

# DARLINGTON CREDIT UNION

## Report from the Board Chair

for the **2022/23 financial year**

**Matthew Snedker**

---

*It gives me great pleasure to present my second report as Chair of the board of Darlington Credit Union. I am delighted that we can offer, for the second year, the option of attending our Annual General Meeting both in person and virtually. There is a new expectation from the public that public meetings should be as accessible as possible. I would like to thank the staff of Darlington Credit Union for working to make this possible again this year. Alistair Russell our Treasurer will cover the financial year outturn for 2022 and Sue Cross, our Chief Executive Officer, will outline our plans for the current year as we continue to support members in weathering the financial challenges hitting every household.*

*I start by paying a tribute to our Chief Executive, Sue Cross. Sue's background is in Policing, with over thirty years' experience in a wide range of roles. Initially Sue joined Darlington Credit Union as part of our oversight committee. However, the retirement of Tony Brockley presented Sue with an irresistible opportunity for her to bring her wide range of skills to the role of Chief Executive.*

*Sue's skills in strategic planning and procedural compliance are an excellent fit with the needs of Darlington Credit Union. However, modern policing requires effective use of networking and multi-agency collaboration. Sue's capabilities in these areas have greatly strengthened our operation as a Credit Union.*

*Sue has supported our committed and enthusiastic team to continue their professional development. I would like to add my sincere thanks to every member of our team for their continued dedication to their respective roles.*

Since its inception in 2009 Darlington Credit Union has aimed to prevent financial exclusion and provide the highest quality ethical banking. We have worked with members to increase financial literacy and money management skills and increase mental wellbeing through the provision of holistic financial support, and appropriate services and products.

An essential part of the community of Darlington, Tees Valley, and North Yorkshire, we are led and run by local people and offer the highest standards of mutuality.

*“An ethical, responsible, and approachable financial institution that is anchored in its community.”*

As a community credit union, we weathered the significant challenges presented by the Covid pandemic with increasing levels of bad debt driven by the ongoing growth in IVA's. The support of Darlington Borough Council and Darlington Building Society was invaluable at that time.

International and domestic political turbulence continues to deliver testing trading conditions for all sectors of the financial services industry. With inflation outstripping price rises, disposable income has been falling year-on-year. The worst-affected households are those on low incomes with higher-than-average energy bills

Our prudent focus on lending criteria and strict controls of business costs mean that we continue to weather the combined storms of record-breaking inflation and the cost-of-living crisis. For the year ending 31 December 2022 saw an operating profit of £ 31,940 and we are able to offer for consideration the payment of a dividend to members.

*Our online offer continues to be well utilised by our customers. Members remain in full control of their accounts via our simple to use app. More of our customers' lives are organised online and we have followed our customers' needs and expectations by continuing to develop this area of our service.*

*The addition of budgeting tools and loan calculators to our website are two popular extensions to our digital offer. What once would have been seen as groundbreaking is now expected by our customers. We are fulfilling our customers' evolving needs by following them online.*

*Unlike many 'high street' banks, our banking hall remains open so that we are able to provide the over-the-counter service to the section of our community who would rather use our branch face-to-face.*

### **Our key achievement Achievements in 2022**

- We continue to improve our analysis of loan decisioning and have sound processes in place review the credit score card to ensure we are lending responsibly and doing all we can to reduce fraudulent applications.
- Using Open Banking, we are better able to identify how we can best serve our customers. Identifying concerning spending patterns allows us to signpost members to appropriate additional support, where necessary.
- We continue to successfully review the 'cost to business' of our activities and have succeeded in keeping our overheads as lean as possible.
- Our credit control process has been shown to be robust over the last twelve months when members have unexpected issues that impact on their ability to meet payments. We can respond more swiftly to help members who hit financially humps in the road.
- Our MoneySMART programme has completed its second year helping people to regain balance in their finances and increase their money confidence. With a further 3 years to run we are grateful to the lottery for funding to enable us to work people in the future.
- We have increased our payroll partners and have some great local employers on board offering their employees the opportunity to save and borrow from us direct from their payroll.

