

The  
**COOP**  
Credit Union  
*...we help people*

# ANNUAL REPORT



**2022/23**



# CONTENTS

- 5. Chair's Report
- 6. Chief Executive's Report
- 8. Our Year in Pictures
- 10. Our Impact
- 12. Fulfilling our Purpose Project Commitments
- 14. Governance & Committees
- 16. Summary Financial Accounts



## Chair's Report



Like every year since the start of the pandemic in 2020, the financial year 2022/23 has been a challenging one for us and our members.

While the latest inflation and wage figures tell a story of average real earnings finally growing again – if only a little – the story for the year under review was of real living standards deteriorating month by month.

Unfortunately, therefore, as a direct result of the difficult environment we find ourselves in, it has been a second consecutive year of disappointing growth as we struggle to say “yes” to many of our members who are unable to afford a new financial commitment.

Throughout the year we continued to be active in seeking ways to support members beyond agreeing loans for them, such as referring people to our free online benefits calculator provided by partners, InBest, or making discretionary payments from our Hardship Fund.

And while we have not grown our lending, we certainly continue to focus our activities on those with least options in the credit market as the following Impact Report sets out.

And as we begin to emerge from the worst of the inflationary pressure on households, we are in the fortunate position of having taken difficult decisions on our risk appetite early in the crisis leaving us in a robust financial position moving into the new financial year to start growing again now that real incomes are beginning to improve once more.

The year has also been one of investment and innovation. We launched a trial of the Credit Saver revolving credit facility with funding from our partners at Fair4All Finance. A long-term project to integrate a new app and front-end digital experience for members came to fruition. And we secured a new permission from the FCA for innovative lending activity which allows us to take advantage of new opportunities arising from recent legislative reform.

We therefore look forward to 2024 and beyond with a sense of hope and optimism as the world around us begins to feel more optimistic and our internal innovation and investment strategy, supported by our cautious risk appetite, provide opportunities to thrive.

None of the achievements of the year would have been possible without our hardworking and dedicated staff team, our committed volunteer directors and our range of partners from the co-operative societies whose colleagues we support, to the tech providers powering our operations and everyone in between.

To everyone who makes our continued support for financial wellbeing and resilience possible, I would like to say thank you.



**David Fawell**  
Chair of the Board of Directors

# Chief Executive's Report



The financial year 2022/23 was another demanding year. As the cost-of-living crisis has continued to put our members and their peers under enormous strain, we have had the difficult job of delivering disappointing news to loan applicants much more often than we want.

What that means for our growth aspirations is that the year has disappointed once again with only a very slight lending growth of 1.6% achieved across the year. This is well short of our growth targets for the year and a long way from the 28% loan book growth we achieved in 2020/21.

On a more positive note, however, we have been able to effectively address the unsustainable losses we suffered on our loan book in 2021/22 with a significant reduction in our costs for provisioning and writing off debts in the year. Likewise, we were successful in attracting inward investment from Fair4All Finance in our trial of the revolving credit product, Credit Saver, and managing our costs more generally resulting in a strong surplus of a little over £100k.

This means that in the new financial year 2023/24 we can begin to reset our growth ambitions and risk appetite with the beginnings of a tentative improvement in average living standards and the return of real income growth making for a more accommodating environment. And we can do so with a very strong capital base behind us with a capital-asset ratio at 11.4% - more than double our regulatory minimum.

The other key movement in 2022/23 is the pressure we have faced on our deposit funding as many members use their savings to meet rising costs, while others are attracted elsewhere by the prospects of higher returns as the Bank of England has raised interest rates. We recognise that we need to respond to this change in interest rates and we plan on returning more of our income to members in dividends and new interest-bearing savings products in 2023/24.

While our core business has not performed as we might have liked, the year under review was one of investment and innovation for future growth and success, with the following key developments:

- Our Finance, Banking & Credit Manager, Joel Williams, was the winner of a prestigious award as part of the ABCUL-led CU Futures leadership development programme.
- We have successfully completed and begun to deploy a new integrated app and front-end solution for members to enhance member experience and processing efficiency.
- We have secured an FCA consumer credit permission to support innovations in lending in future with two exciting lending schemes due to launch in 2024.
- We have renewed and reset our relationships with key partners in the co-op retail sector and with the Usdaw trade union.
- We have continued a process of refresh and renewal in our governance and compliance framework supported by our new approach to Internal Audit.
- We have launched a trial of a new revolving credit proposition, Credit Saver, supported by a grant from Fair4All Finance, a quasi-government body set up to improve access to credit and financial services for vulnerable consumers.

