Sheffield Credit Union

Savings and Loans across South Yorkshire

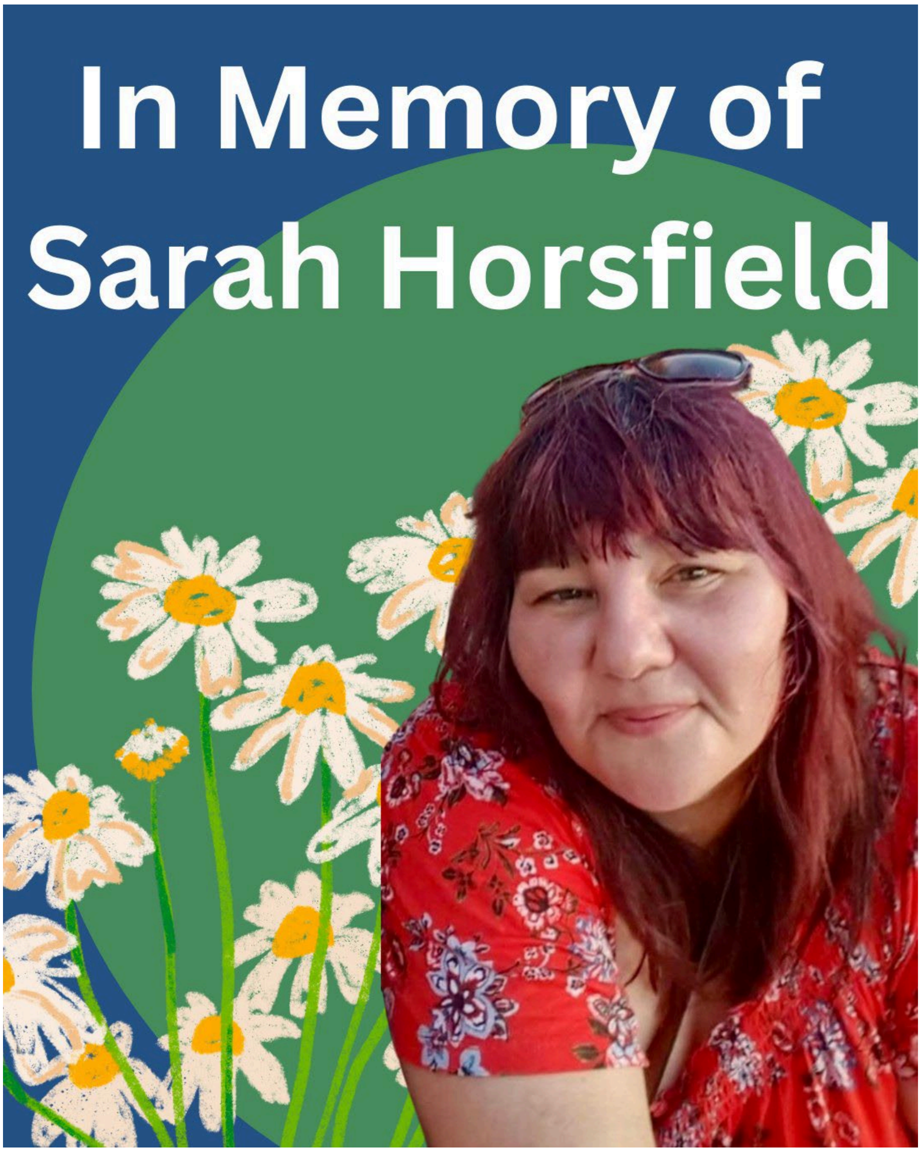
Incorporating

LASER Credit Union

# Annual Report

## Year ending 30th September 2024

Consumer credit awards
Best credit union loan provider
Winner 2024
Smart money people


In Memory of
Sarah Horsfield

# Contents





Cover photograph of Alex Chinneck's *The Looping Boat*, by Claire Brand. Used with permission.

# Chair's Update

Maxine Stavrianakos

Welcome to our 2024 Annual Report covering our activities and achievement through the financial year October 2023-September 2024 - and outlining our plans for 2025 and beyond.

At the AGM, we will be presenting the key information which you as members rightly want to see, but will also ensure we meet our obligations under the financial regulations.

We will also seek your views on our future development to ensure we deliver what you want from your Credit Union.

