcome: sense of community	People on placement ⁹⁵ Outcome: work experience and skills development
Savers Outcome: more disposable income	Clubs and charities Outcome: more disposable income
Large scale borrowers Outcome: more disposable income	Partner organisations Outcome: mutual goals addressed
Small scale borrowers Outcome: more disposable income	Suppliers and banks Outcome: commercial profit
Unsuccessful loan applicants and defaulters Outcome: less disposable income	The local economy Outcomes: commercial profit/loss, multiplier effects
Benefits Account holders Outcome: receive state benefits	Local schools Outcome: financial education benefits
Bursary recipients Outcome: more disposable income	Individuals and groups unsupported by NCU Outcome: missing out on potential benefits offered
Prize winners Outcome: more disposable income	The local community Outcome: community gain
Volunteers Outcome: satisfaction with volunteering	The state Outcomes: net financial gain, reduced pressure on services
Staff Outcome: employment benefits including job satisfaction	

Removing stakeholders from the account whose outcomes were not deemed material

Discussions within the working group resulted in a number of stakeholders being removed from the social value account almost immediately. Further stakeholder outcomes were taken away when it became evident during the process that they were not sufficiently material – that is, relevant or significant – to remain on the social value account. These are marked in yellow in the above table and explored in turn below.

NCU

No outcomes have been allocated to the organisation itself. The cooperative only exists by virtue of its members. Any advantages or disadvantages created by or for the organisation are felt amongst its members, whose outcomes are, naturally, included in the calculations.

Staff

At the start of the research process, it was posited that specific material outcomes may have been generated for members who are credit union employees, but this did not really prove so. This does not mean that staff gained no benefits from working at NCU: on the contrary. They have secure employment for which they receive a salary, pension contribution and professional development opportunities. They appreciate that have some flexibility in their work and like that the organisation has a relatively flat management structure. They generally enjoy working as part of a team and many friendships have formed amongst the staff. Above all, they gain job satisfaction from working in an organisation that 'does good'. This does not imply, however, that everything is rosy. Their jobs can be stressful at times and they have some concerns that the credit union's traditional ethos is gradually being eroded, for instance, due to changes in regulation and less face-to-face interaction with members. In short, staff experience a range of advantages and disadvantages from their employment that they might have about almost any other job. It thus cannot be claimed that unique value is being created for them by NCU. Note, however, that they may be experiencing changes in their capacity as credit union members.

Suppliers

NCU is required under regulation to lodge its monies in commercial banks/investment funds. During the year, NCU also purchased goods and services from many different suppliers, such as stationery and office equipment firms, insurance providers, technology companies, investment advisors and auditors. NCU may very well have a good working relationship with these businesses, but that relationship hinges on private profit, not public benefit. These suppliers are not reliant on this sole client for their income, nor does NCU make up a particularly significant proportion of their turnover. It is not appropriate, therefore, to consider them as part of the social value account.

The local economy

NCU thinks of itself as a player within a localised economy and it supports local businesses wherever possible (for instance, using local contractors for works to its buildings). Potential multiplier effects could also be occurring. For instance, people who have access to credit may spend money in nearby shops. Money circulating within a local economy can undoubtedly reap benefits for that community^{96 97}. However, it must be acknowledged that members could just as likely be spending that money elsewhere. Indeed, being situated in a city with a multitude of retail options and having relatively good internet access that allows for easy online shopping⁹⁸, makes this far more likely than if the credit union was based in a more isolated area. One could also say that if people join NCU, they may be less likely to use, or even stop using, the services of other financial providers, which may have a negative displacement effect on these providers. However, as most such providers operate in a wholly commercial – and at times unethical⁹⁹ – manner, this is felt to be of no concern to NCU. The local economy is thus excluded.

Local schools

Whilst a NCU schools savings programme is in existence, this was not operational during the year under review and schools have therefore been excluded from the calculations on this occasion.

Partners

NCU has active partnerships with several organisations: Newington Housing Association (joint bursary awards), Rafferty McGrath & Co Solicitors (will writing service), Ulster University (student placements and assistance with postdoctoral research) and Antrim Road Business Association (various activities). It also has a looser relationship with Depaul (inward referrals, occasional use of premises for meetings) and it is trying to build a partnership with Extern¹⁰⁰ and Tools for Solidarity. Furthermore, from time to time, it assists other community organisations, for instance, by promoting their raffles. Although these partnerships are mutually beneficial, because they help each organisation to work in some way towards their overall goals, the material benefits accrue to the beneficiaries of the organisations, not necessarily to the organisations themselves. An exception could potentially be made for the postdoctoral researcher who used NCU as one of a number of case studies in her research, but as she in fact had an excess of case studies, this does not really hold true either.

Those in the locality not members of, or otherwise unsupported by, the credit union

Whilst NCU already provides services and supports to a large number of individuals and organisations in its common bond area, there are many others in the locality who remain unserved/unsupported, whether that is through choice or not. Local residents who are not members of the credit union are of particular interest in this regard, but there are also likely to be other schools and community groups within the common bond with whom the credit union does not yet have a relationship or no longer has a relationship.

For instance, between late 2013 and early 2020, NCU rented out its community room one day per week to Belfast Community Acupuncture¹⁰¹, which was a highly satisfactory arrangements for both parties and their clients. However, this had to cease with the onset of Covid, which led to the group having to secure less attractive and more costly premises. As this change did not take place during the year being reviewed, and as it was outside the control of NCU, it has not been included on the social value account.

"NCU was a very welcoming place. It was an ideal venue to run a multi-bed community acupuncture service. I found all the staff extremely helpful. I was very sad to leave as it had been a very positive place to work out of. Hopefully in the future other projects will be able to avail of this wonderful facility."

There may be potential for NCU to release greater social value in future by identifying and engaging or re-engaging with these people and organisations and seeing how it can be of service to them. However, for the purposes of this study, they have been excluded.

The local community

It could be argued that the very presence of NCU in the community adds value, even to those who have no interest in ever interacting with the credit union. Some individuals may simply like the fact that the credit union exists for people who need it and they would regret its theoretical disappearance. Although valuing such sentiment can be attempted, this is a process that is not without its challenges and was not deemed worthwhile for the purposes of this study, because the value was anticipated to be low. Furthermore, any improvements in the wellbeing of individual credit union members could potentially lead to spin-off benefits that might then improve the wellbeing of their communities, but this link is rather nebulous due to so many other factors being at play.

The state

One might also argue that an improvement in the financial and social wellbeing of people in a community reaps indirect benefits for the state, at both local government and Assembly level. For instance, it may result in social security savings, or increased tax intake, or less pressure on public services. However, it is difficult to closely and directly attribute any such outcomes to the credit union. The only possible exception to this are regulators (already excluded as per Chapter 4) and the Department for Communities. The Department for Communities is included on the social value account as a stakeholder, not because it achieves material outcomes per se, but because it invests in the credit union through the payment of the JobStart grant and wages. Its role in the payment of statutory benefits and the provision of the JobStart scheme is accounted for under the attribution rates of Benefits Account holders and people on placement respectively.

Remaining stakeholder outcomes

The remaining stakeholders and their material outcomes are thus as follows:

NCU	
Members	Non-members
Shareholders Outcome: sense of community	People on placement Outcome: work experience and skills development
Savers Outcome: more disposable income	Clubs and charities Outcome: more disposable income
Large scale borrowers Outcome: more disposable income	Department for Communities No material outcome: funding only
Small scale borrowers Outcome: more disposable income	
Unsuccessful loan applicants and defaulters Outcome: less disposable income	
Benefits Account holders Outcome: receive state benefits	
Bursary recipients Outcome: more disposable income	
Prize winners Outcome: more disposable income	
Volunteers Outcome: satisfaction with volunteering	

In conclusion

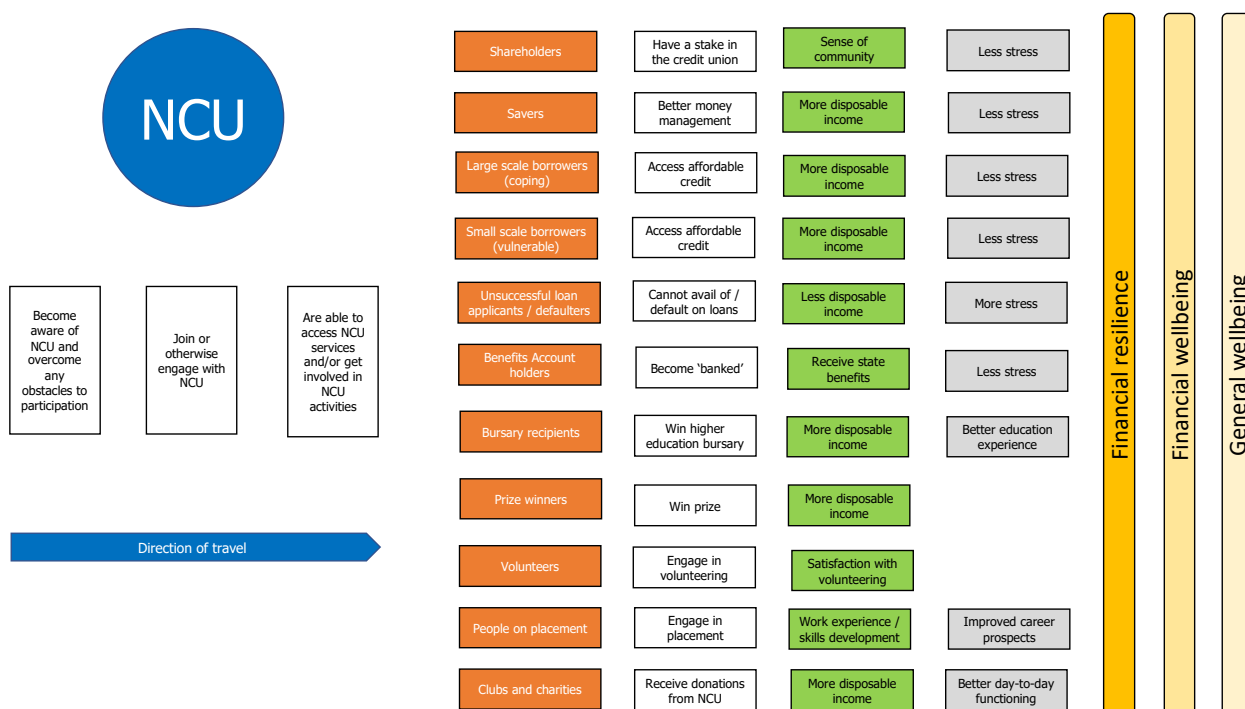
Whilst NCU almost certainly creates some value for its staff, suppliers, the local economy, the local community more generally, and the state, no monetary assessment of this has been attempted, because their outcomes are not judged to be material at this point in time. This does not preclude these stakeholders from being included in NCU's social value assessments in future years, especially as NCU's service offering evolves and circumstances change (particularly Covid-related circumstances). As a member-owned cooperative, the vast majority of outcomes are understandably delivered for members, but NCU also generates some social value for people who undertake placements at the credit union and the clubs and charities to which the credit union makes donations. All of these are explored in detail in the following chapter.

Chapter 6: Valuing material outcomes and impact

Material outcomes pathway

From cradle to grave, money affects everyone’s life. In an ideal world, people would be financially resilient throughout their lives: that is, able to exert control over their finances and withstand any financial strain or shocks that come their way. Financial resilience has been described as having 1) the ability to manage money, 2) access to a savings pot, even if this is relatively small, and 3) access to affordable credit ¹⁰². Credit unions obviously have an important role to play in this regard.