We are proud of the continuing impact and focus we have on supporting the most vulnerable and precarious in society. We continue to conservatively estimate the annual interest saving to our borrower members at £350,000 per year, putting the figure for the last 4 years at £1.3 million.

Despite the challenges of the world around us and a number of very difficult personal tribulations, we continue to have a stable and committed staff team who are passionate about serving members. I would like to thank them all for the huge contribution they make to our success in serving our members. It is down to them that our Net Promoter Score from members rose from +61 to +75 in the year.

**Finally, a thank you to our partner employers and the many suppliers and supporters we work with – we are truly grateful for the trust and confidence you place in us every day.**



**Matt Bland**  
Chief Executive

# Our Year in Pictures



1. Shinya Minegishi, an international Credit Union researcher from Japan, visiting Matt Bland, 2 Mel Phillips promoting CCU membership at Southern Co-op's Colleague Wellbeing Week in Portsmouth, 3. CCU stand at the Co-ops UK Practitioners Forum Event in Chelford, 4. Joel Williams (CCU) and HEY Credit Union's Maya Birr-Pixton (front centre) receiving awards as project winners of the 2023 CU Futures Graduates programme, presented by journalist & broadcaster Liz Barclay (right), 5. CCU Team members, Veronica Aninda and Joan Pollitt (2nd and 3rd, back left) at the relaunch of the Global Women's Leadership Network at the 2023 ABCUL conference, 6. Chris Smith and David Dickman are awarded Lifetime Presidency on their retirement from the CCU board, 7. Andy Davey and Mel Phillips visit Co-op colleagues at the Lea Green Distribution Centre in St Helens, 8. Our new mobile app, 9. CCU Team Summer Social, 10 & 11. Spreading the word with Usdaw members via their magazine and Annual Delegate Meeting in Blackpool, 12. Attending the Central Co-op Exhibition in Birmingham, 13. CCU Directors at David Dickman and Chris Smith's retirement party (L-R – Nisha Ravat, Peter Harris, Robin Webster, Chris Smith, Claire Dalton).

**Our Impact in 2022/23**

**68%**  
loans issued  
to women



**Hardship Fund**



members supported  
with payments totalling  
**£2,000**

**£1.3 Million**



interest saved for  
borrowers in last 4 years



**33%**  
loans issued to  
under 35s

**Median loan value**



**LOAN APPROVED**  
**2,969**

loans issued during the year

**Average  
(mean)  
loan value**



**£991**

**320**

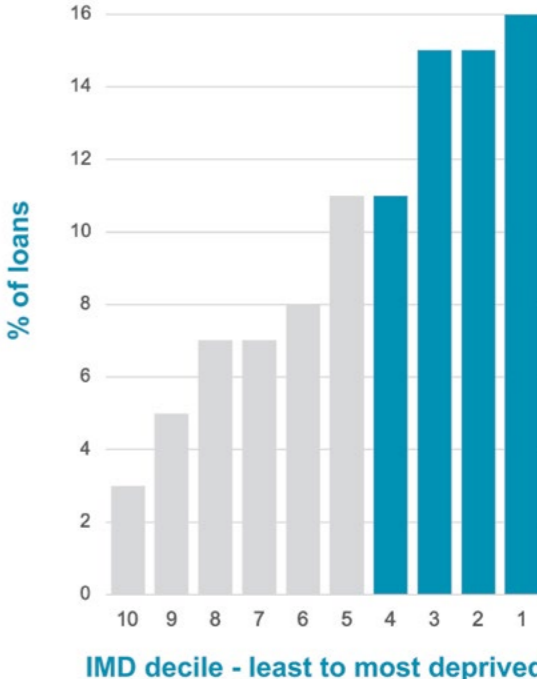
members used our  
**Benefits Calculator**

Average benefits entitlement identified:



**Loans to the  
most deprived  
40% of communities**

**57%**



The Indices of Multiple Deprivation deciles split the country into 10 per cent segments from most to least deprived. Decile 1 being most deprived, and 10 least deprived.