We are delighted to have completed the merger with LASER Credit Union and welcome over 2400 new members! This is in addition to the 1200 current members from Rotherham Postcodes. We are delighted that the Laser staff team are staying with us, to provide continuity and the same high standards of service.

We have had a challenging year, with a number of staff changes and technical issues to overcome, but our great team were still able to increase our lending by almost 15%. The business priority continues to be to attract new members and to extend our lending - we are in the fortunate position of still having plenty of savings which could be lent out to those who need credit. However, we never forget that our ultimate aim is to help our members be free of debt and we are always looking for new savers and to help all members put money aside when they can.

We have been successful in securing grant funding to support our community work and our modernisation programme (thanks to The Big Lottery and Fair For All Finance) and these have enabled us to limit the amount of reserves we needed to use.

We appreciate the support of our partners such as Sheffield City Council (Communities, Housing, Homelessness and the Cost of Living Team); Citizens Advice Bureau, Sheffield Chamber of Commerce; Department of Work and Pensions (DWP) and the Illegal Money Lending Team.

We are frustrated that we have not yet made an app available (NB Laser do have one, which is very popular). The process has been complex for technical reasons, but we are nearly ready!

I would like to thank our great team for their dedication and hard work and record my appreciation of the time and effort our volunteer Directors continue to donate to the Union.

Lastly, I would like to thank Paul Thomas, who is standing down as a Director – he has been very generous with his time and his expertise, and will be sorely missed.

However, we are also very pleased to be able to nominate 3 excellent candidates for members to consider electing to join the Board. It is a reflection of the strength of our organisation that we are able to attract such people to offer their time and skills.

# CEO's Update

Paul Hancock

I would like to begin by expressing my deepest condolences to the family and loved ones of Sarah Horsfield, our Lending & Collections Manager, who sadly passed away on February 9th this year. Sarah was a valued member of our team, and her dedication to Sheffield Credit Union will always be remembered.

This past year has been one of significant change and progress for our credit union. I want to extend my gratitude to our dedicated staff and board members, whose commitment and resilience have been instrumental in navigating this period of transformation.

## Key Developments and Achievements

- **Leadership & Team Growth**
  In June, we welcomed Sharon Oates as our new Operations Manager. Sharon has worked diligently with our team leaders to drive operational improvements and ensure a smooth transition during this time of growth.
- **Merger with LASER Credit Union**
  One of the most impactful milestones of the year was the successful merger with LASER Credit Union. We are pleased to welcome our new members and staff from Rotherham into our organisation, expanding our reach and strengthening our financial cooperative. This merger represents an important step towards offering enhanced services and a more robust financial foundation for our members.
- **Strengthening Community Partnerships**
  Rebuilding and expanding our relationships within the business and public sectors has been a top priority. We have made significant progress in re-establishing strong ties with Sheffield City Council, Rotherham MBC, the voluntary sector, and cooperative partners. We have recently appointed an experienced **Community Liaison Manager** to further develop these relationships and extend our impact.
- **Financial Growth & Stability**
  Despite economic challenges, we have maintained a solid financial position, thanks to our strategic initiatives and responsible lending practices. We successfully secured substantial grants from **Fair4All Finance** and the **National Lottery**, enabling us to expand our community-focused financial programmes and extend our outreach to financially excluded families across Sheffield and Rotherham.
- **Workplace Savings & Loans Expansion**
  We have made significant progress in expanding our **payroll partnerships**, collaborating with local employers to offer workplace savings and loans schemes. Our renewed partnership with **Sheffield Chamber of Commerce** will further support employee financial well-being and drive growth in membership.

## Future Growth Initiatives

Looking ahead, we are focused on accelerating growth and modernising our services to meet the evolving needs of our members. Our key strategic initiatives include:

- **Homewards Project**: Sheffield is one of six cities selected by **The Royal Foundation of the Prince & Princess of Wales** for this initiative aimed at ending homelessness. We are proud to be a key partner in this innovative housing project.
- **Purple Shoots Collaboration**: This partnership will allow us to expand financial support to entrepreneurs and small businesses in our community.
- **New Online Services & Mobile App**: We are excited to roll out a **new digital platform**, improving accessibility and efficiency for members. The app, already in use at LASER Credit Union, will be introduced in Sheffield soon.
- **Brand Refresh & Marketing Campaign**: To strengthen our identity as a **community banking** provider, we will be launching a rebrand and marketing campaign, ensuring that more people can benefit from our ethical financial services.
- **Technology & Innovation**: Leveraging new banking technologies will enable us to **streamline service delivery**, improve decision-making processes, and develop new **loan and savings products** tailored to our members' needs.
- **Enhanced Data Analysis**: A more targeted approach to member engagement and product development will allow us to offer more innovative financial solutions to support our growing membership.

