



BRISTOL
CREDIT /
UNION

The logo for Bristol Credit Union is centered on a white rectangular background. It consists of the words "BRISTOL", "CREDIT /", and "UNION" stacked vertically. The word "BRISTOL" is in a dark blue font. "CREDIT /" is in a dark blue font with a light blue diagonal slash. "UNION" is in a dark blue font with a yellow circle around the letter "O".

Better off Together

Social Impact Report 2019/20

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Welcome to our social impact report



For more than 20 years, we have offered fair and ethical saving and borrowing, and our products and services are needed as much today as they have ever been. This report sets out how we are performing against our objectives, and the benefit this brings to our members and the communities in which we operate.

Covid has dominated the last year for everyone and had a significant impact on many people. I am immensely proud of the way our staff team all responded to the pandemic which unfolded in 2020. They have kept the operation running smoothly, adapting to new ways of working where necessary and most importantly, supporting our members during a time of great uncertainty.

We help our members access affordable credit in response to events such as this and in doing so avoid the negative impacts of not accessing credit when needed. Last year we introduced a flexible borrowing alternative to overdrafts and credit cards, and we also encourage loan members to become savers, holding a pool of their own savings to provide a financial buffer in times of need.

In the financial year to September 2020, despite all the disruption, we were still able to report a growth in the number of members to 16,800. We lent £4.5m in new loans and saw an increase of 10% in savings deposits, meaning we are now trusted to look after £7.7m for our members.

Our strategy is to invest and grow, helping to build us a sustainable future. The first phase of this investment has enabled us to develop a new IT platform, which is already improving the experience for members and supporting more efficient working for our staff team. We measure the success of our strategy through various social and financial metrics which are covered in this report.

Everything we do is made possible by the hard work of our dedicated staff team, our volunteers including my fellow Directors, and the support of our members and investors. I would like to thank every one of you for the part you play and encourage us to continue supporting each other in our neighbourhoods and communities as we recover from the pandemic and build a stronger future together.

Lewis Ryden
Chair of Bristol Credit Union

Who we are

Bristol Credit Union is a mutual, financial co-operative, owned and operated by its members. For over 20 years, we have provided ethical savings and fair loans to the people of Bristol, Bath, and the West of England. We offer banking services in a way that is fair, inclusive and strengthens our local communities and economies.

Together, our savers and borrowers create a pool of money that enables us to benefit all in our communities. We actively support financial inclusion in areas that are traditionally underserved by the mainstream market, and badly served by others. Our members are our only shareholders, so any profit we make is reinvested into the business or shared with the members as dividends.

We have over 16,000 members and junior savers, £10.7million in assets and over £6.6million out on loan. We are committed to improving the financial wellbeing of our members and hold a top, 5-star rating from the Fairbanking Foundation for our personal loans.

Over the last few years, BCU has undergone major changes. In 2019, financial investment was secured from Bristol City Council, Joseph Rowntree Foundation, Bank Workers Charity, and the Co-op Loan Fund, to enable our development and growth; our

'Big Potential' plan. We have used this investment to launch the first release of our new digital platform. This incorporates significant automation of our lending processes, an enterprise class Customer Relationship Management (CRM) system, and a new digital front end for both existing and potential members to find and buy our products and services.

In 2020, we significantly extended our Common Bond across a broad area of the South West, and now also includes Gloucestershire, Wiltshire, most of Somerset and Dorset. This new Common Bond covers nearly three million potential members, up from one million previously, and provides a timely opportunity for us to establish BCU as the foremost alternative finance provider in this wider South West region, particularly for underserved residents, whilst delivering a modern, ethical, and responsible service for all.

Our year in figures

BCU currently has 4,000 borrowing members. Almost 3,400 new loans were made in financial year 2019/20, the majority under £1,750.

BCU's loan members are disproportionately those most at risk of financial exclusion; many are from lower-income households, have used high-cost credit, and around one in ten is without a bank account.



¼ used a payday lender in the past



¼ used a doorstep lender in the past



¼ used stores such as Brighthouse in the past



11% of our members do not have a transactional bank account



24% of loan members live in areas of high deprivation



40% of successful loan applicants have a household income under £15k



13% growth in lending



c. 2,400 new members



Average loan in 2019/20 £1,188 borrowed over 21 months



c. 3,400 new loans

Measuring our social impact

To make sure that we are upholding BCU values and achieving social impact, we have identified several outcomes that we hope to see for our members, particularly our loan members, as well as other stakeholders. In this report, we evidence where these changes have happened.

In the short term, BCU loans help members access credit in response to events in their lives, and in so doing:

- **Avoid high-cost lending, and the cycle of debt that it can cause** – by accessing BCU loans, members at risk of financial exclusion are avoiding higher-priced alternatives provided by commercial lenders, and as a result, avoid the risk of becoming further indebted by high interest payments.
- **Avoid the negative impacts of not accessing credit when needed** – by accessing BCU loans, members avoid simply having to go without whatever the money is used for; whether this is being unable to make an urgent home or car repair, being unable to repay other debts to avoid repossession/eviction, or other negative impact to financial or personal wellbeing.

However, we are also looking at the impact that BCU has on the wider community and if we are helping longer term outcomes for our members, such as increased financial capability, higher rates of saving, potentially an improved credit rating, and a reduced reliance on borrowing.

This report uses both qualitative and quantitative data collected from several sources. This includes 267 responses to a survey sent to all successful loan applicants shortly after application, between October 2019 and February 2020, and 584 responses to a survey sent to around 1,800 existing loan members in February 2021.