The overarching social value of NCU (marked in blue in the chart below) might be encapsulated along the following lines: being part of a cooperative that builds and maintains financial resilience within North Belfast, which in turn will lead to their financial wellbeing, which itself will aid their wellbeing more generally (all marked in yellow). However, people’s lives are multifold and as a financial institution, NCU can only ever hope to play a small role in their lives. The credit union can make a contribution towards people achieving resilience and wellbeing, but it cannot be held responsible for this, because they further depend on other factors over which it does not in fact have any control. In other words, financial resilience, financial wellbeing and general wellbeing lie beyond NCU’s ‘line of accountability’ or ‘accountability ceiling’ and are therefore not valued in their own right. What are valued instead are the measurable material outcomes (marked in green) for different stakeholders (marked in orange) that precede these end goals: that is, those for which NCU can be held directly accountable and, crucially, which it can manage. The preconditions that allow these outcomes to be brought about are also noted (marked in white). In many instances there is a further step in the outcomes chain that has not been valued (that is, it is also too far along the chain for NCU to be able to claim responsibility for it – marked in grey – see over for a detailed explanation about the stress outcomes).



Peace of mind

In undertaking this research, it was readily obvious that simply by existing, welcoming people, and offering trustworthy products and services that people need, NCU delivers peace of mind. Having some or all of their money in the credit union makes members feel that they have a certain degree of control over their financial situation, gives them a sense of security, and may thus alleviate financial stress. Being able to borrow also reduces their financial worries. Knowing that repayment terms are flexible and that borrowings are covered by loan protection insurance further lessens anxiety. Even those who never or only seldom borrow have peace of mind knowing that they could almost certainly get a loan, should they ever need one.

Conversely, those whose applications for loans are refused or who fail to keep up with their repayments suffer an increase in financial stress.

Initially, a decision was made to value the increase/decrease in stress separately from the increase/decrease in disposable income¹⁰³. On further reflection, and to ensure no double-counting or overclaiming took place, it was ultimately decided to focus solely on the latter. Peace of mind is arguably too vague a concept, as it is both a feature of the NCU service offering and a contributor to members' broader wellbeing, said to be beyond NCU's line of accountability. Increases or decreases in a member's disposable income are a solid outcome which can without any doubt be directly attributed to NCU and which, crucially, it has the power to manage and make future improvements to.

It was in any case found that there were enormous practical challenges associated with valuing peace of mind. Clearly, financial worries are very real and can be totally pervasive. They are not readily remedied by interventions that might commonly be suggested to help ease anxiety, such as a healthy lifestyle or counselling. It would not have been appropriate, therefore, to use the costs of such interventions as proxies. A value anchoring technique was attempted, but was not found to be workable, because there were multiple financial values that the increase/decrease in stress could have been anchored to and there was little confidence in the results of the calculations. A wellbeing valuation approach was also trialled, but this involved many caveats. For instance, members could be stressed about any number of issues, not just their financial affairs. Some might have ongoing mental health problems. Some people simply worry less than others would in the same situation. And some people do not in fact have any significant financial worries. To account for these circumstances, very high deadweight and attribution rates had to be applied, which is far from ideal. Alternatively, very detailed subgroup research would have had to have been done, which was outside the scope of this study.

Ultimately, therefore, stress/peace of mind have been excluded, but it will be worth revisiting this potential outcome in future.

The stages of the outcomes pathway

The following stages can be identified:

Gaining awareness

Before being to avail of any of the benefits provided by the credit union, people obviously need to be aware of its existence. NCU has a long history and is therefore already well embedded in the community, meaning that this is less of a challenge than it might be for a newer organisation.

Overcoming barriers

However, those without any established link to NCU, or only a very distant link, might have preconceptions about the credit union that are not necessarily true. And any newcomers to the area may not understand what NCU is and that it is available to them. Or people may lack the motivation or confidence to make contact with the credit union on their own. Such obstacles need to be removed before any social value can be released for these stakeholders.

Joining/engaging

People might then decide to join the credit union to address their financial needs. In the case of juvenile members, this choice is invariably made for them by their parents or another family member; indeed, staff reported that children may not even realise that they have a credit union account. People who are excluded from commercial financial institutions (for instance, because they are intimidated by money or lack a permanent address), may require the support of an external service provider in order to join up. Others will be able to undertake the process themselves, provided of course that their first impressions of NCU are positive. Once a member, people can avail of the various services outlined in Chapter 3, and in due course, they might also consider getting involved as a volunteer. Note that charities and clubs cannot join NCU, although people involved in those groups might be NCU members in their own right. However, charities and clubs can contact the organisation and seek financial support from it. Students and unemployed people may also apply to undertake a work placement at the credit union.

Having a positive user experience

The professionalism of the staff team, coupled with the quality of the service offering, appear to be the two main enablers for a positive user experience.

The approachable, friendly, helpful and supportive nature of staff members was commented on repeatedly throughout the consultation process. It was noted that staff try as much as possible to tailor supports to individual needs and often go 'above and beyond', such as having longish chats to members who are clearly lonely.

"The staff are amazing and their care is admirable. They have always been able to help with any queries I have had and they did it with a friendly smile on their faces."

"They'll do their damnest to accommodate you."

The desire amongst credit union members for a relational, rather than a technical, value proposition has previously been noted in research ^{104 105}. However, this does not mean that the service offering itself does not matter: on the contrary. Providing services that people want (for example, loans or charitable donations) in a way that is convenient for them (for example, in person or electronically) is also of considerable significance.

The largely positive sentiment towards NCU is reflected in formal user feedback. For instance, the credit union's Facebook rating is 4.5 out of 5 stars. For this study, the survey asked how likely members would be to recommend NCU to a friend or colleague and the resultant Net Promoter Score was a very high +85 ¹⁰⁶.

"As a member of Newington CU for over 40 years I am very satisfied with the level of service and all the support that I have received at different stages of my life."

However, it should not be assumed that all members are equally happy with the service. Negative feedback was also received. This primarily concerned insufficient staff member availability, both in-branch and on the telephone. Other criticisms included limited opening times, the perceived user-unfriendliness of digital options, the requirement to show bank statements as part of the loan application process, disappointing dividends, low staff salaries and some staff being described as having a poor attitude. It should be noted that no formal complaints were received during the year, however.

"The interest rate is too high, service not always great, quite often a long queue, one teller, other staff clearly visible having a chat. Getting more like the high street bank every day."

Achieving outcomes

The specific benefits (or costs) accruing to stakeholders as a result of their involvement with NCU are described below and the detailed valuations for each of their outcomes are provided in Appendix 5.

Shareholders

Through the mechanism of shares, over-16s have a financial stake in the cooperative which may, or may not, engender a sense of community. For many, being a credit union member is a family tradition that is passed down the generations that they do not contemplate any more deeply. For others, it is an active choice that, in addition to meeting individual financial needs, may mean something less transactional: being part of something that is bigger than them and that gives back to the community. Note, however, that research on a similarly sized credit union elsewhere in Northern Ireland has shown that such an outcome should in no way be overestimated ¹⁰⁷.

"NCU is more than a credit union, it is like a family to me. At times when I feel I need extra money and do not know where to turn they are there for me. They are so helpful and will always do their best for you."

"I feel like by being a member I am supporting not only the credit union but also my local community."

"It's just brilliant. I couldn't do without it. You just know it's there for you."

"I enjoy being a part of the credit union and the support it gives me at special times when we need it. During the pandemic it's been hard to keep my head above water but I've always felt supported and appreciated by NCU."

Outcome: sense of community (a change in attitude)

Impact value: £11,532

Savers

Research points to the desirability of acquiring a regular savings habit and highlights the benefits of beginning this process during childhood¹⁰⁸. Several consultees mentioned the importance of learning how to save, and indicated that this applied to children as well as adults. The credit union encourages members to build up a savings pot and strives to help them manage whatever money they have as well as they possibly can. Almost 98% of survey respondents agreed with the statement *'Being a member of NCU enables me to manage my money well'* (56% strongly agreed and 42% somewhat agreed).

Every member, regardless of age, has some savings in the credit union. Having some level of savings and – very significantly – having a sense that their money is safe in the credit union, appears to provide considerable comfort to members. For some, the amounts involved are minimal, whereas others have reached the maximum holding permissible. All members received some additional income via a dividend on their previous year's savings/shares. This dividend totalled £162,800, of which went to £5,012 to juveniles and £157,788 to full members. Additionally, 199 member nominees¹⁰⁹ received life savings insurance payments to the value of £297,541. This increase in disposable income is discrete from any other increase in disposable income they might benefit from through NCU.

Outcome: more disposable income from dividends and life savings insurance (a change in circumstance)

Impact value: £234,423

Borrowers (all)

Borrowers increase their disposable income in three ways: by releasing monies that they would otherwise not have access to, through loan interest rebates, and via loan protection insurance payments. Each are discrete from any other increases in disposable income members might benefit from through being part of NCU. The latter two are considered here, whereas the benefits of the primary loan product is considered in the two sections that follow (large scale borrowers and small scale borrowers). Loan interest rebate was paid on all Standard Loans and payments were also made under each of the three loan insurance policies: disability benefit, death benefit and loan protection.

Outcome: more disposable income from loan interest rebates and loan protection insurance (a change in circumstance)

Impact value: £908,922

Large scale (coping) borrowers

NCU has a maximum loan limit of £35,000 per member. This is of course not 'large scale' by commercial standards. However, the term large scale borrowers is nonetheless used to differentiate between those who borrow more than £1,000 and small scale borrowers who seek credit for amounts up to £1,000. Alternative terms that could be used are 'coping borrowers' and 'vulnerable borrowers'.

NCU is not the only credit option available to members and neither is it the cheapest. However, it is a trusted and sympathetic lender, and members may choose NCU as an alternative and/or an addition to other credit providers. For members in this category, NCU is especially attractive if they can avail of its promotional loans. Large scale borrowers have more disposable income that they may spend on any number of things, from vehicles and weddings, to holidays and home improvements, and much in between. They borrow secure in the knowledge that they can top up or restructure their loan if necessary and also that their loans are protected.

"Without the credit union I wouldn't be able to do half the things I do."

"It means a lot as I can top up and enjoy Christmas or a holiday stress free as my payments remain the same, it doesn't feel like additional debt."

Outcome: more disposable income from access to credit (a change in circumstance)

Impact value: £8,558,168

Small scale (vulnerable) borrowers

The minimum loan available from banks and similar providers in Northern Ireland is £1,000¹¹⁰. Those wishing to borrow less than this may in any case be excluded from mainstream credit due to being on very low incomes and/or having a history of bad debt. NCU provides a safe and affordable credit option for such small scale borrowers.

Interestingly, of those survey respondents who remarked on the interest rates on loans charged by NCU, around half criticised them whilst the other half commended them. These varied perceptions may be associated with the options that people have available to them. Someone with a relatively good income and also holding a standard bank account has many more choices for borrowing, and the APRs charged on credit from external providers may well be cheaper (see large scale borrowers above). However, someone less privileged does not have that same range of choice and the NCU Standard Loan APR – in conjunction with the general atmosphere of the credit union – is considerably more attractive to them than the very high rates charged by store/credit card issuers, payday loan companies, illegal money lenders and the like, whose costs they might avoid by borrowing from NCU.