## Closing Thoughts

As we move into 2025, I am confident that Sheffield Credit Union is well-positioned for continued success. We have a strong foundation, a clear vision for the future, and a dedicated team committed to driving positive change in our community.

Thank you for your continued support, and I look forward to working together as we build a stronger, more inclusive financial future for our members.

# Consumer Duty Update

## What is Consumer Duty?

Consumer Duty regulations came into effect in 2023, requiring firms to work proactively to provide good outcomes for consumers. Sheffield and LASER Credit Unions both reviewed all our operations, to ensure we are providing a good service across the four outcomes: products and services, consumer understanding, consumer support, and fair price and value.

In June 2024, we surveyed our members to help inform our Consumer Duty work. A report on the survey results is included on pages 8-13. We plan to conduct another survey this year.

## What has Sheffield CU improved on?

- Provided better information about the credit union model to new joiners
- Committed to, where possible, pay dividends which are equal to building society instant access savings rates
- Abolished our joining fee
- Reduced the fees paid by members who have SCUBA budgeting accounts
- Established Consumer Duty Impact Assessments, which we carry out when we introduce new products, or change or retire existing products

## What has LASER CU improved on?

- Redesigned welcome pack to give new members all the information they need in a clear and accessible way
- Refreshed complaints handling training for all staff
- Installed tablets in the office to support members to make applications without needing to fill in a paper form
- Produced Key Features Documents for all products

## What are we planning to do in the future?

- Equalise fees charged to Sheffield and LASER members, and reduce them where possible
- Retire the LASER website and create a new joint website for the whole credit union, maintaining our current website's standards of accessibility and clear language
- Roll out our new app across the whole credit union, making it quicker and easier for members to manage their accounts online
- Implement benchmarking against other credit unions, to help us identify our strengths and weaknesses
- Improve member understanding of Secured Savings, including how and when they can be withdrawn
- Updating our outcomes monitoring to account for the unique features of LASER products
- Continue to build on the significant improvements we have made to our helpline

We are once again delighted to have been recognised at the Consumer Credit Awards 2024, this time winning the award for Best Credit Union Loan Provider!

Consumer credit awards
Best credit union loan provider
Winner 2024
Smart money people

# Treasurer’s Report

Peter Armstrong

The report is based on the accounts for the last year: October 2023 to September 2024. An extract of the accounts is included here and the full set is available on request to the office or at the AGM. Numbers quoted below are rounded.

Our financial position remains stable. We reached our target for a 15% increase in lending during the year. The aftermath of the cost of living crisis still affected our members and increased our costs. Salary increases and the first actions towards our growth strategy led to a lower final balance than last year.

The accounts show total assets of £6.5M including our building; £3.2M on loan to members and substantial funds in the bank (in several banks and earning interest). The liabilities explain the origins of those assets: £4.92M represents our members' shares (Adult and Junior savings), the other £1.6M is our reserves, including the 5% (£327,000) we have to keep aside for emergencies and our £300,000 strategic development fund.

Our income increased, mainly from interest on the growing loan book. One element of our income is the £47,000 from various fees paid by members. We would like to reduce those fees when we can.

Our expenditure also grew, largely due to changes in staff, cost of living pay rises and preparations for the merger.

The bottom line, a loss of £28,000, includes the £64,000 paid as dividend on the previous year's shares. Leaving that aside, the balance would be plus £36,000 which is perhaps a more meaningful view of the year's result. We will propose a dividend rate at the AGM.

The number of loan applications increased by 16.7% but the number approved remained about the same.

The total value of loan applications increased by 30% and the value approved by 15%.

This suggests that we are declining more loan applications because their viability has decreased, possibly due to cost of living issues.

Other figures show that our staff reviewed 7,561 applications in the year or 150 per week, approving and fully processing around half of them; 77 loans or £60,000 per week.

In the current year 2024-25 we are investing more in our growth plans, funded from the strategic reserve. Note that in accounting terms this is likely to show as a deficit at year-end which will be filled from reserves.