In light of the significant changes to BCU over the last year, the expansion of our Common Bond and the changes to our digital platform, we intend to develop a new Theory of Change¹ by the end of 2021. This will inform our social impact aims going forward, to ensure that we continue to be a positive force in our members' lives, even when these members are more geographically distant from each other and may be interacting with us in a different way.

As part of this, we will survey all loan applicants shortly after they receive a loan decision and conduct a separate annual member survey every January.

¹A Theory of Change is a description of why a particular way of working will be effective, showing how change happens in the short, medium and long term to achieve the intended impact

“Just keep doing what you do best!
Helping people in their time of need
and being understanding when
things get tough or change for us.”



Our values

Vision

Our vision is simple; that **we make the people and communities we serve better off.**

Key aims

With an overall strategic objective of sustainability, we have developed five overarching aims to achieve this. These objectives are regularly reviewed and underpin much of our social impact.



We will offer products and services which make **borrowing and saving easy, affordable, fair and accessible** for all in our communities, promoting financial inclusion for those that are traditionally underserved and creating products enabling savers to contribute to the wellbeing of their community.

We will truly put our members first by **creating and evolving a multi-channel end to end member experience** which meets their changing needs and enables us to deliver on our promises and communicate openly, honestly and in the clearest possible way.

We will use revenue we generate to fund initiatives which **benefit the communities we serve** to ensure we have a positive impact in our local area, giving our members a financial organisation that they can own and be proud of.

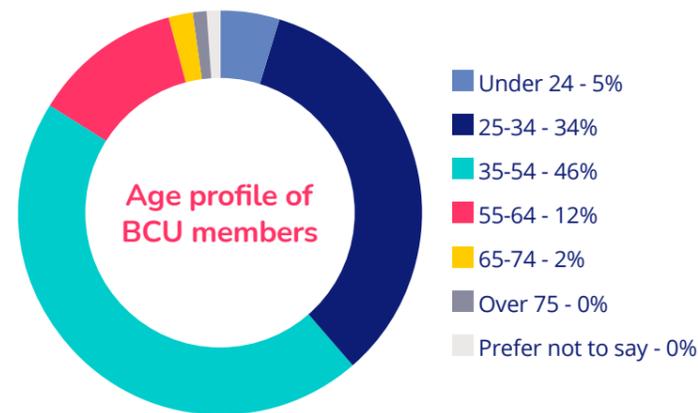
We will actively seek to **improve the financial wellbeing of those in our communities**, through promotion of our services, education and support, particularly for those that are financially excluded and disadvantaged, as well by using our influence to raise awareness and campaign for change on key issues when we can.

We will make sound financial decisions and effectively manage our cost and capital so that we remain **financially sustainable, with capital resilience** in order to protect our long-term future.

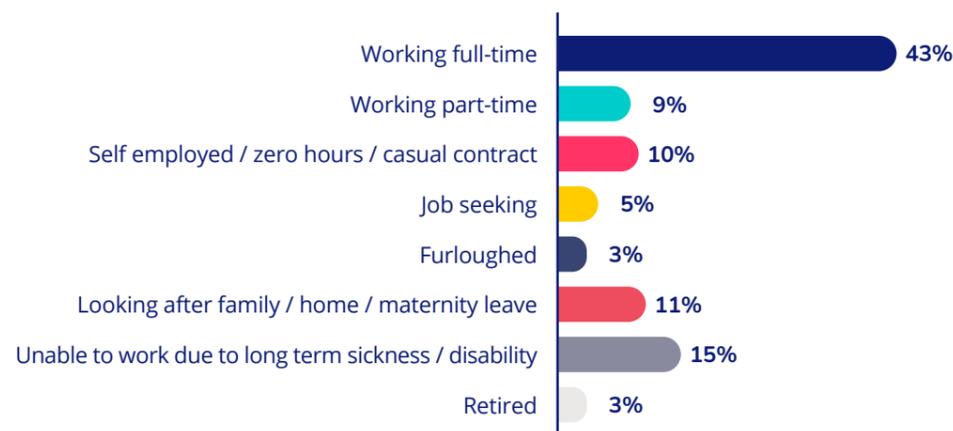
Who are our loan members?

Through the responses to the survey in February 2021, we are better able to understand who is benefiting from borrowing through BCU.

The vast majority of loan members are of working age, mostly women (81%), and have children under 18 living with them (71%). Nearly half of our loan members are single parents (46%). Almost two thirds of our loan members were working (62%), the majority of these in a full-time role.



Working status of BCU loan members



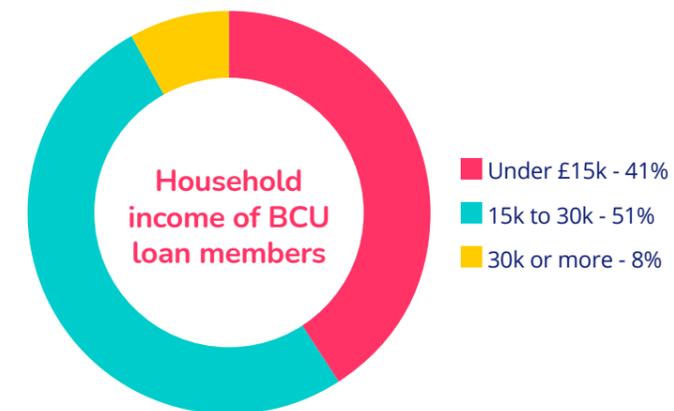
BCU is there to provide for all people in our communities. **We are particularly committed to helping the most at risk of financial exclusion**, and those who would most benefit from access to affordable credit. Financial exclusion is most keenly felt by those who are on low incomes, but those on average incomes who have a poor credit rating may also struggle to access affordable credit when they need it.