Although not every member who borrows amounts of £1,000 or less should necessarily be described as vulnerable, it is likely that the majority within this group struggles to make ends meet on an ongoing basis. Almost half of the loans issued in this category during the year under review were in fact for less than £500. Although borrowers in this category also sometimes top up their loans, they are less likely to do so than large scale borrowers. For these members, taking on consumer debt is usually a necessity, rather than a choice ¹¹¹. Doing so enables them to cover absolute essentials, such as putting food on the table, sustaining a tenancy, or covering back to school expenses. It also permits them to deal with unexpected costs that may arise, such as car/home repairs or funerals. It further allows them to manage the costs of life events to which they attach importance, especially Christmas, but also Easter, birthdays, communions, and so on. All borrowers in this category were additionally in receipt of the loan interest rebate.

It was very clear that small scale borrowers truly depend on NCU through the use of terms such as 'meaning the world' and 'being a lifeline'.

"Helped me out so much – it's great to know I can rely on the credit union."

"It gave me peace of mind that family would have gifts under the tree this Christmas."

"The process to getting a loan is very positive and straight forward. It's easy to save and repay loans – I don't have the best credit history but the credit union made it possible for me to start putting this right."

However, it should be noted that securing access to affordable credit is not a panacea. Research has previously found that some people will use both credit union services as well as the services of moneylenders ¹¹² for instance.

Outcome: more disposable income from access to credit and costs avoided (a change in circumstance)

Impact value: £1,620,166

Unsuccessful loan applicants and defaulters

NCU has a duty to act as a responsible lender. It must be confident that loan applicants have a capacity to repay. If the amounts being applied for are judged to be too high, NCU may sensitively offer smaller loans than those requested; this may or may not be deemed a satisfactory outcome by applicants. The credit union has no option but to refuse three to four loan applications in an average week, and this would certainly not be perceived positively by the members concerned.

Furthermore, those who are granted a loan may not keep up with payments. More than 3,000 members were in arrears by year end. NCU encourages members who are in financial difficulty to come in and discuss their problems. Staff reported that the vast majority of arrears are due to short-term issues that are resolved to the satisfaction of the members and NCU through rescheduling or a reduction in the size of loan repayments and this was reflected in some of the qualitative feedback in the survey. These do not form part of this stakeholder category, therefore.

"I got into arrears while I had a long stay hospital stay. The staff were most helpful in taking the stress out of my situation and I soon got back on track."

NCU actively pursues defaulters who refuse to engage, however, which is a highly stressful situation for those members to find themselves in. Consideration was given to including those members whose bad was recovered during the year, but ultimately, it was decided that these would be accounted for under the other borrower categories. Eventually, the accounts of those with persistent bad debt are written off, with the loss of all membership benefits. At first glance, one could argue that the effect of a bad debt write-off is a positive one for the person who owed the money, but this is not the case because sourcing affordable credit elsewhere will be almost impossible.

It has been argued that people in situations such as these might nonetheless gain some benefits from the credit union, such as increased financial knowledge and increased awareness of their financial position ¹¹³. Whilst there may be some truth in this, the ultimate outcome for this group is negative.

"Due to payment freeze dates I ended up with arrears, I thought it was unreasonable due to the nature of the freeze because of Covid and I was out of work at the time: I wasn't furloughed in my zero hours contract. It put a lot of stress on me."

"I was seeking a consolidation loan to help me manage my money better. I already have been paying out the same amount that I asked to borrow but the payments that I am making was only clearing the interest on these accounts. I had to produce a lot of my debit account information only to be offered assistance to clear one credit card. I have not missed any payments across any of my accounts and I truly believed that the credit union would help me to streamline my payments. They did not, I am currently working towards clearing my existing loan and I will then close my account ... Being community focused I had hoped the credit union would understand the pressures I have ... I feel completely let down."

Outcome: less disposable income (a change in circumstance)

Impact value: -£-557,417

Benefits Account holders

In all but exceptional circumstances, in order to claim state benefits, people must have a bank, building society or credit union account ¹¹⁴. At its most basic, therefore, this NCU service provides users with access to financial services that enable them to claim statutory benefits. They move from being 'unbanked' to 'banked'. A total of 54 members held a NCU Benefits Account during the year being evaluated. They may additionally choose to save and borrow, just like any other NCU member, and receive the associated benefits from these services, but this will not necessarily be the case. NCU expressly pointed out that they could not lay claim to any increase in disposable income for Benefits Account holders as this was money to which they were already entitled from the state. What is likely, however, is that they will achieve reduced stress levels because they know that their benefits will be paid in, they can readily access the money that they need for day-to-day expenditure and credit union staff will be understanding about their situation should any problems arise. This is especially relevant in light of ongoing welfare reform changes in Northern Ireland ¹¹⁵.

Outcome: receive state benefits (a change in circumstance)

Impact value: £5,844

Bursary recipients

The bursary scheme benefited 28 higher education students during the year. For 10 students, it was a new award, and for the other 18 it was the continuation of an award won in previous years, financially supporting them for their remaining time in education. The monies received were modest. However, they definitely eased concerns these students may have had in relation to paying for the costs associated with their education (rent, laptops, books, etc), thereby freeing up time and energy to spend on their studies and other aspects of their lives.

Whilst it is hoped that the increased disposable income afforded by the bursaries will lead to a better education experience, which in itself may reap future rewards, this cannot be truly attributed to NCU. However, it is likely that the students will retain positive feelings towards NCU/a sense of community for some time as a result of their award. Note that the increase in disposable income for bursary recipients is discrete from any other increase in disposable income they might benefit from through NCU.

"It allowed me to buy all my educational books that I wouldn't have been able to afford otherwise."

"I am a first year midwifery student and a huge part of my course is working on placement. This bursary will be a huge help for me and has already paid for my full uniform!"

In theory, it could be argued that those who entered the bursary competition but did not win an award may have experienced a negative outcome (feelings of disappointment or envy, for example), but in practice, people generally enjoy the thrill of a potential win while at the same time accepting that there can be no guarantee of receiving same. It could further be argued that the parameters of the current scheme mean that certain people are excluded, but rather than regarding this as a negative outcome, it could simply be borne in mind for any future iterations of the scheme.

"The educational bursary is a great opportunity but I feel it could be opened up to include vocational training or non-academic students who may benefit and in most cases these students are just as deserving of assistance."

Outcome: more disposable income from bursaries (a change in circumstance)

Impact value: £6,962

Prize winners

Five prize draws were held during the year and 28 members won cash prizes. These winnings constituted a discrete outcome in their own right, but also helped to reinforce winners' feelings of being part of the credit union community. As with the educational bursary scheme, the same rationale applies for not including potentially negative outcomes.

Outcome: more disposable income from prizes (a change in circumstance)

Impact value: £4,284

Volunteers

The motivations of, and crucial role played by, volunteers in Irish credit unions, both North and South, has been explored previously ^{116 117 118 119 120}. When focus group participants were asked about their experience of volunteering with NCU, their answers largely tallied with this research, a new rapid evidence assessment about the subjective wellbeing of volunteers more generally ¹²¹, and the consultant's in-depth knowledge of voluntary action ¹²².

NCU volunteers gained many benefits from their involvement with the credit union. Quite a number of the volunteers were retirees and they in particular enjoyed the structure it gave their week. They talked about being provided with an opportunity to share their life and career skills as well as learning new things, taking on new responsibilities, and growing in confidence. They reported enjoying the social interaction they had at NCU and appreciating meeting others involved in the credit union movement at training courses and similar events. Mostly, they referred to the immense satisfaction they received from their voluntary engagement; a sense of 'giving back' and being part of something they believed in. This was clearly linked to the aforementioned sense of community.

Some of these advantages they experienced were tempered by disadvantages, albeit far fewer in number. At times, the responsibilities and workload were said to be overwhelming. They also reported sometimes feeling at a bit of a remove from other members, due to an increase in online service provision and staff now doing some of the work that was previously done by volunteers. And concerns were also expressed about potentially losing sight of the founding principles of the credit union, which had been focused on social justice, but which were becoming increasingly transactional in nature.

Outcome: satisfaction with voluntary activity (a change in circumstance)

Impact value: £49,982

People on placement

NCU is very open to people doing placements at the credit union and this positive and supportive approach was confirmed during interviews, both with those who had undertaken placements and those charged with coordinating placements. For people who do so as part of an educational course, such placements – amongst other things – allow them to meet their course requirements, share skills they already have, and learn new skills. Students may additionally receive a small stipend for the work that they do. Young people on JobStart placements earn the National Minimum Wage while learning how a credit union works and gaining career and life skills that will, hopefully, stand them in good stead for the future. As per the extensive literature on this subject, it is intended that both types of placements will, in due course, improve employment prospects, but this is something NCU does not have control over and this is therefore not valued in its own right.

"It was fantastic. I really wanted to be in a financial environment. They gave me lots of opportunities to prove myself. I have a job in Liverpool now."

Outcome: work experience/skills development (a change in capacity)

Impact value: £14,580

Clubs and charities

Nineteen local groups received donations of between £200 and £600 towards their work from NCU, totalling £6,400. NCU also made donations of £4,000 to Project Zambia and £16,000 to the ILCU International Development Foundation. By their very nature, clubs, community groups and charities are not profit-making entities and are largely reliant on others to resource their work. Any monies they are granted by NCU are thus very welcome. They enable them to function better on a day-to-day basis and serve their beneficiaries, whether these are people living in poverty or experiencing some other kind of disadvantage. And whilst recipients of donations are very grateful for these, NCU cannot lay claim to the outcomes being delivered by those organisations. The amounts of money involved are quite small and should be seen in the context of the other funds and in-kind supports they receive from their own members and from other sponsors and grant-givers. And although the donations made to the ILCU Foundation and Project Zambia are comparatively large, they still only represent a fraction of the turnover of these organisations.

"Our values align and we have a fantastic relationship with them."

Outcome: more disposable income from donations (a change in circumstance)

Impact value: £26,397

In conclusion

Unsuccessful loan applicants and defaulters excepted, the work NCU undertakes results in positive changes in attitude, capacity and circumstance. Together, these contribute to financial resilience, financial wellbeing and wellbeing more generally. The total impact value of these effects equals £10,883,842.

Chapter 7: Calculating the social return

Summarising the value of the impact

The impact values generated are ranked in order of magnitude:

Stakeholder	Outcome	Impact value
Positive		
Large scale borrowers (coping)	More disposable income	£8,558,168
Small scale borrowers (vulnerable)	More disposable income	£1,620,166
Borrowers (all)	More disposable income	£908,922
Savers	More disposable income	£234,423
Volunteers	Satisfaction with volunteering	£49,982
Clubs and charities	More disposable income	£26,397
People on placement	Work experience/skills development	£14,580
Shareholders	Sense of community	£11,532
Bursary recipients	More disposable income	£6,962
Benefits Account holders	Receive state benefits	£5,844
Prize winners	More disposable income	£4,282
Negative		
Unsuccessful loan applicants/defaulters	Less disposable income	-£557,417

The social return

The SROI could then be calculated. This was done by establishing how much value was generated in the year under evaluation and how much in subsequent years. To calculate the total present value, the costs paid and benefits received in different time periods were added up and discounted using a standard discount rate of 3.5% ¹²³. The value of the inputs (£2,789,507) that was calculated in Chapter 4 could then be subtracted from the present value (£12,824,364) to derive the net present value of £10,034,857.

The SROI ratio is the present value divided by the value of the inputs, namely 4.60 : 1. Alternatively, the net SROI is the net present value divided by the value of the inputs, which is 3.60 : 1.

These figures imply a level of accuracy that is unhelpful. They were derived using a large number of assumptions and approximations and therefore carry inherent risk. To increase the level of confidence about the judgements made, a sensitivity analysis was then undertaken (see Appendix 6). On the basis of this, a more nuanced and meaningful claim can be made, namely, that during the 2020-2021 financial year, NCU generated a substantial social dividend for its members and other stakeholders: for every £1 equivalent invested into the credit union, £4 to £5 worth of social value was created.