Actions planned or in hand include: completing the practicalities of the merger with LASER Credit Union; the use of consultancies for marketing and other assistance; the use of new software to help manage some burdensome tasks; new Community Worker and financial assistant posts; the introduction of a new mobile app and associated software.

The mobile app is already in use by LASER and will be rolled out in Sheffield in the next few months. We expect it to improve the quality and speed of our responses to members.

## Summary of accounts

| Balance sheet | 2024 | 2023 |
|---|---|---|
| **Assets** | | |
| Tangible assets (Building & equipment) | 434,437 | 442,552 |
| Debtors (owed to us, mainly loans) | 3,183,767 | 2,746,123 |
| Cash and bank accounts (& investments) | 2,943,295 | 3,322,780 |
| Creditors (money we owe) | -43,738 | -55,288 |
| Total assets | 6,517,761 | 6,456,167 |
| **Liabilities (Deposits and reserves)** | | |
| Revenue reserve | 1,262,627 | 1,290,778 |
| General reserve | 327,043 | 327,043 |
| Members deposits (savings) | 4,844,000 | 4,774,666 |
| Junior deposits (savings) | 84,091 | 63,680 |
| Total liabilities (members funds) | 6,517,761 | 6,456,167 |

| Income and expenditure | 2024 | 2023 |
|---|---|---|
| **Income** | | |
| Interest on members' loans | 610,951 | 507,050 |
| Interest on bank deposits | 105,374 | 80,367 |
| Grants & contract income | 3,062 | 11,994 |
| Sundry income (joining & transaction fees) | 47,095 | 46,666 |
| Bad debt recovery (on written-off loans) | 33,070 | 41,256 |
| Total income | 799,552 | 687,333 |
| **Expenditure** | | |
| Administrative costs | 740,065 | 566,804 |
| Dividend on adult savings (for previous year) | 63,711 | 42,498 |
| Interest on junior savings | 957 | 413 |
| Total expenditure | 804,733 | 609,715 |
| Operating surplus (income - expenditure) | -5,181 | 77,618 |
| Less tax (mainly on bank interest) | -22,970 | -15,061 |
| **Net surplus for year** | **-28,151** | **62,557** |

# Compliance Chair's Report

Richard Edwards
Chair of the Compliance Committee

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 of one non-executive board member, Richard Edwards; the CEO; and the Compliance Officer.

During the year we have seen changes in our Senior Management and have spent a lot of management time working with Laser Credit Union in Rotherham. The Committee recognises that these events increased the risk of non-compliance during the year.

This coming year the Compliance policies of both Credit Unions will have to be merged and updated.

The board responded to this increased risk by:

- By working closely with TIAA and agreeing a timetable of areas of the business to closely monitor
- The 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.
- The board has approved the purchase of software to monitor compliance in a coherent way and make records more transparent for all employees.

Based upon the work that the Committee has undertaken during the year I report as follows:

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 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.

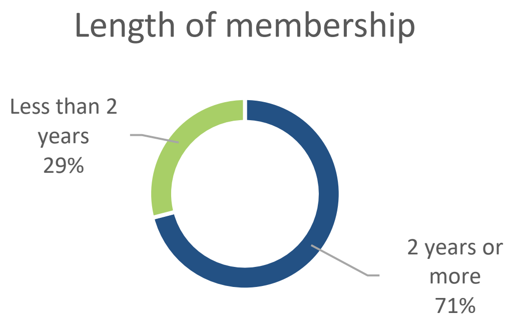
The credit union has in place a Single Customer Review Report (SCV). This is tested monthly and would enable the Financial Services Compensation Scheme protection to function in the event of a catastrophic control failure.

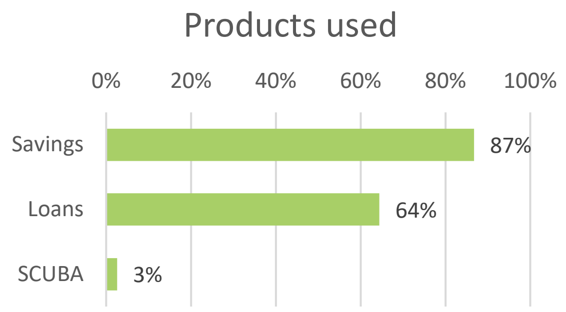
# Member Survey Results

## Who completed the survey?

The survey was conducted in June 2024. Respondents were mainly **longer term members**, and slightly more **savers** than **borrowers**.

