

DARLINGTON CREDIT UNION

Report from the Board Chair

for the **2023/24 financial year**

Matthew Snedker

It gives me great pleasure to present my third report as Chair of the board of Darlington Credit Union.

Alistair Russell, our Treasurer will cover the financial year outturn for 2023. Our outgoing Chief Executive Officer, Sue Cross, will summarise the achievements of Darlington Credit Union over the last year and our newly appointed Chief Executive Officer, Jo Price will outline the plans we have for the year ahead.

I start by voicing the unanimous thanks of the board to Sue Cross as she steps down from the role of CEO. Sue took on the job of managing the credit union in 2022 and was able to steer the credit union through the twin challenges of recovering from the coronavirus pandemic and the persistent cost of living crisis. Sue's skills in strategic planning and procedural compliance were an excellent fit with the needs of Darlington Credit Union.

Next I would like to congratulate Jo Price on taking the role of CEO. I am delighted that Jo has been able to develop the skills and experience over her many years at the credit union to be appointed to head our organisation. I am confident that Jo is well placed to deliver the operational oversight the organisation requires while meeting the needs of our members.

We have 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 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.”

International and domestic political turbulence continues to deliver testing trading conditions for all sectors of the financial services industry. Inflation has 'baked in' a cost of living crisis, with disposable income much lower than before.

Our prudent focus on lending criteria and strict controls of business costs mean that we continue to weather the cost of living crisis. For the year ending 31 December 2022 saw an operating profit of £94,000 and we are able to offer for consideration the payment of an increased 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.

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

Our key achievements in 2023

- We continue to improve our onboarding process for new loans. Building on our effective loan decisioning process we are able to ensure that new loan repayments are made on time.
- Through the use of 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 reducing our overall expenditure by almost £20,000.
- Our credit control process continues to be robust. When members have unexpected issues that impact on their ability to meet payments. We are able to respond more swiftly to help members who hit financial humps in the road.
- Our MoneySMART programme has completed its third year helping people to regain balance in their finances and increase their money confidence. With a further 2 years to run we are grateful to the lottery for funding to enable us to work with people in the future.
- We have increased our Community Engagement activities, adding to our list of Payroll partners. We 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.

- The continuing cost of living crisis 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.

- An estimated 14.3 million people are in poverty in the UK. Of these, 8.3 million are working-age adults, 4.6 million are children, and 1.3 million are of pension age
- Just under half (49%) of those in poverty are in “persistent poverty” (people who would also have fallen below the poverty line in at least two of the last three years).
- Working-age people in poverty are increasingly likely to be in working families. Around 22% of people are in poverty, and 34% of children are. Being in work is no longer the insurance against poverty that it once was.
- Poverty rates fell in the years after 2010, as the UK recovered from the financial crisis, but are now showing clear signs of rising again

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 is a reflection of the ongoing work in this area.

Alistair Russell, our treasurer will present the Financial Statements shortly. We are pleased to report increased 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.”

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 have continued to provide this service through a ‘You are not alone: managing money together’ project funded by the National Lottery Community Fund. This funding for this project will continue for a further 2 years.

Serving as a board director is demanding but highly rewarding and I pay tribute to those who served throughout 2023 and those who continue to serve. We owe a big debt to all of our board members and other volunteers. To be able to implement our 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.

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

Our relationships with institutions and organisations in our common bond area remain as important as ever. Strong links with Darlington Borough Council and Darlington Building Society will offer opportunities for joint projects in the future. On behalf of the Board I offer thanks to these two organisations 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 must go 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 has 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.

I would like to acknowledge Alistair Russell's dedication over the last three years serving on the board of directors. Alistair has relocated out of our common bond area and has decided to step down from the board. He brought an insight and attention to detail to the board and was generous with his time and skills. I would like to publicly pass on my thanks, and that of the board to Alistair and wish him all the best for the future.

Finally, as I reflect on 2023 into 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.

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