In conclusion

Value is inherently subjective and as such, we must be uncomfortable with uncertainty. Every day, decisions are made about the relative worth of things on the basis of gut feelings alone. Having more robust qualitative and quantitative data – however imperfect – should allow for better decisions to be made. Insights from this study are discussed further in the final chapter.

Chapter 8: Conclusions and recommendations

Be responsive

The staff team, Board and other volunteers of NCU are to be congratulated for their commitment to the credit union and for the overwhelmingly positive impact that the credit union has had. The past two years have been challenging due to the Covid pandemic, yet NCU nonetheless managed to deliver substantial social value. In line with the eighth principle of *The Principles of Social Value* mentioned in Chapter 2, the organisation must now be responsive and should take follow-up actions on the basis of evidence presented. Here, the consultant provides some recommendations for the future.

Suggestions for NCU on foot of the social return results

The most significant outcomes related to credit provision. The value for 'coping' borrowers was higher than that for 'vulnerable' borrowers, primarily because the size of their loans was higher. If the line between what was considered large scale and small scale had been redrawn, or a more granular approach had been adopted, the results might have been somewhat different. All borrowers benefited from having access to money that enabled them to achieve the standard of living they wanted or needed. Further borrower advantages included loan insurance rebates and loan insurance benefits. As its name suggests, the provision of credit is the core business of NCU and the evidence suggests that it should remain so.

Considerable value was also generated for those who saved with NCU, via dividends and savings insurance pay-outs. There were smaller, but still material, positive outcomes for volunteers, clubs and charities, people on placement, shareholders more generally, bursary recipients, Benefits Account holders and prize winners. And it should be remembered that NCU is likely delivering some positive outcomes for other stakeholders too, even if these are not deemed material currently. NCU will probably wish to retain all of these activities. It may also wish to restart some of the other activities that have been in hiatus during Covid (such as the schools saving scheme and community events). However, before doing so, it would be helpful to think first about the ultimate social value of these. The Board and management of NCU should consider how many people will benefit, and how, and also ask themselves if there might in fact be better ways of achieving the intended goals.

Ultimately, less/more stress were not valued separately on the 2020/2021 NCU social value account, despite clearly being an important aspect of the relationship between NCU and its members. NCU is urged to further promote its services with a peace of mind lens in future. The consultant also recommends that further research is done with members to establish the relative importance of peace of mind and a greater disposable income.

It was shown in the study that not all members had a positive experience. The not insignificant negative outcomes accruing for unsuccessful loan applicants/defaulters should be reflected upon. Is there any way these numbers of people and/or the negative effects they experience can be minimised, either by NCU and these members alone, or by working in partnership with others?

Other arising issues and suggested ways of addressing these

During the consultation processes, various issues arose that are either problematic presently or have the potential to become so in the future. Ideas were also provided about ways in which further value might be added. These are explored next.

Not everyone understands the credit union concept. This is especially true of those who are not currently members, new members and younger members. Such misunderstanding may be contributing to less than a quarter of the local population being members of NCU, and also to lower than ideal borrowing rates and higher than ideal default rates. This, at its core, is a communications problem. There are many opportunities for new member recruitment that can be explored: trade unions, social media channels and leaflet drops in healthcare settings are but three suggestions that were mentioned during the consultations. In terms of new member engagement, there were calls for the reinstating of new members' meetings, so that incomers truly understand how the credit union works, but there may be other ways of achieving the same result.

Some feel that the fundamental roots of the credit union movement, which were steeped in social justice, are on the way to being lost. One way in which this is put sharply into focus is that those with the least money pay the highest interest rates, as they cannot avail of the promotional loans that are put in place from time to time. Is there any way this can be changed? NCU could also consider reaching out to those in the community experiencing financial injustice. This might involve forging stronger links with organisations set up to support people in poverty, proactively advertising the Benefits Account service, investigating the viability of investing in social housing or social enterprises within the common bond, and so on.

The very high Net Promoter Score of NCU should be applauded, but at the same time, the specific criticisms levelled by members should be taken into account, especially those relating to access (staff availability, opening times, user experience of digital options, etc). It is clear that the way that staff deal with members is a major contributor to this high score. It is essential to retain a skilled committed workforce that is of an appropriate size and that is rostered effectively. Similarly, the number of volunteers involved in NCU and the time given is notable. But the volunteer force is not as diverse as it could be and is ageing rapidly. Board succession in particular needs to be planned for. This may mean considering the time availability of potential future volunteers and adapting NCU meeting and working times accordingly.

Research undertaken in Northern Ireland ¹²⁴ showed that the role of local credit unions in community development should not be underestimated (and, with the right conditions, had the potential to be extended significantly). NCU already undertakes such activities, which is welcomed, but there is scope to do more. The issue of donations in particular warrants examination. Without in any way criticising NCU's donations policy, the credit union may wish to reflect on the proportion of charitable funds that it spends on overseas development versus what it spends to support groups within the common bond. Whatever it chooses to do in this regard, it would be worthwhile showcasing the work that donations from NCU have enabled, highlighting the broader impact that it has helped to generate.

In conclusion

NCU has delivered substantial social value, and the credit union is now urged to communicate the results of this study not only to its members, but to all other relevant individuals and organisations (it is expected that the ILCU will also play a role in this dissemination process).

There is undoubtedly scope for NCU to release considerably more social value in the future and the consultant encourages NCU to take whatever actions it can to facilitate this.

She also recommends an ongoing and nuanced approach to tracking the effectiveness of such actions in terms of the social value they generate (this might include splitting the membership into smaller cohorts and asking more evolved questions about deadweight, displacement, attribution and drop-off).

She wishes NCU every success on that journey.

Appendix 1: Stakeholder engagement summary

Phase 1: focus groups and interviews (33 unique individuals consulted)

Phase 2: member survey (385 unique individuals consulted) ^{125 126}

Please note that in the table below, one person may in fact belong to more than one type of stakeholder group (for instance, a volunteer can also be a saver, shareholder and borrower). Please also note that whilst direct stakeholder engagement was obviously a crucial element of the research, it was supplemented by internal and external documentary evidence, the views of stakeholders whose own outcomes were not material but who nonetheless acted as important informants, and also the professional experience and judgement of the consultant.

Stakeholder group	Total in group	Engaged during phase 1	Engaged during phase 2	Sample size	Notes
Savers	23,727	29	385	Up to 2%	
Shareholders	20,315	29	385	Up to 2%	
Borrowers	6,834	8	252	Up to 4%	Number of phase 1 borrowers has been estimated; this group was only subdivided into large/small scale borrowers later in process
Unsuccessful loan applicants/ defaulters	531	0	6	<1%	
Benefits Account holders	54	0	9	Up to 17%	The true number in the phase 2 column was likely lower than this
Staff	30	10	0	33%	No material outcomes identified thus not engaged during phase 2
Bursary recipients	28	0	2	Up to 7%	
Prize winners	28	0	0	0%	No direct engagement deemed necessary as outcomes already clearly defined
Volunteers	24	9	0	38%	No phase 2 engagement deemed necessary as outcomes were clear from phase 1 consultation
Clubs and charities	21	1	0	5%	No phase 2 engagement deemed necessary as outcomes already clearly defined
Partner organisations	10	5	0	50%	Total group number is an estimate; no material outcomes were identified so no phase 2 engagement
People on placement	4	2	0	50%	No phase 2 engagement deemed necessary as outcomes already clearly defined
Department for Communities	1	0	0	0%	No material outcomes identified thus not engaged during either phase 1 or 2

Appendix 2: Focus group and interview questions

What is the nature of your relationship with NCU? Think of all the different ways in which you interacted with the credit union during the year.

What resources (financial and non-financial) did you contribute to NCU?

What changes did you experience as a result of your involvement with NCU? What is different for you? (For example, what did the loan or donation allow you to do or how did your behaviour change?)

Were all the changes positive or were there any negative changes too?

Were you surprised by any of these changes? Were they unexpected?

How long will the effect of these changes last? One, two, three, four, five years?

Wouldn't these changes have happened anyway, without NCU?

Couldn't you have gained these benefits/disbenefits elsewhere?

Didn't anyone else contribute to the changes you describe?

By engaging with NCU, did you miss out on something else?

How important were these changes to you? How would you value them? What would they be equivalent to?

Was it just you/your organisation that experienced changes, or do you think anyone else was affected too? If so, who and how?

Is there anything else you would like to say or ask?

Appendix 3: Survey instruments



Newington Credit Union social value study

Welcome to our survey

I am Sandra Velthuis of Whitebarn Consulting. Newington Credit Union has engaged me to undertake a study of its 'social value'. I cannot do this without hearing what members of the credit union have to say. I therefore invite you to complete this short survey. Your answers are anonymous and come only to me. The deadline for completion is Monday 20 December 2021.

As a thank you for your time, we have organised a prize draw for £250. If you would like to enter this draw, you can click on a new survey link when you have answered all of the questions. There you can give your contact details, so that we can get in touch with you in case you win. The two surveys are completely unconnected so your answers remain confidential.

You may only take the surveys once - duplicates will be removed. Please encourage other members to complete this survey too. Thank you very much in advance.

* Are you a member of Newington Credit Union who is aged 16 or over?

Yes

No



Newington Credit Union social value study

The questions

* How likely is it that you would recommend Newington Credit Union to a friend or colleague?

Not at all likely

Extremely likely

0 1 2 3 4 5 6 7 8 9 10

* To what extent do you agree with the statement "By being a member of Newington Credit Union I feel part of a community"?

- Strongly agree
- Somewhat agree
- Somewhat disagree
- Strongly disagree

* Are you involved in any other local groups, clubs or organisations where you feel that you are part of a community?

- Yes
- No

* To what extent do you agree with the statement "Being a member of Newington Credit Union means I have greater peace of mind and am less stressed about money than I would if I was not a member"?

- Strongly agree
- Somewhat agree
- Somewhat disagree
- Strongly disagree

* To what extent do you agree with the statement "Being a member of Newington Credit Union enables me to manage my money well"?

- Strongly agree
- Somewhat agree
- Somewhat disagree
- Strongly disagree

* Did you have savings anywhere else in the past year? (tick all that apply)

- Another credit union
- Bank
- Post office
- Other (please specify)

- None of the above

* Do you have a Benefits Account at Newington Credit Union?

- Yes
- No

If yes, what does it mean to you to have this Benefits Account?

* Were you making payments towards any loans from Newington Credit Union in the past year?

- Yes
 No

* Did you top up or restructure any loans at Newington Credit Union in the past year?

- Yes
 No

If yes, what did having this top up or restructuring facility mean to you?

* Did you fall into arrears on any loans you had at Newington Credit Union in the past year?

- Yes
 No

If yes, what was the effect of these arrears on you?

* Did you apply for a new loan from Newington Credit Union in the past year?

- Yes
 No

* Was the loan approved?

- Yes
 No
 Not applicable

If not, what was the effect of this loan refusal on you?

* Did you borrow from anywhere else in the past year? (tick all that apply)

- Family or friend
- Another credit union
- Bank (overdraft or loan)
- Post office
- Credit card company
- Money lender
- Other (please specify)

None of the above

* Were you the recipient of a Bursary Award for your education in the past year?

- Yes
- No

If yes, what difference did this Bursary Award make to your life?

* Please rank the following positive outcomes that you may have experienced as a member of Newington Credit Union in order of importance to you:



That I feel a sense of community

Not applicable



That I have more disposable income

Not applicable



That I have greater peace of mind and am less stressed

Not applicable

If there is anything else whatsoever that you would like to say about Newington Credit Union (positive, neutral or negative), please do so here.