We **invited 5733 members** to participate, and received **658 responses**, which is a response rate of 11%. Of members who started the survey, **88% completed it**. Other credit unions have reported higher response rates when inviting members via their app, which will hopefully be an option for us in future years.

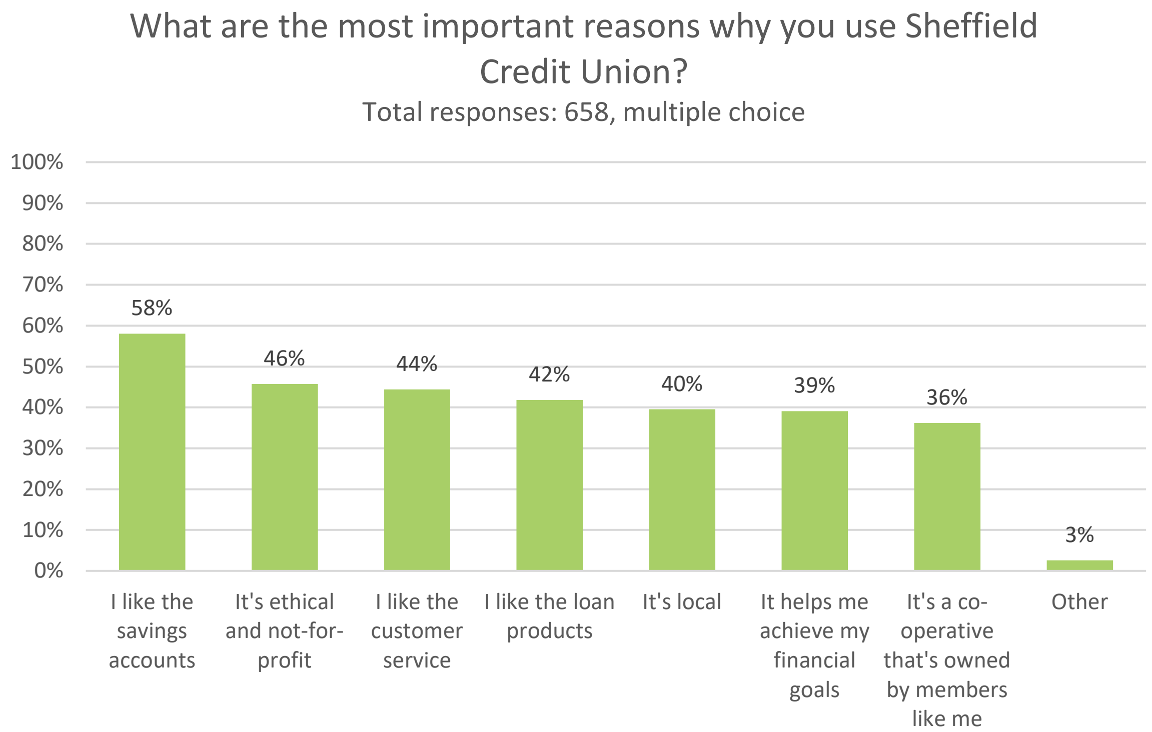


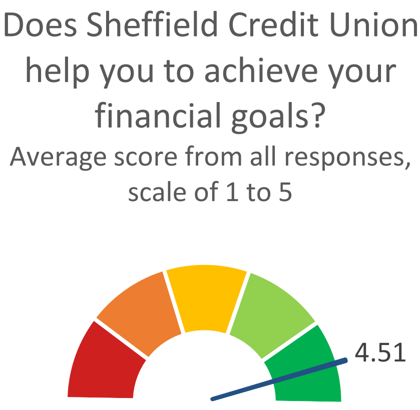

## What do members think of Sheffield Credit Union?

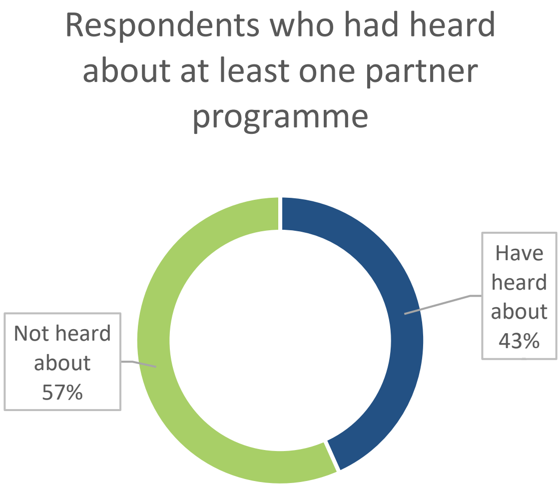
Our overall **net promoter score**, which is a measure of how likely we are to receive new business by word of mouth, is **78** (maximum 100)**.**