ⁱⁱ <https://fairbydesign.com/news/protected-characteristics-poverty/>

ⁱⁱⁱ LSOAs are geographical areas built from clusters of adjacent unit postcodes. There are around 34,750 across England and Wales

Recent research into the poverty premium found that even among low-income households, certain groups, often those with protected characteristics, are even more likely to face exclusion. People from certain Black, Asian and Ethnic minorities, single mothers, and younger people (those under 35) are more likely to be either paying a premium for credit, or more likely to be excluded from mainstream creditⁱⁱ.

Based on the responses to the survey, **BCU loan members are more likely on average to be from low-income households, or in one of the groups more vulnerable to financial exclusion**. As a more affluent city, Bristol overall has 14% of LSOAsⁱⁱⁱ located in an area in the bottom 20% in terms of levels of deprivation^{iv}. However, far more BCU loan members live in these areas; around a quarter overall (24%). Over nine out of ten loan members are from households with an income below £30,000.



As noted above, nearly half of our loan members are single parents (46%). More of BCU's loan members were likely to be from Black, Asian, and Ethnic minority backgrounds, with 22% of our members describing themselves this way, in contrast with only 16% of the Bristol population overall^v. The majority of these were from a Black African or Caribbean background, reflecting our established presence in the Ashley Ward of Bristol. However, we are here to help all communities across Bristol, and also have a strong member base in South Bristol, with a service point in Hartcliffe and in Withywood.

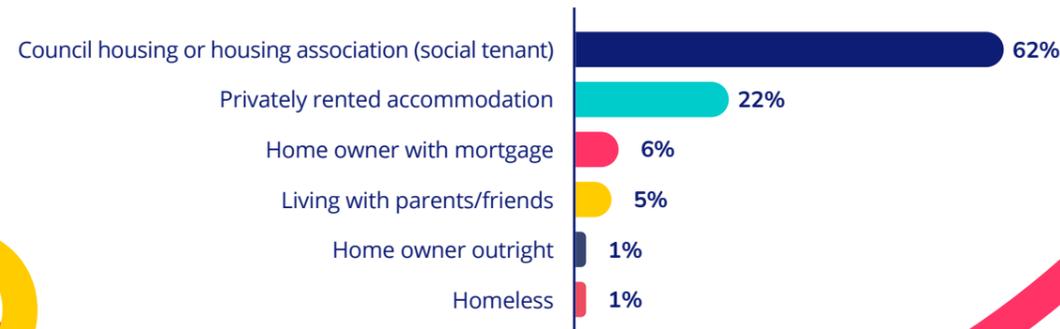
^{iv}Indices of multiple deprivation (IMD) are widely-used datasets within the UK to classify the relative deprivation of small areas

^v www.bristol.gov.uk/documents/20182/33904/Equalities+Statistics+for+Bristol+what+is+available+and+where+to+get+it+20+Oct+2020.pdf/32e0a0c7-5338-0e9d-96fd-6f906c8286b2

Housing tenure can also play a role in financial exclusion, with research finding a clear link between renting and a higher level of poverty, potentially impacting negatively on credit scores, and increasing the likelihood of incurring a high-cost credit premium^{vi}.

As the chart below shows, the vast majority of BCU loan members are in rental accommodation, with only around one in fourteen owning their own home. By borrowing from BCU, renters can avoid the costs of higher cost credit.

Housing tenure of BCU loan members



Financial inclusion among our loan members

Our loan members do encounter higher levels of financial exclusion than average. Many of our members have used high-cost credit previously; over a quarter of our borrowers in 2019^{vii} had previously used a payday lender such as Wonga, a quarter had used home collected credit, such as Provident loans, and the same number had used catalogues or stores such as BrightHouse.

It is estimated that overall, 98% of UK adults have a day-to-day account^{viii}. In contrast, around 11% of our borrowers last year did not have either a current account, or a basic bank account with a debit cardⁱ. 9% had no other financial products at all, a higher number than in 2019².

For 4% of our borrowers, this was the main reason they used BCU. However, nearly two thirds (63%) had also borrowed from another source in the last twelve months, most commonly borrowing from friends or family (18%), taking out a budgeting loan (17%), or use of mainstream credit such as credit cards (16%) or overdrafts (12%). It is positive to see that use of higher cost credit was less common: only 4% of members had used home-collected credit, and 3% had used a payday loan, bought from a weekly payment store, or used a higher cost loan, respectively. Nonetheless this was still at levels higher than the UK overall.^{ix}

ⁱ Based on the survey data from Feb 21

² Based on survey data from Oct 19 – Feb 20

^{vi} <https://fairbydesign.com/wp-content/uploads/2021/02/The-Inequality-of-Poverty-Full-Report.pdf>

^{vii} From loan survey data to Feb 2020

^{viii} <https://www.fca.org.uk/publication/research/financial-lives-survey-2020.pdf>

^{ix} <https://www.fca.org.uk/publication/research/financial-lives-survey-2020.pdf> (p.42)



“Having access to ethical lending gives me a sense of security. It also reduces anxiety about how I would manage with an unexpected expense, as I have no overdraft facility or credit card.”

“I appreciate they gave me a chance to borrow the money again after I’ve had to go on a debt management plan a few years ago because things got difficult. But my situation is very different now and I’m able to repay the loan. I thank BCU for giving me another chance, especially when my bank still wouldn’t consider me for borrowing.”

Helping our members financially

Our members avoid high-cost borrowing, and the cycle of debt that it can cause. By accessing BCU loans, members at risk of financial exclusion are avoiding higher-priced alternatives provided by commercial lenders, and in so doing avoiding the risk of becoming further indebted by high interest payments. We have already shown that many of our members have had to rely on high-cost credit at some point. The table below demonstrates how much money borrowing from BCU can save in comparison with high-cost lenders³.