* Would you like to be in with a chance to win £250?

- Yes
- No



1. What are your details in case you win the £250 prize and we need to contact you?

Name	<input type="text"/>
Email Address	<input type="text"/>
Phone Number	<input type="text"/>

2. What is your member number? (optional)

Appendix 4: Survey results

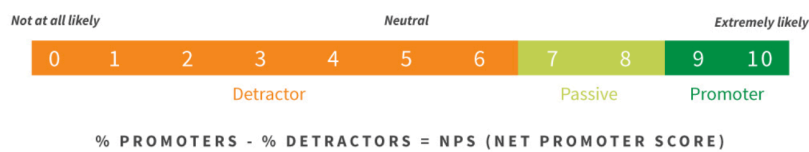
Response rate

A total of 450 surveys were commenced. Of these, five were ineligible, as the respondents were not NCU members aged 16 or over. A further 60 were eligible but chose not to answer the remaining questions. This means that the total number of valid responses was reduced to 385. This represents a response rate of just under 2%.

Satisfaction rating

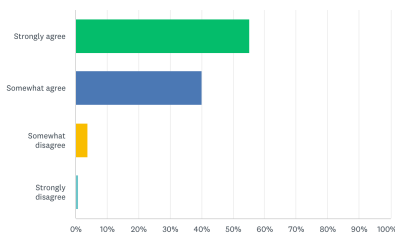
How likely is it that you would recommend NCU to a friend or colleague?

2% of respondents were found to be 'detractors', 10% were 'passives' and 88% were 'promoters'. A Net Promoter Score of +85 was achieved.



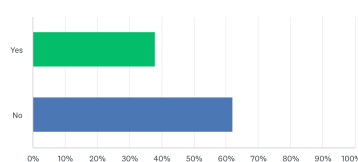
Sense of community

To what extent do you agree with the statement "By being a member of NCU, I feel part of a community"?



ANSWER CHOICES	RESPONSES	COUNT
Strongly agree	55.32%	213
Somewhat agree	40.00%	154
Somewhat disagree	3.90%	15
Strongly disagree	0.78%	3
TOTAL		385

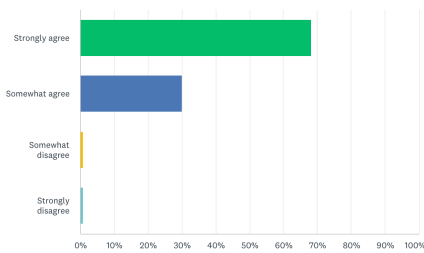
Are you involved in any other local groups, clubs or organisations where you feel you are part of a community?



ANSWER CHOICES	RESPONSES	COUNT
Yes	37.92%	146
No	62.08%	239
TOTAL		385

Peace of mind

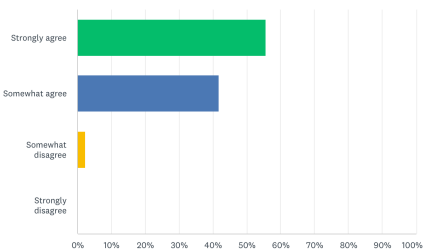
To what extent do you agree with the statement "Being a member of NCU means I have greater peace of mind and am less stressed about money than I would if I was not a member"?



ANSWER CHOICES	RESPONSES	
Strongly agree	68.31%	263
Somewhat agree	30.13%	116
Somewhat disagree	0.78%	3
Strongly disagree	0.78%	3
TOTAL		385

Money management

To what extent do you agree with the statement "Being a member of NCU enables me to manage my money well"?



ANSWER CHOICES	RESPONSES	
Strongly agree	55.58%	214
Somewhat agree	41.82%	161
Somewhat disagree	2.34%	9
Strongly disagree	0.26%	1
TOTAL		385

Saving elsewhere

Did you have savings anywhere else in the past year?

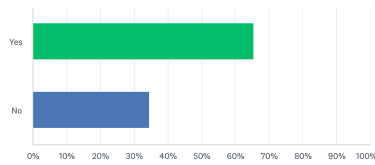
201 respondents (52%) had no savings elsewhere. Of those who did, the vast majority (45%) had money in a bank account or building society ¹²⁷. Other places included (in order of frequency): another credit union, the Post Office, bonds/shares, as cryptocurrency and at home.

Benefits Account

Only 9 (2%) of respondents stated that they had a Benefits Account. However, the qualitative responses to the follow-up question *If yes, what does it mean to you to have this Benefits Account?* suggest that these respondents did not necessarily understand what this account was.

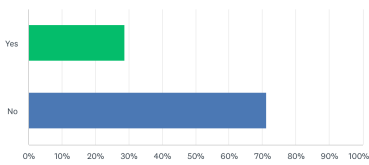
Loans

Were you making payments towards any loans from NCU in the past year?



ANSWER CHOICES	RESPONSES	
Yes	65.45%	252
No	34.55%	133
TOTAL		385

Did you top up or restructure any loans at NCU in the past year?

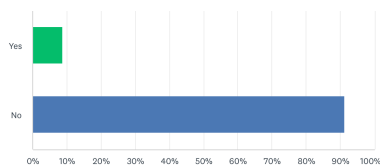


ANSWER CHOICES	RESPONSES	
Yes	28.83%	111
No	71.17%	274
TOTAL		385

If yes, what did having this top up or restructuring facility mean to you?

[A variety of answers was provided to this question. These are detailed in the main body of the report.]

Did you fall into arrears on any loans you had at NCU in the past year?

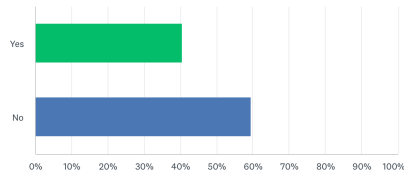


ANSWER CHOICES	RESPONSES	
Yes	8.83%	34
No	91.17%	351
TOTAL		385

If yes, what was the effect of these arrears on you?

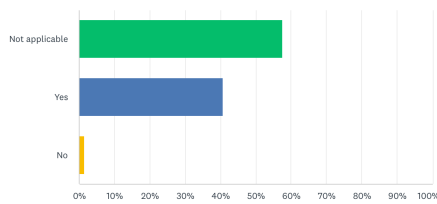
[A variety of answers was provided to this question. These are detailed in the main body of the report.]

Did you apply for a new loan from NCU in the past year?



ANSWER CHOICES	RESPONSES	
Yes	40.52%	156
No	59.48%	229
TOTAL		385

Was the loan approved?



ANSWER CHOICES	RESPONSES	
Not applicable	57.66%	222
Yes	40.78%	157
No	1.56%	6
TOTAL		385

If not, what was the effect of this loan refusal on you?

[A variety of answers was provided to this question. These are detailed in the main body of the report.]

Borrowing from elsewhere

299 respondents (78%) did not borrow from elsewhere. Of the 22% who did, they borrowed from the following sources (in priority order): credit card company; family or friends; bank; money lender; store card. No respondents borrowed from another credit union or from the Post Office.

Bursary Award

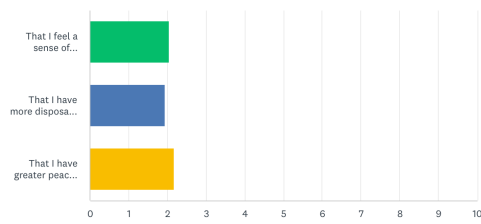
Two of the respondents indicated that they were recipients of a Bursary Award for their education in the past year.

If yes, what difference did this Bursary Award make to your life?

[The answers to this question are detailed in the main body of the report.]

Ranking outcomes

Please rank the following positive outcomes that you may have experienced as a member of NCU in order of importance to you:



	1	2	3	NOT APPLICABLE	TOTAL	SCORE
That I feel a sense of community	28.57% 110	25.71% 99	25.45% 98	20.26% 78	385	2.04
That I have more disposable income	21.56% 83	25.97% 100	26.49% 102	25.97% 100	385	1.93
That I have greater peace of mind and am less stressed	34.03% 131	27.79% 107	20.00% 77	18.18% 70	385	2.17

Final qualitative feedback

If there is anything else whatsoever that you would like to say about NCU (positive, neutral or negative), please do so here.

[The answers to this question are detailed in the main body of the report.]

Appendix 5: Detailed valuations

A note on ranking and weighting

Survey respondents were asked to rank the importance of the three primary outcomes being delivered by NCU. Having greater peace of mind and therefore being less stressed came slightly before having a sense of community, which itself came slightly ahead of having more disposable income, but the differences between answers were minimal. Note, however, that as per the discussion around peace of mind in Chapter 6, this outcome was subsumed elsewhere. As the outcomes relating to Benefits Accounts, volunteering, work placements and clubs/charities were only available to very few people, these were not asked about in the general ranking, although an impression was gained from the first consultation phase.

To translate these into the weightings for the value map: those which are deemed most important to stakeholders are rated 1; those which are second most important are rated 2; and those which are third most important are rated 3.

Shareholders

Total number in group

The total number of members at year end was 23,727, but 3,412 juvenile members were not full shareholders, so the resultant figure is 20,315.

Inputs

New shareholders paid an entrance fee of £794 and all contributed via the credited union's tangible assets valued at £81,475 for the year. The total inputs were therefore £82,269.

Outputs

20,315 shareholders having a stake in the credit union.

Outcome

Sense of community.

Indicator and source

Self-reported sense of community, as per member consultation, triangulated with external research.

Number of people experiencing the outcome

In answer to the survey question, *To what extent do you agree with the statement 'By being a member of NCU, I feel part of a community'?*, 55% indicated that they agreed strongly and 40% said they agreed somewhat. Accounting for those members who felt less strongly by halving their number, the revised extrapolated total for the whole shareholder group is around 15,236. In light of what is known about other credit unions^{128 129}, that figure is almost certainly an overestimate. Whilst NCU staff on the working group pointed to the importance of this sense of community, it was referred to far less in the focus groups and in the qualitative commentary in the survey. Not only does the strength of feeling differ between members, it is probable that those who were particularly invested in their credit union were more likely to have taken part in the survey. If only those members who completed the survey are taken into account, we know for certain that 369 feel a sense of community by being a member of NCU. That number is too low and needs to be increased somewhat to reflect members who do feel a sense of community, but who did not for whatever reason complete the survey. A rough estimate therefore has to be made. It would be unwise to raise it too much, however, and a very conservative 1,000 people has been estimated.

Amount of change experienced

This will vary from person to person. It might best be described as palpable for some, yet limited.

Duration

A sense of community tends to be a longer-term effect and the maximum time beyond the year of activity has therefore been allowed.

Outcome starts

A sense of community may be present from the start but is more likely to be something that grows over time. It is therefore said to start the year after the activity.

Weighting

2, because this outcome ranked second in the member survey.

Valuation approach

The value of a sense of belonging to a community is very difficult to monetise. Most of the research done in this field relates to belonging to a place¹³⁰ rather than to an organisation. Where it does relate to an organisation, it is generally positioned as an employee engagement or staff retention issue¹³¹. External research notes the importance of geographical proximity to value creation for credit union members¹³². It might thus be argued that shareholders' sense of community to NCU is associated with their sense of belonging to geographical area of the common bond. Care must be taken with such an assertion, however, not least because of the somewhat divided nature of the geographical area that was alluded to in Chapter 3. Furthermore, the consultant notes that this outcome was simply not expressed anywhere near as strongly within NCU as it had been in the social value research undertaken with Donore Credit Union some years previously. In that research, a wellbeing valuation was used that monetised a sense of belonging to a neighbourhood, but use of this approach was heavily caveated.

