



Sheffield Credit Union

Incorporating the Former:
Rothersave
CREDIT UNION LIMITED

Savings and Loans across South Yorkshire

Annual Report



Year ending 30th September 2023

Consumer
credit
awards

Best credit
union (North)
Winner 2023

Smart
money
people

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Chair's Update

Maxine Stavrianakos

Welcome to our 2023 Annual Report covering our activities and achievement through the financial year October 2022-September 2023 as well as some of our future plans.

I am so pleased that we are again able to hold an in-person Annual General Meeting this year but with the facility for people to join us on-line as well – the best of both worlds which will hopefully allow more members to join us. The format of the meeting this year will be slightly different with us presenting the key information that we are obliged to under the financial regulations, but also an opportunity for you to give us your views on some of the ideas for future development to ensure it is what you want from your credit union.

As chair of the Board of the Sheffield Credit Union I am delighted to tell you that we continue to be able to grow the business and make a surplus during the financial year. This has been even more important as our services continue to be in more demand and increasingly necessary in the current economic climate with the cost of living crisis continuing to put pressures on most people

We have accomplished this partly through the careful work to expand our services and provide loans to more members but at the same time driving forward our plans for development and growth as set out in our new strategy.

2 years ago at the AGM members gave us their authority to use up to £300,000 of reserves to support our growth and development plan. Using this money has taken a lot of careful thought and we are still in the early days but ensuring we have clear, thought through plans on our next steps.

We cannot achieve this growth on our own and continue to develop our work with partners such as Sheffield City Council (Communities, Housing, Homelessness and the Cost of Living Team); Citizens Advice, Sheffield Chamber of Commerce; Department of Work and Pensions (DWP) and the Illegal Money Lending Team. To help reach more people we also maintain our work with our payroll employer partners and look to increase the volume of organisations we work with.

A key element of our growth plan that started in 2023 is our proposed merger with LASER Credit Union in Rotherham. This merger has been agreed by both Boards and will be finalised in 2024 when our due diligence work is complete. This will increase membership by approx. 2,400 members.

We have introduced our new website but have been delayed in our plans to introduce an app. But are hopeful that we will be able to do this in the next year to provide our members with an increasingly accessible service.

I would like to thank our previous CEO, Jackie Hallewell, and Finance Manager, Simon Martin, who left us in 2023, for all their dedication and hard work that has seen Sheffield Credit Union become the stable financial organisation it is and achieve its current success.