	Term	Loan	Interest	Weekly payment	Monthly payment	Saving with BCU
Satsuma	12 months	£1,000	£990.04	£38.27		£784.49
LoanPig	12 months	£1,000	£1,000		£166.67	£794.45
Bristol Credit Union	12 months	£1,000	£205.55	£22.97	£100.47	-
Quid Market	6 months	£500	£494.08		£165.68	£440.29
Satsuma	6 months	£500	£457.58	£36.83		£403.79
Bristol Credit Union	6 months	£500	£53.79	£21.08	£92.30	-

³ Costs as of February 21

The number of lenders who are charging higher rates for larger amounts has increased recently, perhaps partly due to tightening regulation of the high-cost short-term loan market. For example, borrowing from Amigo Loans, as well as requiring a guarantor, comes with a 49.9% APR – for loans up to £10,000. A £5,000 loan from 118118 Money will cost 99.9% APR.

We have seen some increase in the number of potential borrowing members who have borrowed from these lenders, particularly as the high-cost short-term credit market has shrunk with the closure of Wonga, Moneyshop, BrightHouse and others. In addition, high street banks, which even before the Covid pandemic were already reducing credit to those deemed less than prime^x, have further reduced their risk appetite^{xi}. BCUs lending, however, has remained fairly buoyant compared with the overall market which saw a fall in demand of over two-thirds in the second calendar quarter of 2020^{xii}.

^x Bank of England Credit Conditions Survey, 2019 (Q4)

^{xi} Bank of England Credit Conditions Survey, 2019 (Q4)

^{xii} Bank of England Credit Conditions Survey, 2020 (Q3)

Whilst these borrowers are more likely to be in work, they do often exhibit a number of factors suggesting they may be vulnerable, leading to low financial resilience and capability. For these larger amounts, again compared to alternative, non-high-street lenders, we offer better value borrowing options which make an enormous difference to these members' ability to manage their money. For example, a £3,000 loan from BCU will cost £2,077 less over 24 months than the same loan from 118118 Money.

"Having the loan made me able to manage my debt with just the one payment and not just paying interest every month on everything. I am now back on track and able to manage due to your help."

BCU comparison to alternative, non-high-street credit

	Comparison loan	No. of months	Monthly payments	APR	Total Repayment
Bristol Credit Union	£3,000	24	£151.48	20.9%	£3,635.37
118118 Money	£3,000	24	£238.00	99.9%	£5,712.00
Savings with BCU: £2,076.63					

Costs as of December 2020

Helping people to avoid these costs, therefore, is particularly important in areas where people struggle financially.

In 2019/20, we made loans to over 870 people who live in the bottom 20 percent of areas by levels of deprivation. This is an increase in numbers from 2018/19 when it was 815, although this is a slight drop as percentage of borrowers overall, from 27% to 24%. Assuming they had used a high-cost lender instead, we have saved these borrowers just under **£690,000** across the year. This money will go back into the local shops and businesses, making communities as well as individuals better off. Across all our members in Bristol and Bath, we are potentially saving our members over £2.9 million.

Having a savings safety net is a vital part of financial wellbeing, and yet many households in the UK still lack this. In 2017, one in eight (13% equating to 6.5 million) UK adults had no cash savings whatsoever. A quarter (24%) had savings that were less than £1,000 in total^{xiii}.

^{xiii} Rowlingson and Mackay (2018) Financial Inclusion Annual Monitoring Briefing Paper 2018

We have saved our members nearly £3m in 2019/20

Young people's and members' deposits rose by over £700,000 to £7.7m, continuing the pattern of long-term steady growth and reflects the confidence that our members have in their credit union. Over time, BCU aims to encourage loan members to become savers, holding a pool of their own savings to reduce reliance on loans in response to life events. So far, over one in ten of our borrowers has also become a saver (12%), a figure that has seen a slight increase since 2018/19.

While overall our savers tend to be our better off members, **we have seen an increase of almost 20% in the number**

of savers who live in the more deprived areas of Bristol, rising from 670 last year to **798** in 2019/20. These savers now hold a total balance of around **£1.1m**; an increase of 14% from 2018. BCU is evidently helping financially insecure members to achieve a better financial security.

We have over 2,500 members overall who actively save with us^{xiv}, and this enables us to use their savings to benefit the community, allowing others in the area to borrow at more affordable rates than they may have otherwise been charged. This is further part of our commitment to making the people of Bristol and Bath better off.

Our loans stop people "going without"

One in ten would have gone into arrears on a bill



One in seven would have cut back on heating or food without their BCU loan

Through our lending, we not only save our members money, but **we also save them from the consequences of not being able to access money when they need it**, and the potentially negative impacts of going without, often for essential items or needs. Over a quarter of our members were taking out the loan for day-to-day living costs, or to pay rent (26%), 17% were using it to buy clothes for their children, and 14% were using it to pay arrears or to consolidate other borrowing. So this is a very real

concern for many of our members; over half of members surveyed (52%) would not have been able to access the money elsewhere. 11% would have gone into arrears on bills and rent, and 14% would have had to cut back. Around one in six (17%) would have turned to family and friends, potentially putting a strain on family relations, and others would have turned to alternative sources of credit, often costly credit.