# Purpose Project Commitments



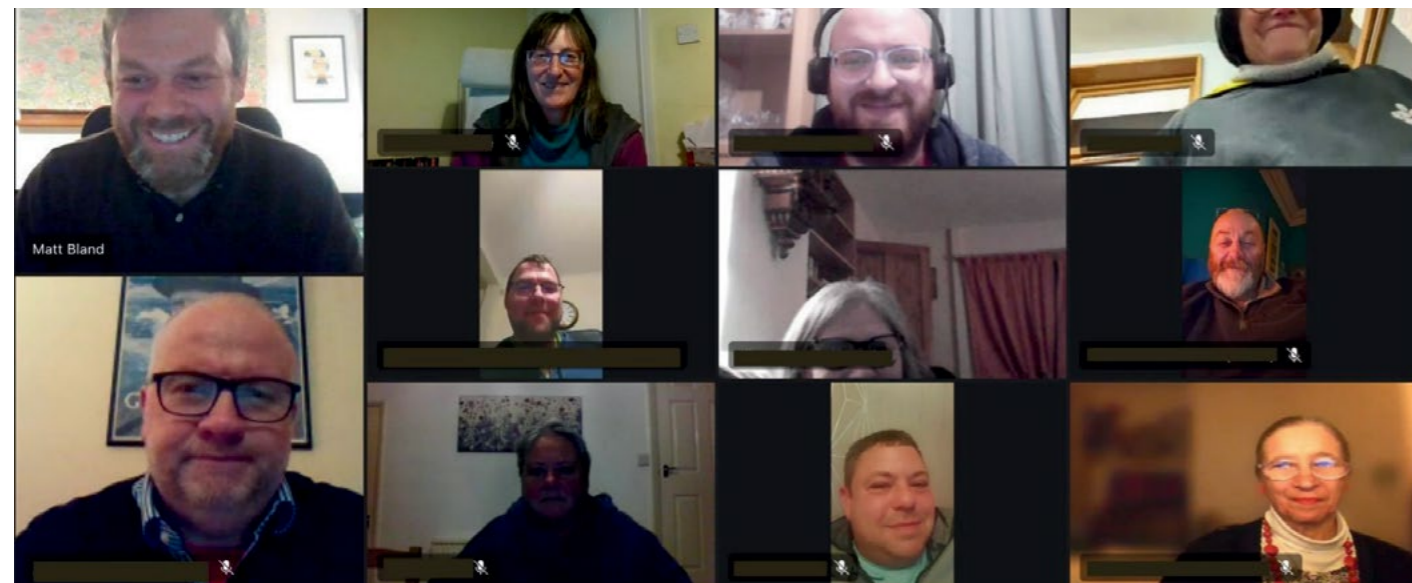
In January 2022, we published 'Defining our Purpose' which set out a number of key commitments that the credit union would pursue to fulfil our social purpose as an organisation.

Our commitments were grouped under 5 themes and we set out below how we assess our success so far in delivering on our commitments.

## Overarching theme

The overarching theme of our commitments is "supporting good mental wellbeing" and we continue to be confident that our services support good financial resilience and thereby have the effect of supporting good mental health through reducing money-related stress.

We have built on the deployment of the benefits calculator and Hardship Fund with the trial of the Credit Saver product aimed at creating an alternative to the credit card debt trap. Our new app deployment creates opportunities to streamline our offering making a meaningful step towards creating a "one stop shop" for financial wellbeing.



Members participating in our online Inclusion & Innovation Member Forum, 2023.

## Theme 1 – campaigning

We continue to be active in having a conversation with our members about their wellbeing online. Building on our podcast series, we have been actively working with our employer partners to deliver meaningful and relevant support and content around financial matters. We have lent our voice to public policy debates relating to financial wellbeing & resilience – particularly promoting "autosave" which helps build employee financial resilience by automatically enrolling workers in payroll savings schemes on an opt-out basis.

## Theme 2 – social goals

We have met our commitments to maintain at least half of our loan book at loans of £1,000 or less and two-thirds of our savings book at £500 or less. At 30/09/2023, 50.5% of loans were £1,000 or less and 80% of our savings accounts were under £500. Those seeking small-sum credit and savings facilities are some of the least well-served in the marketplace and we are proud to offer a fair and affordable alternative to these financially vulnerable groups.

Our new app creates opportunities to meaningfully begin to integrate the different elements of our digital solutions to financial challenges. We still have more to do in building links with charities to support the vulnerable.

## Theme 3 – code of good practice

According to our self-assessment, we remain in broad compliance with the Fair 4 All Finance code of good practice for community lending. Our continued support from Fair 4 All Finance relies on our compliance with the code.