**The political and economic turbulence, referred to earlier, continues to affect members' financial behaviour.**

- For a significant number of people in our community there has been increased financial insecurity as the balance between income and expenditure becomes ever thinner.
- The continuing cost of living has seen the margin between income and expenditure becoming tissue thin for a growing proportion of the population. The rapidly growing post-payment sector, including buy now pay later has seen some members debt levels rise very quickly above their ability to repay.

*Having survived the storm of a global pandemic and with the shocks of inflation and income constraints continuing, the board and staff have focused on the tasks of developing the business to secure sustainable and profitable operation.*

*Important indicators of performance are capital asset ratio, loan to share ratio, and bad debt to loan ratio.*

*Debt management starts with robust and efficient loan decisioning. Our staff continue to react to individual circumstances in loan decisioning to ensure that loans are affordable and sustainable. The improvement in bad and doubtful debts position in the current year reflects the ongoing work in this area.*

*Relaxed capital asset ratio requirements were introduced during the pandemic, in recognition of the unprecedented trading conditions. The return to standard capital asset ratios has been handled without negative effects to Darlington Credit Union.*

*Alistair Russell, our treasurer will present the Financial Statements shortly. We are pleased to report a return to profitability, but the board acknowledge that the financial environment in which we operate will continue to be challenging for some time to come.*

*“A force for good in helping individuals to overcome financial challenges, be more confident and open about money and live less stressful and more fulfilled lives.”*

*Two recent decisions were made regarding the way the Credit Union operated.*

- *The introduction of an annual membership fee as a response to the unprecedented fall in income caused by the pandemic. The continued efficient operation of the Credit Union means that the annual membership fee has been withdrawn.*
- *A reduction in hours of the CEO has proved successful, and a new management structure is in development that will allow more resources to be directed towards product development and marketing to grow our profitable business.*

*Money Smart continues to play a very important role in helping members to budget and manage their finances, including debt, and we are delighted that we can continue to sustain this service in the future. We are grateful for the initial funding of this important project by the Morrison Trust through their Big Lottery funding. We have continued to provide this service through a 'You are not alone: managing money' project funded by the National Lottery Community Fund. This funding for this project will continue for a further 4 years.*

*Serving as a board director is demanding but highly rewarding and I pay tribute to those who served throughout 2022 and those who continue to serve. We owe a big debt to all our board members and other volunteers. To be able to implement a Vision “to be a leading, sustainable business which facilitates and improves the financial wellbeing of our community and its people” is a high calling and vital in building local financial resilience.*

*I am delighted to have worked with a dedicated and supportive board of trustees since I first joined the board in 2019. We have an experienced and stable board of trustees, however we are always receptive to broadening the mix of skills available to Darlington Credit Union. An ongoing issue is the lack of diversity within the board and working with our Chief Executive it*

**“Demonstrating respect for our members, each other, our environment and our communities.”**

*is my mission to improve this.*

*Our relationships with institutions and organisation in our common bond area remain as important as ever. Stronger links with Darlington Borough Council and Darlington Building Society will increase our influence in the Borough and offer opportunities for joint projects in the future. On behalf of the Board I offer thanks to these two organisation for their ongoing support.*

*This report has listed the actions and achievements of Darlington Credit Union through the past year. However, none of this would have been possible without the dedicated, flexible and inventive team. Full credit but goes to Sue, Jo and the team of staff and volunteers. You never lost sight of our core aims, vision and purpose. Thank you all.*

*Our organisation is nothing without its members. I would like to extend the board’s continued gratitude to all investors and customers of Darlington Credit Union. Your faith and continued support have enabled us to continue to develop our local mutual organisation which belongs to you and works for you. You are part of a financial entity which changes lives for the better, week in and week out.*

*Finally, as I reflect on 2022 in our current financial year my challenge to all members is to spread the word of the good work we are doing, encourage your friends, relatives, work colleagues to join as members and use us to save and borrow. Credit Unions are a vital cog in the financial institutions underpinning our communities. We will continue to thrive and prosper only with your support. Thank you for your continued support.*

*Clive Owen & Co have been supportive auditors during the year working with great diligence.*

*I commend this report to you.*

**Matthew Snedker**

**Board Chair Darlington Credit Union**