The most common reasons why respondents choose us are liking our **savings products**, because we are **ethical and not-for-profit**, and liking our **customer service.**

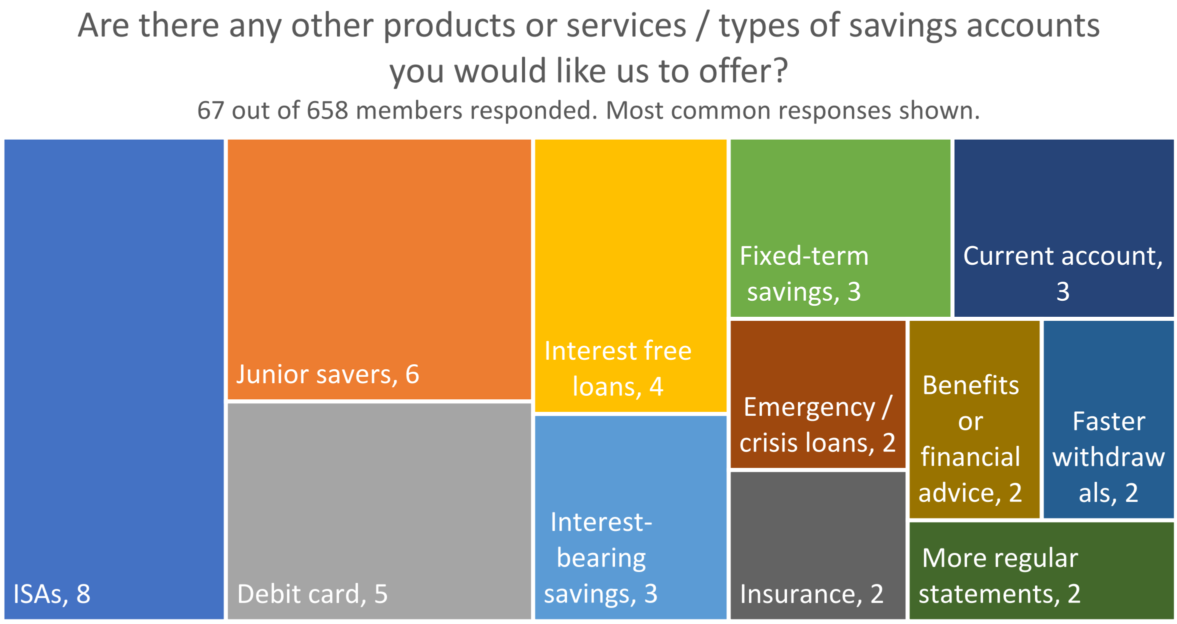


The majority of members feel that Sheffield Credit Union **helps them to achieve their financial goals**. Most members are **not aware of any local partnerships** which Sheffield Credit Union is involved in.




We invited members to tell us what types of additional products and services, if any, they would like us to offer. The vast majority of members responded that they were happy with our current product range, but a small number did make additional suggestions.




The inclusion of junior savers in these responses – which we already offer – suggests that it could be beneficial for us to promote these accounts more widely.

## Members' views on savings products

**87%** of respondents said they use our savings products. Members are **very happy** with our **range of products** and **ease of use**, but are **less confident that they understand dividends** and **slightly less happy with the amount of dividend.**

Are you happy with the range of different types of savings accounts we offer?

Average score from all responses, scale of 1 to 5


Do you find it easy to pay into and withdraw from your savings?

Average score from all responses, scale of 1 to 5


Do you feel that you understand how savings dividends and interest work?

Average score from all responses, scale of 1 to 5


Do you think the dividend and interest we pay are fair?

