

MANCHESTER CREDIT UNION



ANNUAL REPORT 2022



OUR MISSION



MCU aims to be a leading provider of ethical and affordable financial services, whilst contributing to the alleviation of poverty and the economic regeneration of its community

OUR VALUES

- 1** **Members first** – striving to put members' needs at the heart of what we do and striving to provide excellent customer service to promote full participation by welcoming the views and concerns of all our members.
- 2** **Self help** – credit unions help people to help themselves by taking control of their finances.
- 3** **Democracy** – one member, one vote – regardless of how much you have in savings.
- 4** **Equality** – we treat all our members fairly and equally, regardless of who they are and where they come from
- 5** **Integrity** – to act at all times with honesty and integrity and within legislative and regulatory requirements.
- 6** **Co-operation** – credit unions work together with other credit unions to strengthen the credit movement as a whole.
- 7** **Community** – credit unions help to improve communities and the lives of people within by reducing the negative impacts of financial exclusion and high-cost credit providers such as doorstep and payday lenders.
- 8** **Supporting the local economy** – saving and borrowing with your local credit union keeps more money in members pockets, in the local economy, and is not paid out to external shareholders.
- 9** **Openness and Honesty** – the way we do business is transparent and open, and if we make a mistake, we will take responsibility for it and make improvements to ensure it does not happen again.
- 10** **Education** – credit unions strive to educate their members, providing opportunities to improve financial capability. MCU also aims to act as a caring and responsible employer, encouraging the development and training of all our staff.

CHAIR'S REPORT



Firstly, I'd like to say a big thank you to all our members for continuing to chose Manchester Credit Union. We know many of you save with us to benefit the whole community rather than chasing interest rates, but we are conscious we need to do more to attract savers whilst keeping loan rates affordable. Although we have over 30,000 active members there are many more people who would benefit from our services – and I'd like to encourage you, our members, to spread the word to friends, colleagues and families.

Secondly, I'd like to thank the staff and directors who work tirelessly on our behalf to deliver the member services with such professionalism and success. Each staff member is instrumental to ensuring we are people focused and put the community at the heart of what we do. I would just like to say a special thank you to Christine Moore our Chief Exec, Mandy Wilcock our Chief Operating Officer and Ryan Young our Finance Manager, who have supported the board brilliantly this year and delivered excellent results.