## Theme 4 – co-operative principles

We are an active member of the co-operative and credit union communities and our Chief Executive is now vice-president of the Association of British Credit Unions. The tools, support and educational content we offer support our commitment to the education of members. We are exploring how to build on this in 2024.

## Theme 5 – inclusion & diversity

We held our second annual meeting of the Inclusion & Innovation Member Forum in 2023. Our new digital solution enables us to plan towards deepening and embedding our monitoring of diversity in a safe and anonymous way in 2024. We continue to prioritise progress made on the diversity of our staff and board team in recruitment.



## Governance

The Co-op Credit Union has a current board of 9 with an additional Secretary role which is not formally part of the board. The board and secretary roles are entirely voluntary. They are:

David Fawell	Chair
Andrew Cheatle	
Samuel Hale	
Peter Harris	
Claire Dalton	Secretary
David Dickman	Vice Chair - resigned January 2023
Lisa Parry	
Nisha Ravat	Chair of Nominations & Reward Committee from January 2023
Justina Grey	
Robin Webster	Chair of Risk & Compliance Committee
Grant Mitchell	Treasurer & Chair of Audit Committee Vice Chair from January 2023
Christopher Smith	Chair of Nominations & Reward Committee - resigned January 2023

The full board meets 6 times each year with board committee meetings taking place on alternate months. Each director is a member of at least 1 board committee – the three committees are: Risk & Compliance, Nominations & Rewards, and Audit.

Attendance at full board meetings through the year was as follows:

	17/11/22	19/01/23	15/03/23	18/05/23	25/07/23	21/09/23
David Fawell	Y	Y	Y	Y	Y	Y
Andrew Cheatle	Y	Y	Y	Y	Y	Y
Samuel Hale	Y	Y	N	N	N	Y
Peter Harris	Y	Y	Y	Y	Y	Y
Claire Dalton	Y	Y	Y	Y	N	Y
Robin Webster	Y	N	N	N	Y	Y
Lisa Parry	Y	Y	Y	Y	Y	Y
Nisha Ravat	Y	Y	Y	Y	Y	Y
Justina Grey	Y	N	Y	Y	Y	Y
Grant Mitchell	Y	Y	Y	Y	N	Y
David Dickman	N	Y	n/a	n/a	n/a	n/a
Christopher Smith	N	Y	n/a	n/a	n/a	n/a

Board meetings take place via online video conferencing or in person in central Manchester. The board considers standing items such as a regular update from the Chief Executive, Risk Register & Management Actions as well as topical papers on a range of subjects. Each July the board meets for an extended strategic planning discussion and agrees a new Business Plan and Annual Budget at the September meeting.

The credit union's CEO – Matt Bland – provides a link between the strategy and oversight provided by the board and the operational delivery of the credit union's business. Working with the leadership team he is responsible for informing and supporting the board in its decision-making and pursuing the strategic goals the board set within the constraints of the agreed budget.

## Committee reports

### Risk & Compliance Committee

**Chair** Robin Webster

**Members** Samuel Hale, Grant Mitchell, Andrew Cheatle, Peter Harris & Lisa Parry

**Meets** April, August & December

#### Responsibilities

- Oversees risk framework and leads monitoring of Key Risk Indicators
- Commissions ad hoc reviews & annual thematic reviews on key risk areas
- Commissions, oversees and reviews compliance and policy material
- Commissions regular stress testing exercises to test resilience to key risks

### Nominations & Reward Committee

**Chair** Nisha Ravat

**Members** Robin Webster, Peter Harris, Justina Grey & Lisa Parry

**Meets** February & October

#### Responsibilities

- Oversees board recruitment and succession planning ensuring skills and inclusive representation
- Oversees training and development programme for directors
- Sets and oversees policy on staff remuneration and wider employment package including approving employment policies

### Audit Committee

**Chair** Grant Mitchell

**Members** Nisha Ravat, Samuel Hale, Andrew Cheatle & Justina Grey

**Meets** June & November

#### Responsibilities

- Overseeing and appointing Internal & External Auditors
- Reviews annual reports on financial crime prevention, anti-money laundering & whistleblowing
- Oversees the process of responding to recommendations from Internal Audit and assures the wider board on financial MI, controls and annual audit