Average score from all responses, scale of 1 to 5


## Members' views on loan products

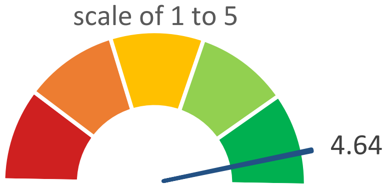
**64%** of respondents said they use our loan products. Members are **very happy** with the **application and signing process, fairness and clarity of lending decisions**, and **interest rates**. 168 respondents said they have had trouble repaying a loan, and they were **very happy** with our **credit control processes**.

Do you find it easy to apply and sign for loans?

Average score from all responses, scale of 1 to 5

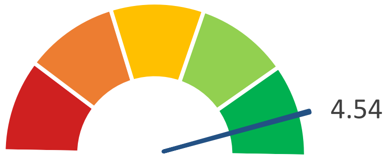

Do you think our loan decisions are fair and easy to understand?

Average score from all responses, scale of 1 to 5



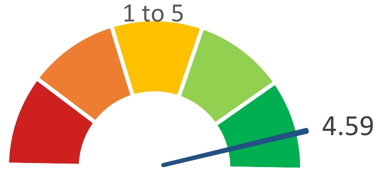
Do you think the interest rate is fair and affordable?

Average score from all responses, scale of 1 to 5




If you have had trouble paying back your loan, were you happy with how we handled the situation?

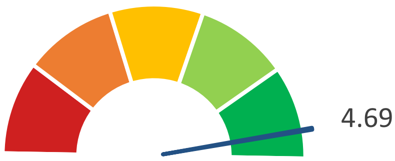
Average score from all responses, scale of 1 to 5




Members were **very confident** that they **understand their loan terms**, although this conflicts with some staff feedback, and were **less confident** in their understanding of **how to get lower interest loans in future.**

Do you feel that you understand your loan terms?

Average score from all responses, scale of 1 to 5




Do you know how to get lower interest loans from us in future?

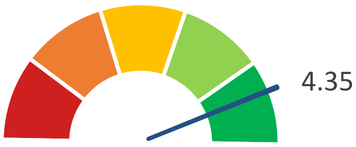
Average score from all responses, scale of 1 to 5


## Members' views on SCUBAs

Only **17** members said they use a SCUBA, so these results are based on a small sample. Members **strongly agreed** that their SCUBA **helps with their money management**, and were **happy** with the **setup process** and **handling of missed bill payments**.

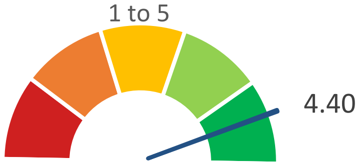
Do you find it easy to set up and manage your SCUBA bills?

Average score from all responses, scale of 1 to 5




If you have ever had a problem with paying a SCUBA bill, were you happy with the help we gave you?

Average score from all responses, scale of 1 to 5




Has your SCUBA made it easier for you to manage your money?

Average score from all responses, scale of 1 to 5


## Joining experience of new members

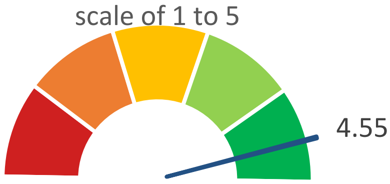
New members said it was **very easy** to **join Sheffield Credit Union** and to **understand the welcome information**.

Did you find it easy to join?

Average score from all responses, scale of 1 to 5

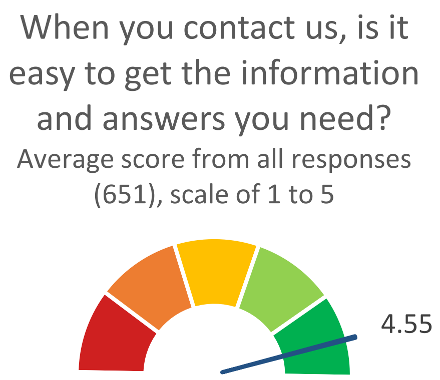

Did you find the welcome information easy to understand?

Average score from all responses, scale of 1 to 5



## Members' experiences of accessing support and information

Members are **very happy** with the ease of accessing **information and answers about their accounts**.




Members' most preferred method of communication is **email** followed by **phone**. Although this question did ask members to select the method they would like to use, even if it is not currently available, **app** and **live chat** were unpopular answers. It is likely that these responses will change if we are able to deploy convenient and reliable app-based communication.