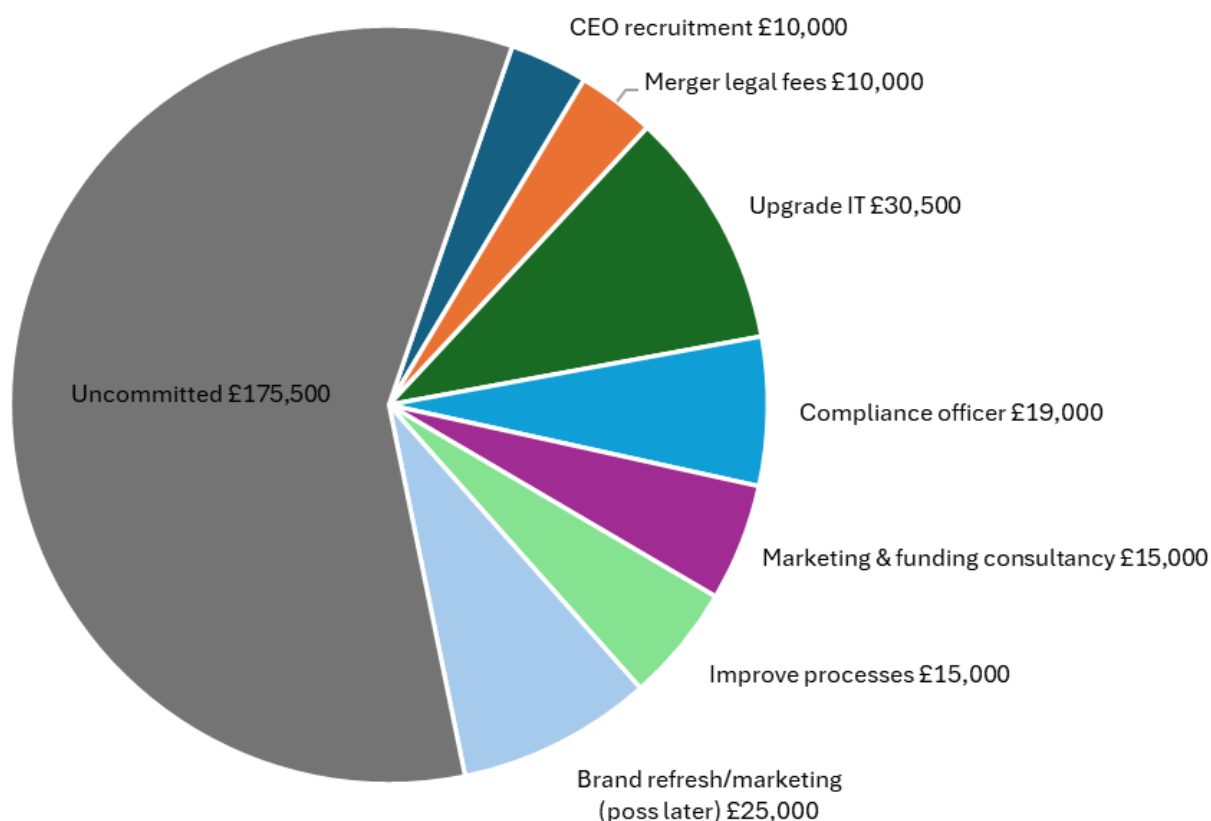
As we move forward in the next part of our journey I would like to welcome our new Chief Executive, Paul Hancock who will lead us through the exciting challenges we have ahead.

I once again would like to thank our Non-Executive Directors who voluntarily offer their knowledge, expertise and enthusiasm, overseeing the business and ensuring that the interests of our members are at the forefront of all decisions so that Sheffield Credit Union is sustainable for the benefit of future generations. As the Chair I feel we currently have a very effective board with a good mixture of skills and experience but would like to see it better reflect the diversity of our membership and this wonderful city which is a task for me over the coming years. If you are interested in becoming a Board member please speak to me at the AGM, or contact me.

My thanks go out to the hard-working and dedicated team of staff and managers who keep the business prospering on a daily basis and constantly rise to the challenges they face.

Finally my thanks to you all attending this AGM today and all our members for your continued use of our services whether for loans or savings, without you none of this would be possible. We hope we deliver the service and support you need but please share your thoughts and feedback for how you would want us to grow. We will be having another members' meeting in September 2024 to celebrate our 20th Birthday so hope you will join us again to hear more about our journey.

How we have allocated the £300,000 Growth & Development Fund



CEO's Update

Paul Hancock

I was thrilled to join Sheffield Credit Union late last year with a brief to steer and lead us into a period of transition and growth. The role excites me and as a Sheffielder, born and raised, this is an exciting new challenge for me to leverage the many transferable skills from my previous roles of working closely with households that need sound financial solutions and with the business community across the Sheffield City Region.

The last few months have been a great introduction into the ethos of the Credit Union as I joined at one of the busiest times of the year. I would like to give my thanks to the dedicated and committed staff team, Board of Trustees and members who have been very welcoming.

The financial results, as you'll see from the Treasurer's report, are once again impressive and as I've quickly learnt this gives us a solid platform to build and invest in the business as set out at last year's AGM.

Together with the Board I've been working on the strategic plan that will cement our growth plans for the next 3-5 years. From a personal point of view it appears we are Sheffield's best kept secret and not enough is known about the products we offer such as affordable loans, savings and budgeting accounts, with more products to come as part of our plan to help members through what is a really difficult cost of living crisis with more uncertainty around family and individuals' finances than ever. This is where we need to step up as a financial force for good and do what we can to navigate our members through this period.