^{xiv} 'Savers' defined as those holding a balance of over £50

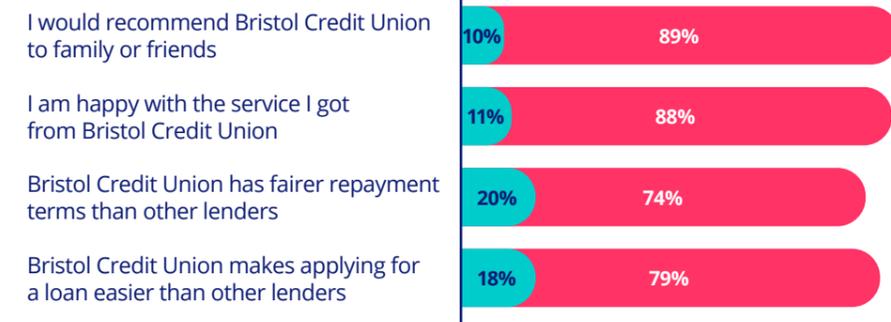
Treating our members fairly



Those in the lowest-income households often choose to use consumer credit products that they can be fairly certain of getting; sourced from familiar or trusted lenders (e.g., those used by friends or family); and where the lender offers some flexibility regarding loan repayment^{xv}. Trust in financial services and lenders generally is low, with only just over one third of UK adults expressing confidence in UK financial services^{xvi}.

Bristol Credit Union happily goes against the grain, providing a service that our members want to return to: **Over 99% are happy with the service they received**, even higher than the 95% we achieved in 2018/19.

Member satisfaction with BCU service



(Base= 564 – 2020 loan application survey data)

■ Agree ■ Strongly agree

The reasons why our loan members borrow from us confirms that we are providing the services that they want, and that generally members feel that BCU offers affordable loans, that are easy to access. **BCU also appears to be the first choice for our members;** fewer than one in ten loan members used BCU because of a rejection from a different lender, and 90% did not look anywhere else for a loan. Those that did, mostly looked to family and friends instead.



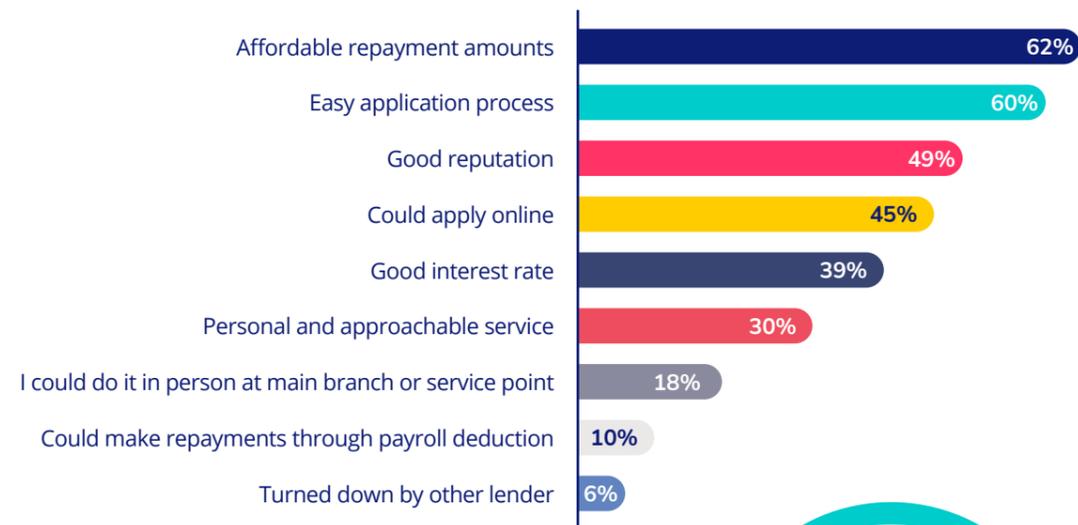
“I’ve recommended to several people to use Bristol Credit Union and will continue to recommend. I’ve never had a bad experience. The staff are all so friendly to speak with when I’ve had to call - 10/10.”

^{xvi} <https://www.fca.org.uk/publication/research/financial-lives-survey-2020.pdf> p.85

BCU is clearly perceived as a **fair lender** by those who borrow from us. 63% of our borrowers felt that we were 'better value' than other lenders, 16% saw an advantage in lack of late payment charges and 4% valued the fact that no bank account was needed to be able to take out a loan.

The ease of applying for a loan with BCU was also one of the key elements that our loan members value. The vast majority felt that applying for a loan with us was a quicker and easier process than with other lenders, and six in ten stated as a main reason for borrowing from BCU was the easy application process.

Reasons for borrowing from BCU



Nearly half of the loan members surveyed borrowed from BCU as they were able to apply for a loan online. Our recent investment in our new digital platform will transform the experience of applying for a loan and managing the account online, allowing us to offer an even more effective service to our members.

60%
of members value
BCU lending to
people with poor
credit histories

“The online application process is really easy and what I like about BCU is the personal touch. I feel like they properly consider my personal circumstances rather than the “computer says no” automated approach you get with other lenders.”

Improving financial wellbeing for members

Those in low-income households are more likely to fall into financial difficulty^{xvii} and a third of those who are unbanked are this way because of previous difficulties^{xviii}. A key part of treating our more vulnerable members fairly, therefore, is helping them if they are struggling.

We recently created a Member Support team, to provide a further lever to support our sustainable growth. We brought our outsourced credit control function back in-house so we could offer a greater level of support to any borrowers having difficulty making their repayments.

Our Member Support team work to maintain a relationship with the borrower, to address their immediate payment issues and to give them a pathway back to full repayment.

This can include allowing smaller payments for a period, reducing payments permanently, waiving or reducing interest, or where a more systemic issue is identified signposting borrowers to independent money advice services. **By offering members support in this way we make sure they know they can trust us to be there for them when they encounter a bump in the road, and therefore ensure that they return to borrow from us again rather than reverting to other, higher cost or irresponsible lenders, or even unregulated lenders.** We also believe this will increase their chance of becoming a contributing member again and minimise the damage to their credit rating.