It is preferable, therefore, to use a different type of proxy in this instance. What would the equivalent cost be of joining an organisation in Northern Ireland where someone might achieve a sense of community? Some, such as places of worship or mutual support groups, might levy no fee. Others, such as sports clubs or other activity-based associations, might charge annual subscriptions, from the nominal (such as a local arts or other community group) to the significant (like high end gyms, golf clubs or sailing clubs).

Monetary valuation

Membership fees vary considerably ¹³³ depending on the organisation, but a very conservative £30 per person per year has been used for the calculations.

Deadweight

NCU is not the only community-based organisation that affects members' lives. 38% of survey respondents said that they were involved in other local groups, clubs or organisations where they feel they are part of a community and this is the deadweight rate that has been used.

Displacement

Feeling a sense of community within one grouping does not imply that this reduces any sense of community that someone might feel towards another grouping. No displacement has been allowed for, therefore.

Attribution

As per deadweight above, NCU is not the only community-based organisation that affects members' lives. As 38% of survey respondents said that they were involved in other local groups, clubs or organisations where they feel they are part of a community, this is also the attribution rate that has been used.

Drop-off

A year on year drop-off rate of 20% has been allowed to account for the outcome tailing off over the five-year period if membership does not continue beyond the year (unlikely given the long-term memberships of the credit union).

Impact

£11,532.

Savers

Total number in group

The full membership of 23,727 is included.

Inputs

The income on member investments was £188,828 during the year.

Outputs

There were 29,219 active accounts at year end.

Outcome

More disposable income from dividends and life savings insurance.

Indicator and source

Dividends and savings insurance pay-outs deduced from NCU data.

Number of people experiencing the outcome

All 23,727 members received dividends. As previously stated, it is assumed that the 199 nominees for the life savings insurance pay-outs are also NCU members. In theory, the benefits accruing to this group could be treated separately. However, everyone who has been nominated by a member is entitled to this benefit on the death of that member and would have the same chance of receiving a pay-out. A subdivision is therefore not deemed necessary.

Amount of change experienced

The increase of income per stakeholder was modest. On average, juveniles received less than £1.50 in dividends and over-16s received less than £8. Insurance nominees received a once-off pay-out of less than £1,500.

Duration

These are once-off payments so no more than one year is allowed for.

Outcome starts

Payments of dividends are made in the year following the activity. The timing of insurance pay-outs depends on when the member died and may also take place in the year following the activity, which is what has been selected.

Weighting

3, because this outcome ranked third in the member survey.

Valuation approach

Financial valuation.

Monetary valuation

Dividends to the value of £162,800 and insurance payment to the value of £297,541. Taken together, the average increase in disposable income amounted to just over £19 per member.

Deadweight

Could members have accessed the above benefits elsewhere? The answer to this question is yes, although there are caveats. There are other providers of similar products such as these. NCU's dividend rate of 0.1% during the year under evaluation was low, but no lower than the UK Bank Rate in operation at the same time ¹³⁴. The conditions under which providers make payments to their customers vary, however. For instance, the online banking app Revolut ¹³⁵ operates referral campaigns in which customers receive bonuses for signing up friends, which NCU does not. But NCU offers savings insurance pay-outs, which most other providers do not. In the absence of a directly comparable offering, the percentage of survey respondents who indicated that they kept money in other places has been used (48%).

Displacement

By saving with NCU, business was arguably taken away from other providers. However, not only was this not the case for the majority, the ethics of other providers can be questioned and crucially, other providers operate in an open market place where they are able to compete for custom. No displacement figure has been included.

Attribution

As the increase in disposable income can be fully attributed to NCU, no attribution deduction needs to be made.

Drop-off

As the duration of the outcome is only one year, no drop-off applies.

Impact

£234,423.

Borrowers (all)

Total number in group

The average number of active loans at the end of each month during the year was 6,984. Around 150 large scale borrowers had more than one loan (a Standard loan and a Promotional Loan or a Special Secure Interest Rate Loan). These are subtracted from the loans figure to give a total number of borrowers equalling 6,834.

Inputs

£2,398,843 in loan interest paid.

Outputs

Up to 6,834 borrowers/nominees benefiting from loan interest rebates and/or loan insurance pay-outs and/or clearance of loan balances.

Outcome

More disposable income from loan interest rebates and loan protection insurance.

Indicator and source

NCU rebate and loan insurance data.

Number of people experiencing the outcome

All but a small proportion of borrowers benefited from the interest rebate of 8% given on Standard Loans. Four members received disability benefit, 192 nominees were in receipt of death benefit and 199 were covered by loan protection. As previously stated, it is assumed that nominees for these insurance payments are also NCU members. In theory, the benefits accruing to insurance claimants could be treated separately. However, all borrowers are entitled to this benefit on the death of that member and would have the same chance of generating a pay-out/clearing a loan balance and a subdivision is therefore not deemed necessary. The total figure of 6,834 borrowers has therefore been used.

Amount of change experienced

A limited but welcome increase in income.

Duration

These are once-off payments so no more than one year is allowed for.

Outcome starts

Payments of loan rebates are made in the year following the activity. The timing of insurance payments depends on when the member died and may also take place in the year following the activity, which is what has been selected.

Weighting

3, because this outcome ranked third in the member survey.

Valuation approach

Financial valuation.

Monetary valuation

The loan interest rebate totalled £334,509. Insurance payments were as follows: disability benefit of £37,990, death benefit of £380,000 and loan protection of £157,970. This totals £910,469. The average value per borrower was therefore £133.

Deadweight

Loan interest rebates are not paid by other financial institutions¹³⁶. Members may have disability and/or life cover elsewhere but payments under any such policies would not affect any payments made by NCU. No deadweight is therefore provided for.

Displacement

No displacement was identified.

Attribution

As the increase in disposable income can be fully attributed to NCU, no attribution deduction needs to be made.

Drop-off

As the duration of the outcome is only one year, no drop-off applies.

Impact

£908,922

Large scale (coping) borrowers

Total number in group

This number has been ascertained from the previous calculation of the overall borrower number of 6,834. During the year under review, 42% of loans that were issued were for amounts of more than £1,000, so the corresponding overall coping borrower figure is around 2,870.

Inputs

Already accounted for under borrowers (all) – do not double count.

Outputs

c. 42% of all loans issued by NCU.

Outcome

More disposable income from access to credit.

Indicator and source

Amount of disposable income available to members in this category who are keeping up their loan payments as deduced from NCU records.

Number of people experiencing the outcome

2,870.

Amount of change experienced

Money to enable members to achieve the standard of living that they want or need. This is dependent on the size of the loan taken out and the stage of repayment.

Duration

The duration depends on the length of the loan term outstanding. The average length remaining is just over two years, so this is what has been assumed.

Outcome starts

After the period of activity.

Weighting

This outcome ranked third in the member survey.

Valuation approach

'Financial comfort' (valued at £8,917 in 2011¹³⁷) is regularly used as a proxy. This was considered for use, but ultimately discounted and a financial valuation was opted for.

Monetary valuation

The value of the average outstanding loan balance for members in this category is used (£3,823), on the basis that it is this disposable income that the member values as it adds to their standard of living.

Deadweight

As noted previously, alternative credit providers are available for this category of borrower. Average APR rates for unsecured loans of £5,000 to £10,000 were 3.48% to 7.97% in the year in question¹³⁸, compared with NCU's less favourable APR range of 3.8% to 12.68%. This does not include loans of £1,001 to £4,099 which make up c. 55% of all NCU loans, and neither do these alternatives provide the full range of benefits to borrowers that NCU does. The majority of borrowing members chose to borrow solely from NCU. However, 22% of survey respondents said they had borrowed from elsewhere at the same time as borrowing from NCU and this is the deadweight figure that has been applied.

Displacement

By borrowing from NCU, business was arguably taken away from other credit providers. However, not only was this not the case for the majority (see attribution below), the ethics of many other credit providers can be questioned, and crucially, other credit providers operate in an open market place where they are able to compete for custom. No displacement figure has been included.

Attribution

As the increase in disposable income can be fully attributed to NCU, no attribution deduction needs to be made.

Drop-off

The value of the outcome decreases over time as more of the loan gets paid off. It should also be remembered that borrowers may off pay the loan earlier than the agreed term without incurring further penalty. On the above assumption that the outcome lasts for two years, drop-off of 50% has been assumed.

Impact

£8,558,168.

Small scale (vulnerable) borrowers

Total number in group

This number has been ascertained from the previous calculation of the overall borrower number of 6,834. During the year under review, 58% of loans that were issued were for amounts of £1,000 or less, so the corresponding overall coping borrower figure is around 3,964.

Inputs

Already accounted for under borrowers (all) – do not double count.

Outputs

c. 58% of all loans issued by NCU.

Outcome

More disposable income from access to credit and costs avoided.

Indicator and source

Amount of disposable income available to members in this category who are keeping up their loan payments as deduced from NCU records and costs avoided by having access to affordable credit, as ascertained from external data.

Number of people experiencing the outcome

3,964.

Amount of change experienced

Money to enable members to achieve the standard of living that they want or need without having to resort to costly alternatives. Even though the amounts themselves were not large, the fact that credit was made available and the cost savings resulting from not having to go to higher interest providers were significant for these borrowers.

Duration

The duration depends on the length of the loan term outstanding. As the average length is two years, this is what has been assumed.

Outcome starts

After the period of activity.

Weighting

This outcome ranked third in the member survey.

Valuation approach

Financial valuation.

Monetary valuation

Again, the value of the average outstanding loan balance for members in this category is used, on the basis that it is this that is disposable income that the member values as it adds to their standard of living. The average outstanding loan balance at year end was £495, which was being paid off at an APR of 12.68%. Additionally, the costs avoided by borrowing with NCU instead of the most likely alternative providers might be calculated. Sometimes, people are able to borrow from family or friends without incurring interest, but often, they are forced to use alternative providers charging higher levels of interest. Focus group participants and the survey confirmed that these people would have most likely borrowed money on credit cards that averaged 20.15% APR in March 2021¹³⁹. The annual repayment on their loan at NCU would have been £31, whereas with a credit card, it would have been £50¹⁴⁰ (that is, a difference of £29). It can therefore be said that the yearly financial benefit to this group of borrowers is worth at least £524 to each of them in a year (although it could be significantly higher if high-cost credit providers like moneylenders were used instead).

Deadweight

The majority of borrowing members chose to borrow solely from NCU. However, 22% of survey respondents said they had borrowed from elsewhere at the same time as borrowing from NCU and this is the deadweight figure that has been applied, although in reality, it is likely that fewer people in this category of borrower did so as they had fewer credit options open to them.

Displacement

As per large scale borrowers above, no displacement was identified.

Attribution

As the increase in disposable income can be fully attributed to NCU, no attribution deduction needs to be made.

Drop-off

The value of the outcome decreases over time as more of the loan gets paid off. It should also be remembered that borrowers may off pay the loan earlier than the agreed term without incurring further penalty. The estimated 50% drop-off rate of for coping borrowers has thus been also been used here.

Impact

£1,620,166.

Unsuccessful loan applicants and defaulters

Total number in group

531.

Inputs

Not applicable.

Outputs

112 part refusals, 184 refusals, 235 write-offs.

Outcome

Less disposable income.

Indicator and source

Loss of potential income deduced from NCU data.

Number of people experiencing the outcome

112 members only had part of their requested loan approved. 184 members had their applications refused. 235 members had their accounts written off. Whilst it is possible that there may be some overlap between these groups, it is likely to be minimal so a total of 531 has been used.