Our strength is in numbers, but it was enlightening to learn that my colleagues in other credit unions in the North have 4 or 5 times more members than Sheffield, this will change. The more members we can recruit, the more capital we can re-distribute and importantly this stays within our city because, unlike traditional banks, Sheffield Credit Union is a co-operative, no shareholders, just owned by you the members. By generating deposits from those members, a fund is created allowing us to lend to local people, including those vulnerable to high interest rate lenders such as Pay Day loan companies and worse still, local loan sharks.

It's my vision for the Credit Union to be highly visible amongst not just the hard-working folk of Sheffield but also businesses, who take up our payroll schemes, plus community groups and hubs who do fantastic work out there supporting the financially excluded members of our city. We want to be more than a financial institution, we want to be a trusted partner in the community, offering a helping hand when most needed.

2023 Highlights & Future Plans

Consumer
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We were delighted to win the Consumer Credit Awards 2023 award for Best Credit Union (North)! We received some fantastic reviews from members voting for us, which were hugely appreciated by all our staff.



In a world where everything is about profit for the few, Sheffield Credit Union place people first and work hard to keep people out of debt at times of financial difficulty. Never was their work more needed or more valued and I am proud that I am part of their vision for fairer financial systems.

Reviewed on: 29th June 2023 by Sue



It's simple really, when I was at a low point with regards to my finances, Sheffield credit union were the only ones to help me get back on my feet financially, it's because of them that I am now in the position financially that I am today. I'll be forever grateful to them for that

Reviewed on: 12th August 2023 by Mark



As an international nurse, it was not easy to settle down especially with all the increases in the market. It was SCU that cares a lot and gave me the opportunity to start. The loan that they have provided me was used to secure the house for my family from the Philippines. Without SCU, I would probably have some difficulties still in finding the property that best fits our needs.

Reviewed on: 11th August 2023 by Rey



When you have a problem through no fault of your own. And you don't know what to do. Don't worry ring credit Union, the friendly staff with their caring attitude will guide you in the right direction. They won't push you into something you can't afford or want. They will work with you, they will be honest with you, and they will do what is best for you, you come first. Thankyou to all credit Union staff everywhere for making a difference.

Reviewed on: 28th June 2023 by Catherine

Voting for the Consumer Credit Awards 2024 opens on the 4th of March, and we will contact members to invite them to leave a review.

2022-2023 Highlights

Joining Fee Promotion

In late 2022 we worked with the Illegal Money Lending Team to waive the joining fee for new members who we were unable to offer a loan, as part of their campaign to help people start saving.

Consumer Duty

New Consumer Duty regulations came into force this year, requiring financial institutions to work proactively to ensure good outcomes for their customers. We conducted in-depth reviews of our savings products and other services, and made various changes, including switching to clearer, simpler letters and forms; improving our phone system; and reducing fees.

New Website

We launched our new website in September, which provides clear, comprehensive information about our services; meets the WCAG 2.1 accessibility standard; and includes information and sources of support for members who are experiencing financial difficulty or need general support with money.

Changes to our Loan Products

This year we made a number of changes to our loan products, including increasing our minimum loan amount to £200, increasing the maximum Family loan for members who are topping up, and streamlining the application process to speed up decisions.

Plans for 2023-2024

Merger with LASER Credit Union

We have been working towards a merger with LASER credit union in Rotherham, which we expect to complete in the coming months. LASER are a community credit union who share Sheffield Credit Union's commitment to providing safe, fair and ethical savings and loans to local people. LASER will retain their current office, and all existing LASER staff will continue as employees of Sheffield Credit Union. The merger is a fantastic opportunity for us to benefit from the wealth of skills and experience held by LASER's staff, and to extend and improve our services in the Rotherham area.

Expanding our Services

We have set ambitious goals to increase our membership and raise awareness of our services across Sheffield, especially in areas such as Darnall, Hillsborough, and Parson Cross. We are also looking to expand the work of our sister charity, Financial Inclusion Services Yorkshire, by drawing inspiration from innovative projects such as Bradford District Credit Union's FoodSavers™ scheme. We are considering taking advantage of recently updated rules that would allow us to offer new products such as home insurance and hire purchase agreements.