We are continuing to investigate the possibility of running a pilot programme with a debt counselling service, referring some members to benefit from their services. A partnership like this should also give BCU a better insight into the issues faced by our members, informing future member relations, product development, lending decisions and campaigning activity.

“I particularly like how understanding and non-judgemental all staff seem to be when contacted. I am never made to feel guilty about my situation or any changes that occur within my repayment period; I have always been dealt with fairly but kindly.”

“Having the loan made me able to manage my debt with just the one payment and not just paying interest every month on everything. I am now back on track and able to manage due to your help.”

^{xvii} https://mascdn.azureedge.net/cms/cs-indebted-lives-the-complexities-of-life-in-debt_november-2013.pdf

^{xviii} <https://publications.parliament.uk/pa/cm201719/cmselect/cmtreasy/1642/164205.htm>

Meeting our members' needs

We have never charged fees, and do not incentivise our staff to sell loans. We continue to review our products to ensure they meet the needs of our members, particularly in light of the economic consequences of the Covid-19 crisis.

We consider the needs of those who have been most impacted, such as those who are young, and those who are not securely employed or are self-employed. Whilst the pandemic is ongoing, we have maintained our forbearance support for borrowers, and we are looking closely at what new products we might be able to introduce as things begin to return to normal, for example a loan to support re-training.

Looking back before the pandemic, in October 2019, we introduced the Family Finance Plan which has been received positively. By the end of September 2020, we had opened 578 accounts, with total balances of £243,195 at the year end, an average of £420.



Family Finance Plan

The Family Finance Plan is a simple way to enable access to credit when it is needed, without having to go through an application process each time. The pre-approved credit limit is contingent on paying child benefit directly to BCU.

We have been recognised for the positive impact we have on our members and the importance of providing the right products for those who need them most. In September 2020 at the **Bristol Life Awards**, the Family Finance Plan won BCU an award in the financial category. Bristol Life praised our approach to flexible financial management and the support we have been able to give families. BCU were also finalists in two categories of **Smart Money People's Consumer Credit Awards 2020: 'Best Credit Union (South)' and 'Treating Customers Fairly Champion'**, which recognised the positive social impact of credit unions and our commitment to members, ensuring they receive the fairest service possible.



"I first applied (for a Family Finance Plan) to help ease the pressure of Christmas. As a single working parent this time of year is always hard. The application was simple and the repayments affordable."

We continue to develop our payroll savings and lending partnerships with a wide range of employers in Bristol, increasing the financial wellbeing of their workers by offering a convenient way for them to save for tomorrow and borrow ethically for today.

A further nine employers joined our Money@Work scheme this year, and we continue to actively recruit others. In total, **BCU services are accessible to a combined workforce of 45,398 staff** through Money@Work.

We are also working toward introducing a flexible loan product for these members too, so that they can benefit from having a limit available when they need it.

We recognise the importance of providing face to face service to members who may be more vulnerable. Our branch in Cheltenham Road, Bristol has remained open to members 5 days a week throughout the pandemic, though the weekly service points across Bristol and Bath have been closed during much of the last year to ensure member, staff, and volunteer safety.



“As a Bristol-based ethical retailer, the new partnership completely aligns with our values, helping our employees to save and borrow in a better way. This alternative finance scheme will make a positive social impact, helping to build financial resilience, not only for our employees, but for the wider local economy too!”

Better Food HR Manager,
Daisy Roach



Money@Work

Money@Work is an employee benefit scheme that helps support employees' financial wellbeing by offering employees affordable loans and savings directly from their salary.

Improving the end-to-end member experience

Investment in IT services: Over the course of 2020, we have invested over £300,000 in IT to deliver an improved web front-end application for members and provide enhanced data capture so that we can serve members better. This initiative went live in November 2020 and underpins the loan growth planned for the coming years.



“I have nothing but good things to say and the new portal and online loan application and signing has made it even easier which is great for people like me who work full time and find it hard to get to the branch.”



We are community



Community is at the heart of everything we do – from improving financial wellbeing to building stronger neighbourhoods.

Supporting those in vulnerable situations

We want to make every person in Bristol and Bath better off, whatever their situation. We work with Bristol City Council to support some of the most vulnerable in our communities. We have helped 245 people who were at risk of homelessness by offering them loans to cover a deposit and the first month's rent for a home in the private rental sector; After the loans are issued, in many cases the monthly rent payments come via BCU; our involvement ensures prompt payment, which benefits both tenants and landlords.

We have supported a further 73 families through the Vulnerable People's Resettlement Scheme, a Home Office funded initiative to resettle vulnerable people from across the Middle East and Africa. We also continue to help administer a rent guarantee scheme, with the aim of keeping people housed, even when they are in difficult circumstances; to date, 160 people have been supported in this way.

Our Rent Direct service helps those receiving Housing Benefit or Universal Credit to avoid rent arrears by collecting the benefits on our members' behalf and paying rent straight to their landlord. This makes sure rent is paid on time, helps people avoid spending their rent money on something else and enables them to budget for the rest of the month.

BCU help people with non-traditional ID become members, including prisoners and ex-prisoners, homeless people and those who have been bankrupt. For more than a decade we have partnered with Emmaus to offer savings accounts to their companions.

Supporting local businesses

As well as supporting local business through our lending and banking, we support local business communities through our own choices as a purchaser. In 2019/20, we spent over £495,000 with local businesses, which accounted for 71 per cent of our invoiced business spend (excluding impairment and employment costs for example). This figure was higher than normal as we worked with local suppliers to develop our new IT platform. Without these one-off costs we spent £165,000 with local suppliers, accounting for 45% of invoiced spend (up from 40% in 2018/19).