Amount of change experienced

The change in this instance is members struggling access credit to enable them to achieve the standard of living that they want or need. From what we know about people in financial crisis¹⁴¹, the effect is expected to be notable. The exact amount of change varied from member to member, depending on their particular borrowing status.

Duration

This negative outcome will remain as long as the person remains in financial crisis. If even the credit union, which strives to provide affordable credit to all, is not/no longer in a position to assist the person, it is likely that this effect will be long-term and the maximum length of time has therefore been allowed.

Outcome starts

During the period of activity.

Weighting

This is the inverse of the outcome of a more disposable income, which was ranked third in the member survey. However, for a member who experiences this outcome, it will almost certainly be the most significant outcome for them.

Valuation approach

Financial valuation.

Monetary valuation

It could be argued that the simplest way of valuing this outcome would be to use the inverse of the increase in disposable income that was available to those who successfully borrowed from NCU. However, more nuanced and accurate data were in fact available for this stakeholder group and it is these that were put to use. Of those who only had part of their requested loan approved, the difference between what they asked for (£443,017) and what received (£271,116) was £171,901. The value of the applications that were refused outright was £485,226. Accounts to a value of £516,437 were written off. The total of these amounts is £1,173,564, averaging £2,210 per member.

Deadweight

If the credit union, which has a financial inclusion remit, is not in a position to provide credit to these members at the level they request, or if members cannot keep up the affordable loan repayments offered, it is likely that there will be no other avenues of affordable credit open to them either, with the possible exception of loans from family and friends. A nominal 5% of deadweight has been allowed to cover such instances.

Displacement

Protecting other members from potential/actual bad debtors safeguards the common interest of the co-operative, but these benefits are already captured elsewhere. No displacement has been identified.

Attribution

The credit union cannot be held wholly responsible for the increased costs incurred by unsuccessful loan applicants and defaulters. In the absence of accurate data, an estimate of 50% has been made.

Drop-off

As per the rationale provided under duration, no drop-off has been identified.

Impact

-£557,417.

Benefits Account holders

Total number in group

54.

Inputs

None – captured under shareholders and savers.

Outputs

54 Benefits Accounts.

Outcome

Receive state benefits.

Indicator and source

Benefits payments to claimants deduced from NCU data.

Number of people experiencing the outcome

54.

Amount of change experienced

A vital way of accessing statutory entitlements.

Duration

The outcome only applies to the year that state benefits are being paid.

Outcome starts

In the period of activity.

Weighting

As this was an outcome that was specific to a small subgroup of members, it did not appear on the ranking on member survey. No usable qualitative data was retrieved from the survey either. However, an assumption is made that being able to access state benefits is extremely important for this group of people and is more significant than any of the other benefits offered by the credit union.

Valuation approach

Financial valuation.

Monetary valuation

£467,507 was the total of the state benefits paid into Benefits Accounts. The average amount of state benefits during the year per account holder was £8,658.

Deadweight

The majority of people in receipt of state benefits do have other options open to them in terms of accessing the monies to which they are entitled. External data suggest that 5%-16% of the population is 'unbanked'^{142 143}. It could be argued, therefore, that the figure for deadweight should be in the region of 84% to 95%. However, staff knowledge would suggest that for those NCU members with a Benefits Account, accessing a different way of banking would have been challenging, so a slightly lower deadweight rate of 75% has been estimated. Note that with the phasing out of the Post Office card account, the demand for the NCU Benefits Account will likely rise in the coming years, and the deadweight figure will need to be adjusted in line with this.

Displacement

None identified.

Attribution

The primary driver of this outcome is the Department for Communities, which actually pays the benefits. In providing the Benefits Account, simply NCU acts as a conduit or agent – albeit a welcoming and supportive one – which is particularly important for the most disadvantaged claimants. It is judged that an attribution rate of at least 95% should apply, however.

Drop-off

As the duration of the outcome is only one year, no drop-off applies.

Impact

£5,844.

Bursary recipients

Total number in group

In theory, any student who was a member could enter the competition and win a bursary, but in practice, only some did. As the scheme is a rolling one, exact numbers of entrants are hard to define. As the stakeholder group is bursary recipient, rather than competition entrant, the total number is restricted to 28.

Inputs

None – captured under shareholders and savers.

Outputs

Bursary competition with 10 new awardees and 18 ongoing awardees.

Outcome

More disposable income from bursaries.

Indicator and source

Bursary payments to awardees deduced from NCU data.

Number of people experiencing the outcome

28.

Amount of change experienced

A welcome increase in income.

Duration

Although NCU commits to continuing to pay the bursary for each year that the student continues to study, those payments are made annually, so only one year is accounted for.

Outcome starts

Period of activity.

Weighting

As this was an outcome that was specific to a small subgroup of members, it did not appear on the ranking on member survey. Qualitative data from NCU records, one-to-one interviews and the survey suggest that despite the modest size of the bursary, it was a nice bonus for this group of people at this particular stage in their lives, possibly more directly significant than any of the other benefits offered by the credit union. The additional monies definitely eased their lives, but the students would almost certainly have continued their studies in the absence of the bursaries.

Valuation approach

Financial valuation.

Monetary valuation

The total fund was £9,400: the average payment was therefore £336 per student.

Deadweight

NCU is not the only organisation in Northern Ireland to offer student bursaries ¹⁴⁴. However, the vast majority of other awards are means-tested or use some other form of screening. And winning a bursary from NCU in no way precludes students from applying for other bursaries. No deadweight is therefore provided for.

Displacement

No displacement was identified.

Attribution

£2,400 of the £9,400 total fund (26%) was paid for by Newington Housing Association, which is the attribution rate that has been used.

Drop-off

As the duration of the outcome is only one year, no drop-off applies.

Impact

£6,962.

Prize winners

Total number in group

In theory, any member might have entered draws and won a prize, but in practice, only some did. Exact numbers are unavailable. As the stakeholder group is prize winners, rather than competition entrants, the total number is restricted to 28.

Inputs

None – captured under shareholders and savers.

Outputs

Five prize draws with 28 winners.

Outcome

More disposable income from prizes.

Indicator and source

Value of prizes won, deduced from NCU records.

Number of people experiencing the outcome

28.

Amount of change experienced

A limited but welcome increase in income.

Duration

The outcome is immediate and has no longer-term effects.

Outcome starts

During the period of activity.

Weighting

As this was an outcome that was specific to a small subgroup of members, it did not appear on the ranking on member survey. It should be perceived as no more than a nice bonus that is unlikely to be more important to members than the other outcomes being generated for them by NCU – the weighting used is 3 therefore.

Valuation approach

Financial valuation.

Monetary valuation

Total prize fund of £4,270. Thus, the value of the average prize was just under £153 per winner.

Deadweight

NCU is not the only organisation offering prize draws. Winning a prize in a draw organised by NCU in no way precludes members from entering other prize draws and no deadweight is therefore provided for.

Displacement

No displacement was identified.

Attribution

As the increase in disposable income can be fully attributed to NCU, no attribution deduction needs to be made.

Drop-off

As the duration of the outcome is only one year, no drop-off applies.

Impact

£4,284.

Volunteers

Total number in group

24.

Inputs

Time valued at £114,840.

Outputs

Oversight, governance and operations.

Outcome

Satisfaction with volunteering.

Indicator and source

Self-reported satisfaction with volunteering, as per focus group, triangulated with external literature and consultant expertise.

Number of people experiencing the outcome

24.

Amount of change experienced

Whilst this will vary from individual to individual, the regularity and consistency with which NCU's volunteers give of their time means that it is appropriate to infer average satisfaction levels amongst them ¹⁴⁵.

Duration

The consultant's personal volunteering history and her extensive professional experience in the field of volunteer development would suggest that three years is a reasonable timeframe.

Outcome starts

After the period of activity, as it probably takes some time for this feeling to manifest itself.

Weighting

As this was an outcome that was specific to a small subgroup of members, it did not appear on the ranking on member survey. Although working at the credit union is a very important part of volunteers' lives, in the focus group discussion with volunteers, they understood themselves in the first place as a NCU member and their role as a NCU volunteer stemmed from that. This is closely linked to their sense of community so a weighting of 2 has been selected.

Valuation approach

Many attempts have been made to measure the value of volunteering, including the value on those participating in the voluntary activity themselves. Robust and detailed government research explored the pros and cons of various approaches and concluded that the subjective wellbeing approach was the least problematic and most meaningful ¹⁴⁶. As this is an additional benefit arising within NCU to only a small subgroup of its overall membership, it would seem acceptable to incorporate this extra valuation technique into the study.

Monetary valuation

Using 2011 data, the annual value of volunteering frequently to the volunteer was calculated as £11,300. Allowing for inflation ¹⁴⁷, this figure can be increased to £14,084. However, more recent work values regular volunteering at an arguably more reasonable £3,249 per year to the volunteer ¹⁴⁸, or £3,383 if inflation is allowed for. It is this latter proxy that has been put to use, but note that the survey data on which this value was based asked if people volunteer at least once a month, whereas it is known that NCU volunteers give more time than this. It is very possible, therefore, that the proxy used underestimates the actual value of volunteering to the credit union's volunteers.

Deadweight

Could the relative benefits garnered from doing voluntary work at NCU have been sourced elsewhere? To some extent, yes, but it should be remembered that the type of volunteering that the Directors and committee members do is specialised and only another credit union would have been able to offer the same mix of benefits. Those supporting NCU's operations could potentially have sourced similar benefits elsewhere. The deadweight rate of 19% recommended for this value by its authors has been used.

Displacement

It could be argued that individuals' free time was displaced by the taking up of voluntary work with the credit union, but their decision to volunteer is entirely discretionary and displacement should thus not be considered.

Attribution

Recent research in the Republic of Ireland ¹⁴⁹ revealed that 23% of credit union Directors hold additional Directorships in other organisations. Around a quarter of volunteers at the focus group indicated that they were also involved with other community organisations at the same time as volunteering with NCU. A midway attribution figure of 24% has thus been used.

Drop-off

Whilst the relative satisfaction with volunteering will remain as long as a person continues to volunteer, it will gradually fade if the volunteering ceases. On the above assumption that the outcome lasts for around three years, drop-off of 33% has been assumed.

Impact

£49,982.

People on placement

Total number in group

Four.

Inputs

None.

Outputs

Four placements.

Outcome

Work experience and skills development.

Indicator and source

The value of the placements to people as identified during interviews and triangulated with external research.

Number of people experiencing the outcome

Four.

Amount of change experienced

Whilst this will vary from individual to individual, it is deemed appropriate to infer average satisfaction levels amongst them.

Duration

As with volunteers (above), a timeframe of three years has been estimated. If after three years, the work experience and skills gained during the placement have still not resulted in any career progression, it is unlikely that they will continue to do so.

Outcome starts

During the period of activity.

Weighting

As this was an outcome that was specific to a small group of people who were not necessarily NCU members, it did not appear on the ranking on the member survey. However, it was clear from the stakeholder interviews that for these individuals, their placement at NCU was of primary importance to them.

Valuation approach

It is difficult, however, to place a value on this work experience and the associated skills development. For those who received some remuneration for the work they undertook while on placement at NCU, it could be said to be worth at least this amount to them. The total combined figure for this for the period under review was £3,879¹⁵⁰. However, this ignores the actual future benefit of this work experience and skills development. A better alternative would be to use the wellbeing valuation approach. As this outcome is entirely separate from the other outcomes and applies to only a very small group of stakeholders, it would seem acceptable to incorporate this extra wellbeing valuation technique into the study.

Monetary valuation

2011 data values a place on a government training scheme at £9,447, an apprenticeship at £2,353, vocational training at £1,124 and part-time employment at £1,229¹⁵¹. It can be argued that the placements offered by NCU are a combination of these. Considering the mean and median of these figures and allowing for inflation¹⁵², a value of £5,000 per person seems an appropriate proxy.