New Partnerships

We are always seeking opportunities to work with a wider range of organisations across South Yorkshire. We have recently added several new employers to our payroll scheme, including Together Housing Association, Jenx, and Derbyshire County Council.

Compliance Committee's Report

Neil Fletcher, FCA

Chair of the Compliance Committee

Senior Lecturer, Corporate Governance and Ethics, Sheffield Hallam University

The Compliance Committee exists to provide assurance to both the board and the members that the Credit Union is complying with relevant laws, regulations, codes, and guidance.

To gain this assurance the committee relies upon:

- Reports from employees of the Credit Union
- Internal audit work carried out by TIAA
- External audit work carried out by the external auditors
- Ad hoc testing carried out by members of the committee, and
- Additional support from other specialist advisers where necessary

The Committee comprises two non-executive board members: Neil Fletcher and Richard Edwards. The CEO attends Committee meetings, and the newly appointed Compliance Officer now also attends.

During the year the two most senior employees resigned from their positions at the Credit Union. The Committee recognises that these events increased the risk of non-compliance during the year. The board responded to this increased risk by:

- Appointing a new CEO In September 2023
- Appointing a part time Compliance Officer in January 2023
- Distributing Senior Management Function roles across the board to manage the period where the organisation did not have an incumbent CEO

Furthermore, the new CEO has re-structured the senior management team of the Credit Union to ensure that an appropriate level of control and risk management is enacted at an operational level.

Based upon the work that the Committee has undertaken during the year I report as follows. As Chair of the Committee, I am not aware of any material non-compliance with laws, regulations, codes, or guidance occurring during the year. I am also happy to report that the Committee is working closely with the new CEO, and the board as a whole, to ensure that the Credit Union both manages and governs compliance risk effectively.

In forming this view I have relied heavily upon the Committee's understanding of the systems, processes, controls, and operating culture of the organisation. This assurance is also supported by additional testing that has been performed with regard to some, but not all, areas of compliance risk during the year.

Finally, the credit union has in place a Single Customer Review Report (SCV). This is tested monthly and would enable the Financial Services Compensation Scheme protection to function in the event of a catastrophic control failure.

Treasurer's Report

Peter Armstrong

The report covers the accounts for the year to 30 September 2023.

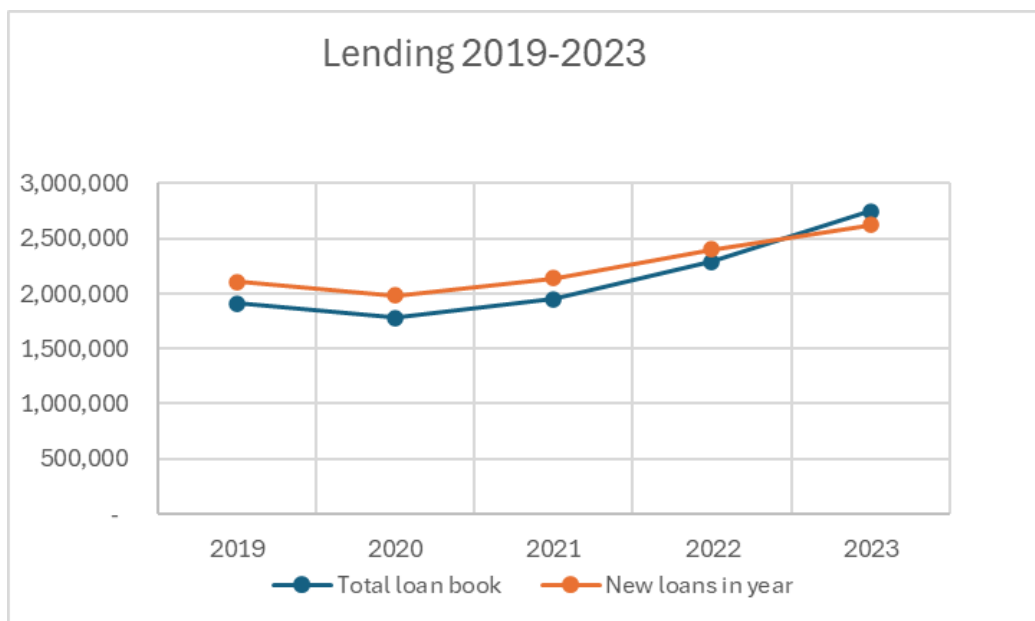
The tables of figures are extracted from the full audited accounts. Please ask if you would like the full version.