By joining together as members, it allows us to support fantastic local projects that are making our neighbourhoods better places to live.

Building stronger neighbourhoods

Each year, Bristol Credit Union looks to support a number of local organisations who are aspirational and impactful in making a difference to Bristol and its residents.

In March 2020, **we were a proud sponsor of Southern Brooks Community Partnerships annual awards**, celebrating 31 years of partnership working in South Gloucestershire. Southern Brooks are one of our key partners, helping to ensure people living in South Gloucestershire can access affordable savings and loans in their community.

In June 2020, **we supported Bristol and West Athletic Club** through sponsorship for bursaries, to enable young athletes from disadvantaged backgrounds to get to race meets once competition is re-started after the disruption caused by Covid-19.

We understand the financial impact that Covid-19 has had on our communities and want to do whatever we can to ease the financial burden of worthwhile local organisations that have been impacted by the pandemic.



Therefore, **we were delighted to be able to support our Bristol HQ neighbours, the Big Issue, through their 'Big Community' initiative.** Our sponsorship has helped sustain and develop alternative means of service provision for their vendors, whose income has been drastically affected by national lockdown measures.

We were also able to support the Bristol Uniform Exchange CIC, an organisation set up to help parents with the often-costly expense of school uniform, with the aim to provide free or low-cost school uniform items to support families across our city.



It goes without saying that any club treasurer is always delighted to get money in, but it is especially good to receive funding which both recognises and prioritises the value and development of young athletes. We have some fantastic young people who really deserve the support, and participating in competition can be costly enough to present a barrier to some. This will be a massive help with that

Fliss Russell, Bristol and West Athletic Club Treasurer

Supporting our staff

The staff at Bristol Credit Union are a vital part of our community, and we want to make them better off too. We are a Living Wage Foundation accredited living wage employer, and as we support equity in society, we support it in our company – we commit that the highest paid employee will earn no more than 5 times that of the lowest paid.



The actual pay ratio remained at 3.2 this year. Our commitment is such that we actively campaign to make the living wage widespread. In January 2020, Bristol Credit Union became part of the Bristol Living Wage Action Group, an alliance of employers including Bristol City Council, the University of Bristol, and Triodos Bank, which aims to more than double the number of accredited Living Wage employers by 2023.

Our gender pay gap is currently 21%; an improvement on last year's 27% ratio, although caution should be applied, as our relatively small team means even a few changes in joiners/leavers and salaries can make quite a significant difference to the numbers. On a Full-Time Equivalent (FTE) basis, the gap was 16%, a slight increase compared to last year's 15%. At the end of September 2020, employment was split 58% women and 42% men. We have also strengthened our Maternity and Paternity Leave packages this year.

We have worked to support those who travel to work using public transport, as this helps minimise the carbon impact of our activities too. During 2019/20 we introduced an interest-free season ticket loan scheme for bus and rail passes, as well as joining the West of England Commuter Travel Club, so that employees could benefit from reduced cost bus travel. When holidays resume, any staff using public transport to travel to a holiday destination will receive extra days' leave to cover their travel time, under our ClimatePerks scheme.

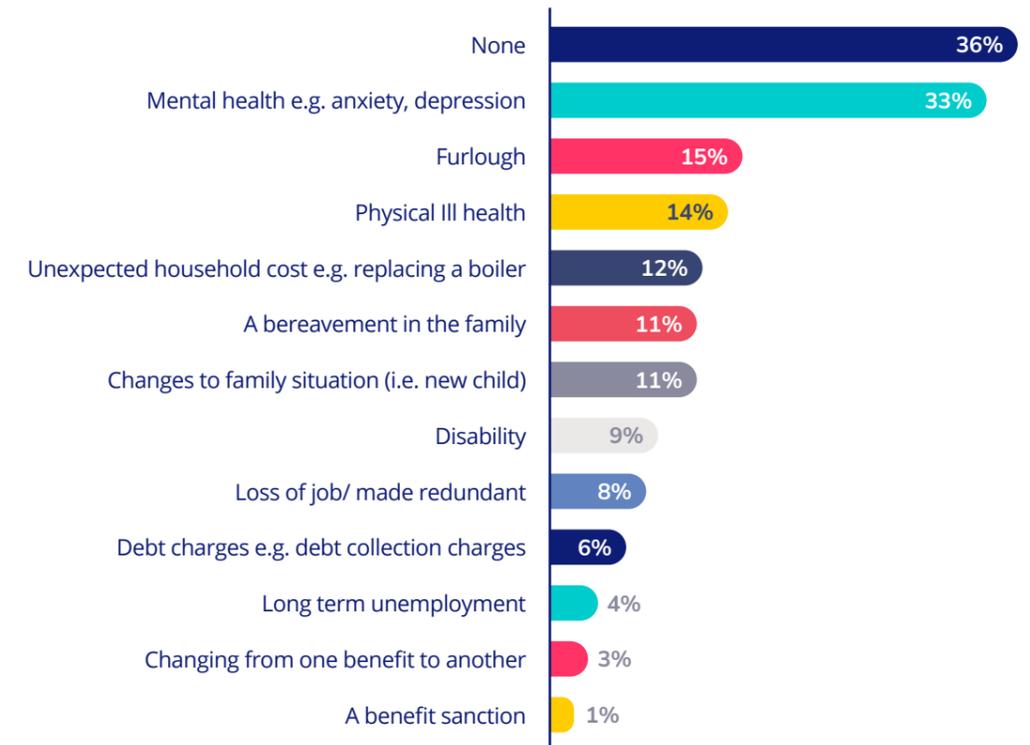
The team have worked exceptionally hard during the pandemic. To support them as much as our members through the Covid-19 crisis, we moved those team members who were able to work from home out of the office as quickly as possible, to create more space for others. Over the course of the next six months, we continued to change our systems and our processes so that we could work entirely remotely if necessary. We have also offered flexibility for colleagues with caring responsibilities, and made sure that we paid all staff, including new starters, full sick pay when self-isolating, from day one. The very few staff on furlough received 100% of their salary.