Deadweight

It may have been possible for the students and unemployed people to find placements elsewhere. The deadweight rate of 19% recommended for this value by its authors has been used.

Displacement

No displacement was identified.

Attribution

Although Ulster University has a partnership with NCU and tends to help students to secure their work placements, this was not the case with the particular student from that institution who was at NCU during the year in question. The same held true for the other student who was studying at Belfast Metropolitan College, with whom NCU does not have the same partnership. The two JobStart trainees would have had a limited amount of support from the Department for Communities. A small attribution rate of 10% has been allowed for.

Drop-off

Whilst the relative satisfaction with the placement will remain as long as a person continues to volunteer, it will gradually fade once it ceases. On the above assumption that the outcome lasts for around three years, drop-off of 33% has been assumed.

Impact

£14,580.

Clubs and charities

Total number in group

21 organisations.

Inputs

None.

Outputs

NCU donations to 16 organisations.

Outcome

More disposable income from donations.

Indicator and source

Value of charitable donations deduced from NCU records.

Number of people experiencing the outcome

21. Note that only the number of organisations is referred to here, not the ultimate beneficiaries of these organisations.

Amount of change experienced

A limited but welcome increase in income.

Duration

Due to the modest nature of the donations, it cannot be inferred that the outcome lasts beyond the year of the activity (although the positive feelings towards the credit union as a result of the donations are longer lasting).

Outcome starts

During the period of activity.

Weighting

As this was an outcome that was specific to a organisation that were not NCU members (although their representatives may have been), it did not appear on the ranking on member survey. However, it was clear from the stakeholder interviews that for group, donations from NCU were of primary importance to them.

Valuation approach

Financial valuation.

Monetary valuation

The total fund was £26,400. The value of the average donation was just over £1,257 per club/charity. This obscures the fact that the vast majority of the overall fund were for overseas development purposes not local community development ones, but does not affect the overall value.

Deadweight

Obviously, the clubs/charities do receive donations from elsewhere, but by limiting the outcome to the increased income directly as a result of NCU, no deadweight is believed to apply.

Displacement

No displacement was identified.

Attribution

Although other donors do contribute to the overall income of each club/charity, as the value of the outcome is limited to the contribution made by NCU, no attribution has been allowed for.

Drop-off

As the duration of the outcome is only one year, no drop-off applies.

Impact

£26,397.

Department for Communities

Total number in group

One.

Inputs

£4,727.

Outputs
Outcome
Indicator and source
Number of people experiencing the outcome
Amount of change experienced
Duration
Outcome starts
Weighting
Valuation approach
Monetary valuation
Deadweight
Displacement
Attribution
Drop-off
Impact

None of the above are applicable, as the Department only provides JobStart funding.

Appendix 6: Sensitivity analysis

Why a sensitivity analysis?

SROI studies must not overclaim. After establishing the ratio of 4.60 : 1, it was tested for sensitivity, assessing the extent to which it would change if assumptions made earlier in the process had been different.

Inputs

There was no need to test these. The financial inputs are clear-cut and NCU provided accurate records of the time commitment of volunteers.

Length of accountability period

The length of the accountability period ranges from one to six years, depending on the outcome. If the length of each of the outcomes is limited, one by one, to a mere one year each, the ensuing ratio varies between 3.17 : 1 and 5.50 : 1. If the length of the accountability period is reduced to one year for all outcomes concurrently, the ratio drops to 3.76 : 1.

Number of people affected

In most instances, the number of people or organisations experiencing the outcome was well-defined. In others, however, the numbers had to be estimated. It is acknowledged that the low response rate to the member survey could be a particular source for error in the case of the shareholder outcome. If only those 379 members who in the survey said they experienced a sense of community from NCU, the ratio remain almost identical at 4.59 : 1. If instead for the latter, the survey results are extrapolated to the full stakeholder group, the ratio rises to 4.78 : 1.

Proxy values

Most of the values that were used were monetary ones, albeit sometimes estimated using the best available evidence. Relative certainty can be expressed about these. The exceptions to this are the two wellbeing valuations, all sourced from the Social Value Bank ¹⁵³, and one further proxy. These were each tested for sensitivity by reducing their value, in turn, to a nominal £1. This led to tiny decreases in the ratio (lowest 4.56 : 1).

Deadweight

Deadweight rates varied from 0% to 75%. If an unrealistically high deadweight rate of 95% is applied to each of the outcomes, one by one, the ratio rises to 5.64 : 1 for the reduced income of unsuccessful loan applicants and defaulters, and either stays constant or decreases slightly for the other outcomes (lowest 4.30 : 1). There only exceptions to this are a decrease to 3.82 : 1 for the outcome relating to small scale borrowers and a very significant drop to 0.48 : 1 for the same outcome for large scale borrowers.

Displacement

No displacement was identified during the course of the research. However, if the 95% test is repeated as per deadweight above, the results are identical, except that the small scale the ratios drops even further to 3.81 : 1 for the small scale borrowers and 0.42 : 1 for the large scale borrowers.

Attribution

Attribution rates varied from 0% to 95%. If the 95% test is repeated as per deadweight and displacement above, the results are almost identical to the deadweight and displacement calculations.

Drop-off

Drop-off rates varied from 0% to 50%. Repeating the 95% test as for deadweight, displacement and attribution above, but only for those outcomes that last for longer than one year, the change in ratio is smaller, ranging from 3.31: 1 to 4.59 : 1. The lowest applies to the outcome for large scale borrowers.

Discussion

Careful consideration was given to the values used in this report and a very conservative approach was taken. Additionally, these cautious values have now been stress-tested in this sensitivity analysis, up to a very unrealistic degree. On the whole, the initial ratio remained largely consistent during this process and we can therefore be confident about most of the values that were used. It has been shown, however, that the ratio is very sensitive to the the value of the loans issued to members.

End notes

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- ³ Olive McCarthy, 2020, *Credit Union Social Impact Measurement and Reporting: Realising the Potential*, Centre for Community Finance Europe
https://www.researchgate.net/publication/345762685_Social_Impact_Measurement_and_Reporting_for_Credit_Unions_Realising_the_Potential
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- ⁵ <https://www.charteredaccountants.ie/Accountancy-Ireland/Articles2/Technical/Latest-News/Article-item/building-a-sustainable-future-for-credit-unions-in-northern-ireland>
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<https://www.centralbank.ie/consumer-hub/explainers/what-is-fintech-and-how-is-it-changing-financial-products>
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- ¹² Noreen Byrne, Olive McCarthy, Michael Ward & JJ McMurtry, 2012, Credit union restructuring: Don't forget the member!, *The International Journal of Co-operative Management*, 6 (1.1), pp. 33-41
https://www.researchgate.net/publication/234115648_Credit_union_restructuring_don't_forget_the_member
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https://www.researchgate.net/publication/259061054_Credit_unions_and_community_in_Ireland_towards_optimising_the_principle_of_social_responsibility
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- ¹⁶ Olive McCarthy, 2021, Social impact measurement and reporting for Irish credit unions, *International Journal of Co-Operative Accounting and Management*, 4 (2), pp. 4-16
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https://www.vancity.com/AboutVancity/GovernanceAndLeadership/OurReports/?xcid=about_megamenu_annual
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<https://www.wisewithmoney.org.uk/wp-content/uploads/sites/13/2020/10/The-Owl-Effect-Measuring-the-impact-of-Hoot-Credit-Union.pdf>
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- ²³ Sandra Velthuis, 2020, *A Social Dividend, Not Just A Financial One: A SROI Study of Donore Credit Union*
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- ²⁷ <https://www.socialvalueint.org/principles>
- ²⁸ <https://static1.squarespace.com/static/60dc51e3c58aef413ae5c975/t/60f059956bdd402ae100fd7/1626364326249/Standard-for-applying-Principle-4.pdf>
- ²⁹ Social Research Association, 2021, *Research Ethics Guidance* <https://thesra.org.uk/common/Uploaded%20files/Resources/SRA%20Research%20Ethics%20guidance%202021.pdf>

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- ³⁶ The ILCU has been progressing work on what it terms 'social pearls' and these were also taken into consideration
- ³⁷ All completed entries were entered into a prize draw for £250 – the draw was held in January 2022
- ³⁸ The prize draw survey was deliberately kept separate from the main survey so as to ensure complete anonymity
- ³⁹ <https://static1.squarespace.com/static/60dc51e3c58aef413ae5c975/t/60f0595f5ab2ef6cb3ed3116/1626364272907/Standard-for-applying-Principle-3.pdf>
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- ⁴² Martin Shuttleworth, 2019, *Research Bias* <https://explorable.com/research-bias>
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- ⁵¹ <https://www.nisra.gov.uk/statistics/deprivation/northern-ireland-multiple-deprivation-measure-2017-nimdm2017>
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- ⁵³ This number excludes members with bad debt but includes juveniles
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- ⁵⁸ <https://www.instagram.com/newingtoncu/?hl=en>
- ⁵⁹ <https://www.belfastcity.gov.uk/staywarm>
- ⁶⁰ <https://www.newingtoncreditunion.co.uk/Savings>
- ⁶¹ Also known as Junior or Minor accounts – the reason for this is that these are the names historically used by the other credit unions pre-amalgamation
- ⁶² Also known as Share & Loan accounts – same reason
- ⁶³ Also known as Thrift accounts – same reason
- ⁶⁴ <https://www.newingtoncreditunion.co.uk/images/library/documents/29042021-134425.pdf>
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- ⁶⁶ This is the maximum interest rate the credit union is permitted to charge: <https://www.moneyhelper.org.uk/en/everyday-money/types-of-credit/credit-unions>
- ⁶⁷ <https://www.newingtoncreditunion.co.uk/news.asp?id=117>
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- ⁸⁵ The treatment of these differs from that in the Donore Credit Union study previously alluded to. Subsequent consideration of this matter means that the approach adopted here is now deemed preferable.
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- ⁸⁷ For a critique of using paid salary equivalents to value volunteering, see Jayne Cravens, *The Value of Volunteers* <http://www.coyotecommunications.com/volunteer/value.shtml> but note that outcomes-based valuation is used later in the social value account to counter any such criticism
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- ⁸⁹ See, for instance, the *2020 UK Spencer Stuart Board Index* <https://www.spencerstuart.com/research-and-insight/uk-board-index/remuneration>
- ⁹⁰ Median hourly earnings in the financial estate sector in the year under review were £13.67 or £25,000 per annum <https://www.nisra.gov.uk/publications/industry-occupation-age-publicprivate-sector-and-skill-level>
- ⁹¹ As per page 91 of The SROI Network, 2012, *A Guide to SROI* <https://static1.squarespace.com/static/60dc51e3c58aef413ae5c975/t/60f7fa286b9c6a47815bc3b2/1626864196998/The-SROI-Guide-2012.pdf>
- ⁹² The value of the grant to NCU was £3,000. The remaining £1,727 was for wages. However, the actual amount earned by those two people on placement for the two months within the financial year during which they were working was £3,454 combined.
- ⁹³ Only in the case of one of the students who received a once-off honorarium of £425. Although the other could potentially be viewed as a volunteer, it would seem more appropriate to retain this person in this category.
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- ⁹⁵ Although some of those who undertook placements with NCU were in fact members, membership is not a prerequisite and these people have therefore been placed in the non-member category
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- ¹²² Sandra Velthuis set up the Republic of Ireland's national volunteer development agency (now called Volunteer Ireland) in 1997 and ran this for seven years before becoming a freelance consultant
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