All numbers in the text below are rounded.

This was a year of high bank interest rates (Credit union rates don't change) and high inflation. Both are reflected in our figures.

Balance sheet: Assets and liabilities

Our total assets, at £6.45 million, are similar to last year. Much of this (£2.74M) represents money out on loan. Our plan for 15% loan growth was achieved due to improved marketing and possibly the cost of living crisis. Our building is part of our assets and is in excellent condition. The rest is money held in our main bank and several interest-bearing deposits.

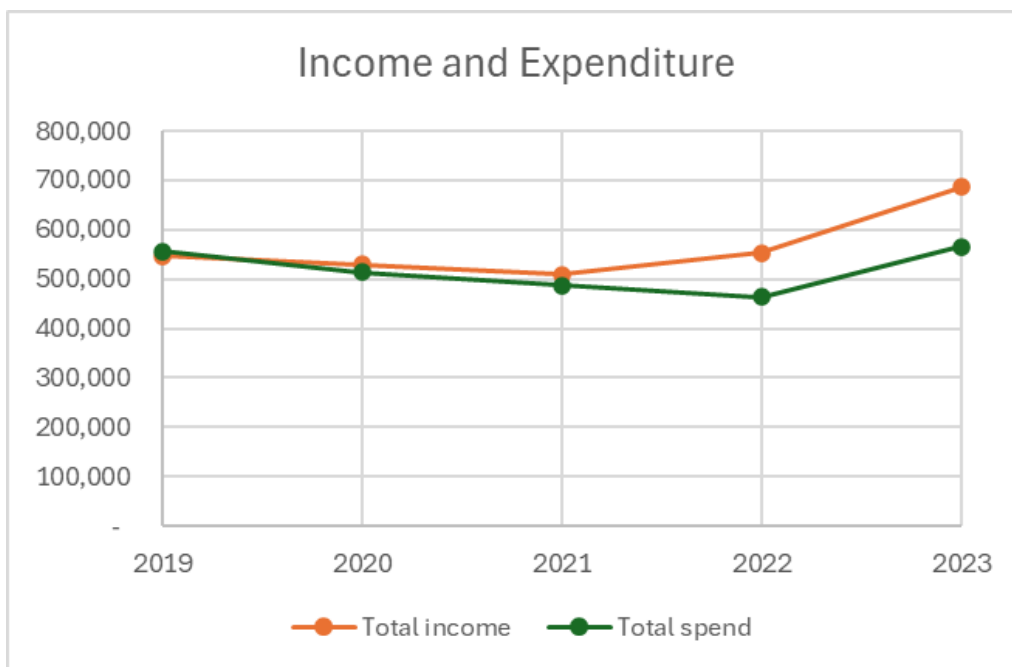


Our liabilities show the origins of those assets. Our members' savings amount to £4.83M and have decreased by 1.8% in the year. Members have withdrawn more than they saved, due to the cost-of-living crisis.

The rest (£1.62M) is our reserves. We are required to hold at least 5% (£323,000) in our General Reserve in case of serious problems. Much of the rest came from the DWP Growth Fund over ten years ago.

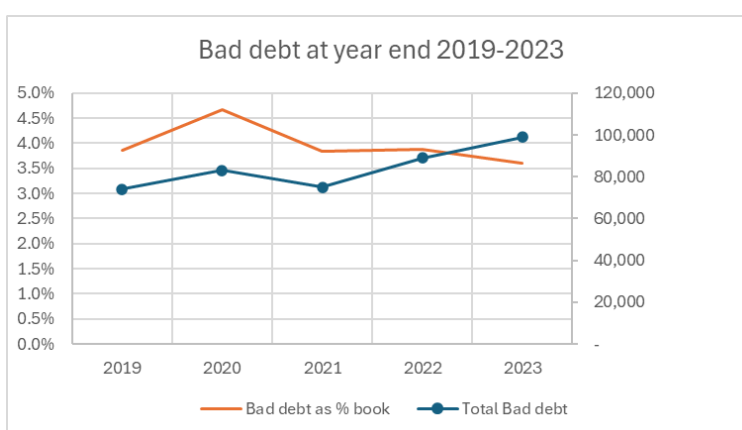
Income and expenditure

Both Income and expenditure rose by over 20% in the year, with income slightly ahead, giving a surplus of £62,557 after tax.