Our members and Covid-19

The global Covid-19 pandemic has brought huge changes to everyday life for all of us

It has been well documented that Covid-19 has had a worse impact on those on with lower incomes, particularly women, and those from Black, Asian, or other ethnic minorities^{xix xx}. Just under two thirds of the loan members we surveyed had experienced at least one negative financial impact over the previous 12 months, although not necessarily Covid related.

Financial impact experienced in the last 12 months



After mental health issues, which a third of loan members have experienced over the last year, the most common impact was furlough. Combined with changes to benefits, job loss and other factors, just over a quarter of our loan members had incurred a drop in income over the last year.

Change to income over the last 12 months



^{xix xx} <https://www.fca.org.uk/insight/ethnicity-personal-finances-and-coronavirus>



BCU has supported our members at this time in a number of ways: we wrote to all our borrowers in mid-March 2020, offering to support with payment reductions or payment holidays where that was needed – well before this was a regulatory requirement. By September 2020, 316 members had used this facility, with more than 200 of them having later resumed repayments; some have now been able to pay off their loans altogether.

When we looked at what else we could do for members and for those who were supporting us so much throughout the pandemic, we decided to introduce **interest-free loans for NHS workers**. These loans were subject to our usual affordability and other checks, but came entirely free of interest and charges, so that NHS workers with urgent financial needs during this difficult time could be supported in addressing any issues they may have faced. We gave 40 NHS staff interest-free loans, to support them during a very stressful time and to enable them to concentrate on helping the wider community.

This support has been valued; a quarter of the members we surveyed had been in touch with the Member Support team for help, but even more had in fact received some form of support from BCU. We have supported a considerable number of our members through this difficult time; over one in ten loan members (11%) had reduced their payments for the term of their loan, 7% had taken out a consolidation loan, 5% had been given a payment holiday, and 3% had temporarily reduced their payments.

We are extremely grateful to Fair4All Finance who made a grant to support us through the Covid-19 pandemic, enabling us to switch to remote working, introduce a number of new initiatives to support members remotely, such as digital signatures, and to support members in forbearance.

BCU will continue to support its members over the coming year, which may prove even more financially difficult than the last. While almost six in ten members do not expect to need support from BCU over the coming months, four in ten felt that they may need some form of payment holiday or consolidation loan.



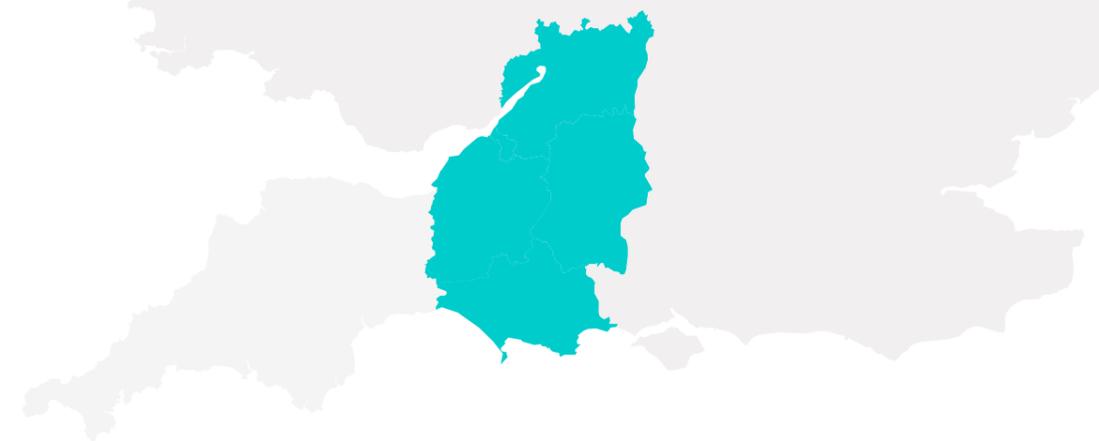
“I work for the NHS so I did not have to pay any interest on my loan, and the level of support from BCU is incredible.”

Looking forward to 2021

Over the coming year we will continue to invest to modernise and grow the credit union, including refining the new digital platform, website, and member portal. We will investigate whether additional investment would enable us to accelerate our growth plans.

In summer 2020, Wyvern Savings and Loans, a credit union which primarily covers the Dorset area, approached BCU to consider a merger. This merger supports our growth ambitions, will help leverage the benefits from the new digital platform and enable us to reach more people. As mentioned earlier, the BCU Common Bond area has now been expanded to include Dorset and Wiltshire (as well as Somerset and Gloucestershire) and we intend to finalise this merger.

We will seek to attract further new members, savers, and borrowers from across the wider Common Bond geography which we now serve, and we will continue to support our members and staff during the ongoing Covid-19 pandemic.



BRISTOL CREDIT/ UNION

Bristol Credit Union Ltd is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Our Firm Reference Number is 213583. We are members of the Financial Services Compensation Scheme, and we subscribe to the Financial Ombudsman Service. Registered office: 112/114 Cheltenham Road, Bristol, BS6 5RW.

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