**The three committees are formed based on the board's discretion and the committee structures, Terms of Reference and membership are subject to an at-least-annual review.**



## Summary Financial Accounts – Page 1

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Note	2023	2022
		£	£
<b>Net interest receivable</b>			
Interest receivable and similar income	4	685,032	649,347
Interest payable and similar charges	5	(22,933)	(13,715)
		<b>662,099</b>	<b>635,632</b>
<b>Other operating income</b>			
Fees and commissions receivable		-	(3)
Grants	6	62,923	32,950
		<b>62,923</b>	<b>32,947</b>
<b>Expenditure</b>			
Impairment losses on loans to members	7	(117,961)	(177,963)
Administrative expenses	8	(478,985)	(458,180)
Other operating expenses	11	(12,039)	(15,500)
		<b>(608,985)</b>	<b>(651,643)</b>
<b>Surplus before taxation</b>			
		116,037	16,936
Taxation	12	(13,703)	(3,568)
<b>Surplus for the financial year</b>		<b>102,334</b>	<b>13,368</b>

### STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2023

	Note	2023	2022
		£	£
<b>Assets</b>			
Bank and cash balances	13	3,044,639	3,870,119
Loans and advances to members	14	3,490,445	3,433,602
Tangible fixed assets	15	-	-
Receivables	16	41,882	17,363
		<b>6,576,966</b>	<b>7,321,084</b>
<b>Liabilities</b>			
Members' deposits	17	5,788,652	6,644,713
Payables	18	36,157	26,548
		<b>5,824,809</b>	<b>6,671,261</b>
Retained earnings		752,157	649,823
		<b>6,576,966</b>	<b>7,321,084</b>

## Summary Financial Accounts – Page 2

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 SEPTEMBER 2023

	Note	2023	2022
		£	£
<b>Cash flows from operating activities</b>			
Surplus for the financial year		102,334	13,368
Adjustments for non-cash items:			
Interest on members' loans	4	(616,589)	(630,568)
Interest on members' deposits	5	22,933	13,715
Loan impairment	7	152,760	196,505
Corporation tax	12	13,703	3,568
		<b>(324,859)</b>	<b>(403,412)</b>
Changes in operating assets and liabilities:			
Loans advanced	14	(2,847,609)	(3,037,049)
Loans repaid	14	3,254,595	3,393,965
(Increase)/reduction in receivables	16	(24,519)	22,081
Deposits received	17	5,204,496	5,771,445
Deposits withdrawn	17	(6,083,490)	(5,854,285)
Reduction in payables	18	(526)	(11,801)
		<b>(821,912)</b>	<b>(119,056)</b>
Corporation tax paid		(3,568)	(3,803)
<b>Net cash used in operating activities</b>		<b>(825,480)</b>	<b>(122,859)</b>
<b>Net decrease in cash and cash equivalents</b>			
		<b>(825,480)</b>	<b>(122,859)</b>
Cash and cash equivalents at 01 October 2022		3,870,119	3,992,978
<b>Cash and cash equivalents at 30 September 2023</b>		<b>3,044,639</b>	<b>3,870,119</b>

These summary financial accounts do not include the detailed notes and disclosures which form an integral part of the accounts and are required to fully understand the credit union's financial position.

The full accounts are available to download at the credit union's website at: [www.co-operativecreditunion.coop/agm-2024](http://www.co-operativecreditunion.coop/agm-2024)

# Have Your Say

We very much welcome feedback and suggestions from our members and would love to hear from you.

If you would like to discuss anything from this document or anything else regarding The Co-op Credit Union, please get in touch:



**Matt Bland**

**Chief Executive**

**Email:** [matt.bland@co-operativecreditunion.coop](mailto:matt.bland@co-operativecreditunion.coop)

**Mobile:** 07495 824 169

The Co-op Credit Union

1 Angel Square

Manchester M60 0AG

[www.co-operativecreditunion.coop](http://www.co-operativecreditunion.coop)



Protected

The Co-operative Family Credit Union Limited, trading as The Co-op Credit Union, is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority.

Credit facilities are provided by The Co-op Credit Union, are subject to status and only available to those aged 18 or over and resident in the UK.

The Co-op Credit Union subscribes to the Lending Code and is a member of the Financial Services Compensation Scheme (FSCS) and the Financial Ombudsman Service (FOS).

Firm Reference No 213649. Registered No 558c. Registered office address: 1 Angel Square, Manchester, M60 0AG.