The increased lending brought more interest income. Other income is from joining fees and charges for optional fast payments (£46,000). High bank interest brought us £80,000. We continue to recover some repayment (£41,000) from old unpaid loans that are written off from our active loan book, but still owed to us and 'collectable'. These three items are subject to change from year to year and difficult to predict precisely.

Our expenditure includes running costs and losses due to bad debts. At £100,000 bad debt may seem a large amount. However, it is 3.6% of the total on loan and below the national average for credit unions (England 5.1%, UK 6.6%). The rate is kept this low by the careful work of our staff. We congratulate them on maintaining good, consistent loan decisions and following up non-payment very quickly.



Last year we agreed a 1% dividend on savings, resulting in a payment of £42,000 shown in these 2022-23 accounts. The dividend rate we agree at this year's AGM will be based on the 22-23 surplus and will show as a payment in the next accounts.

Other Figures

We received around 7,000 loan applications in the year and were able to provide loans for 60% of them - over 4,000 loans. This means that on average each week 140 applications were assessed and 80 loan agreements and payments were finalised (with large variations through the year).

The flow of money through our system is always surprising. We received over £6M in savings and a similar amount in withdrawals (many members have benefits paid to us and withdraw the remainder after loan repayments and savings).

We paid out over £2.5M in loans and received a similar amount in repayments. This means some £30,000 passes in and out through our systems per day (not in cash).

Final points

- The board thanks our 13 staff (10.5 FTE) who work very diligently to help our members, lend carefully and ensure that our processes run well.
- A financial surplus depends on many factors, including the three income items mentioned above. Changes in those amounts are quite likely and would have a big effect on our bottom line. (Any two together are greater than our final surplus). This is why we need to grow, so that our main income from lending is stronger and we are less vulnerable to variation in other elements.
- In 2021 the AGM agreed that the board should use up to £300,000 of reserves as a strategic development fund - to invest in major changes that will lead to growth. It has taken time to adjust our thinking and begin to plan for growth. Although we did not spend significantly from this fund in 2022-23, we are now beginning to use those funds for many purposes, including IT, staff, marketing etc. Next year's accounts will show how we have drawn on the strategic fund to build a stronger credit union to reach and serve more of the people in our region.

Summary of accounts

Balance sheet	2023	2022
Assets		
Tangible assets (Building & equipment)	442,552	459,353
Debtors (owed to us, mainly loans)	2,746,123	2,300,711
Cash and bank accounts (& investments)	3,322,780	3,780,798
Creditors (money we owe)	-55,288	-65,030
Total assets	6,456,167	6,475,832
Liabilities (Deposits and reserves)		
Revenue reserve	1,290,778	1,228,221
General reserve	327,043	327,043
Members deposits (savings)	4,774,666	4,862,165
Junior deposits (savings)	63,680	58,403
Total liabilities (members' funds)	6,456,167	6,475,832
Income and expenditure		
Income		
Interest on members' loans	507,050	433,793
Interest on bank deposits	80,367	22,021
Grants & contract income	11,994	4,660
Sundry income (joining & transaction fees)	46,666	48,409
Bad debt recovery (on written-off loans)	41,256	43,896
Total income	687,333	552,779
Expenditure		
Administrative costs	566,804	463,877
Dividend on adult savings (for previous year)	42,498	8,105
Interest on junior savings	413	482
Total expenditure	609,715	472,464
Operating surplus (income - expenditure)	77,618	80,315
Less tax (mainly on bank interest)	-15,061	-4,184
Net surplus for year	62,557	76,131