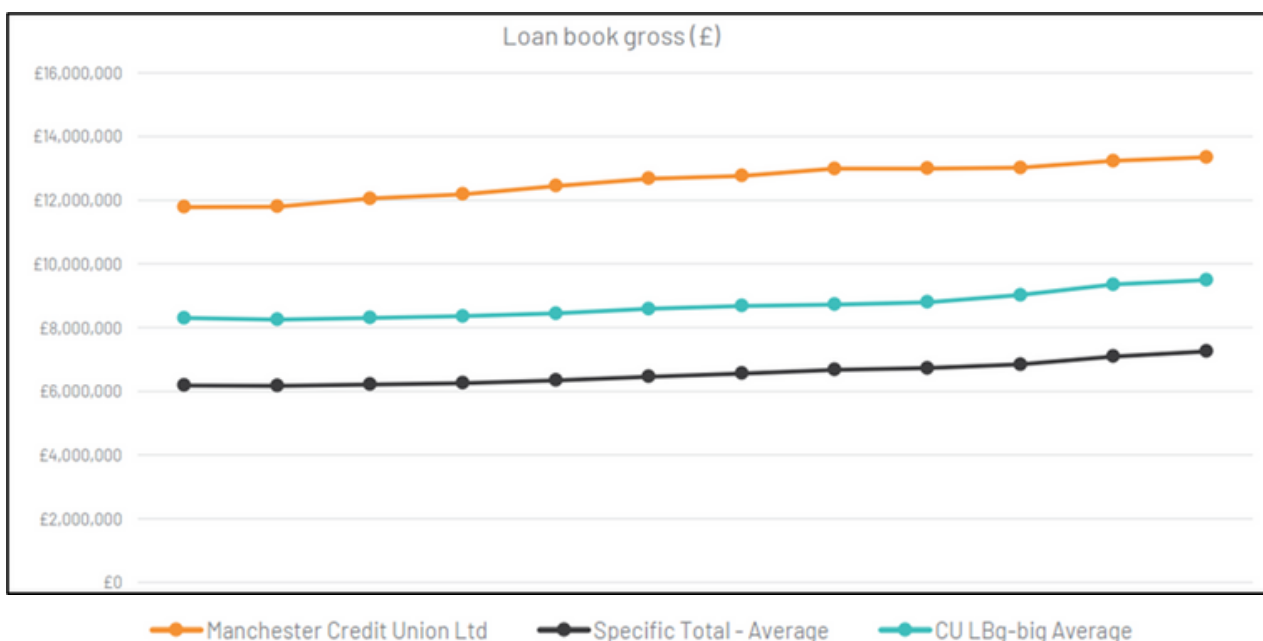
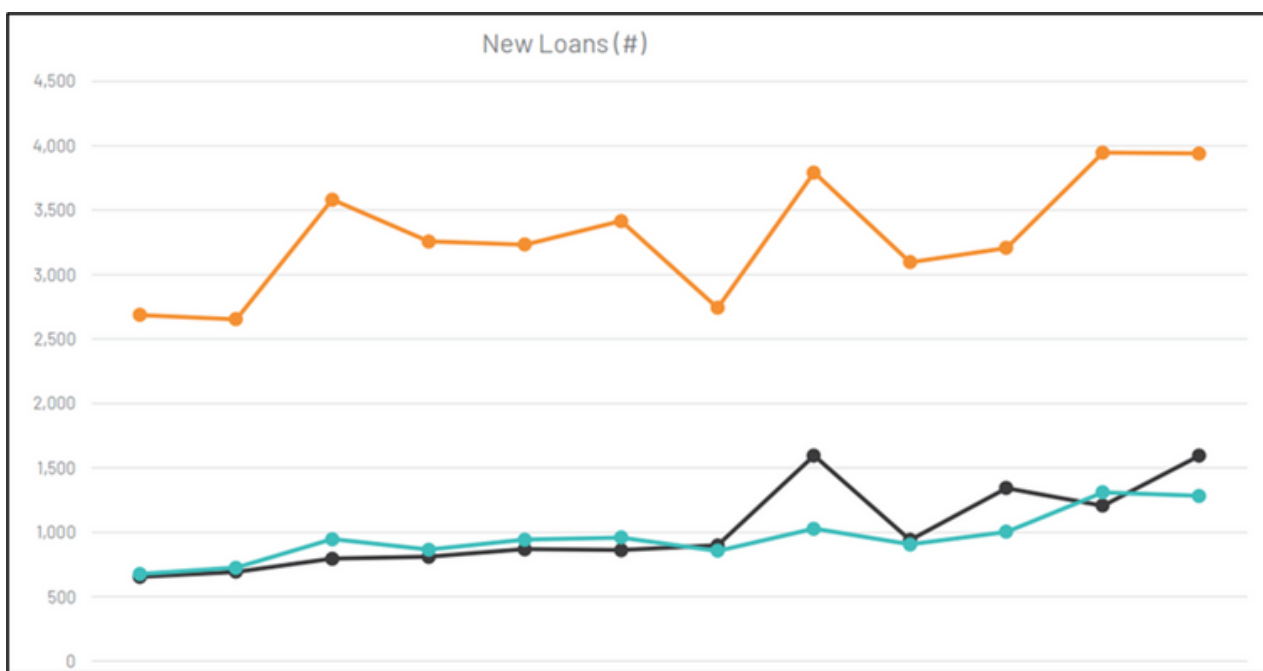
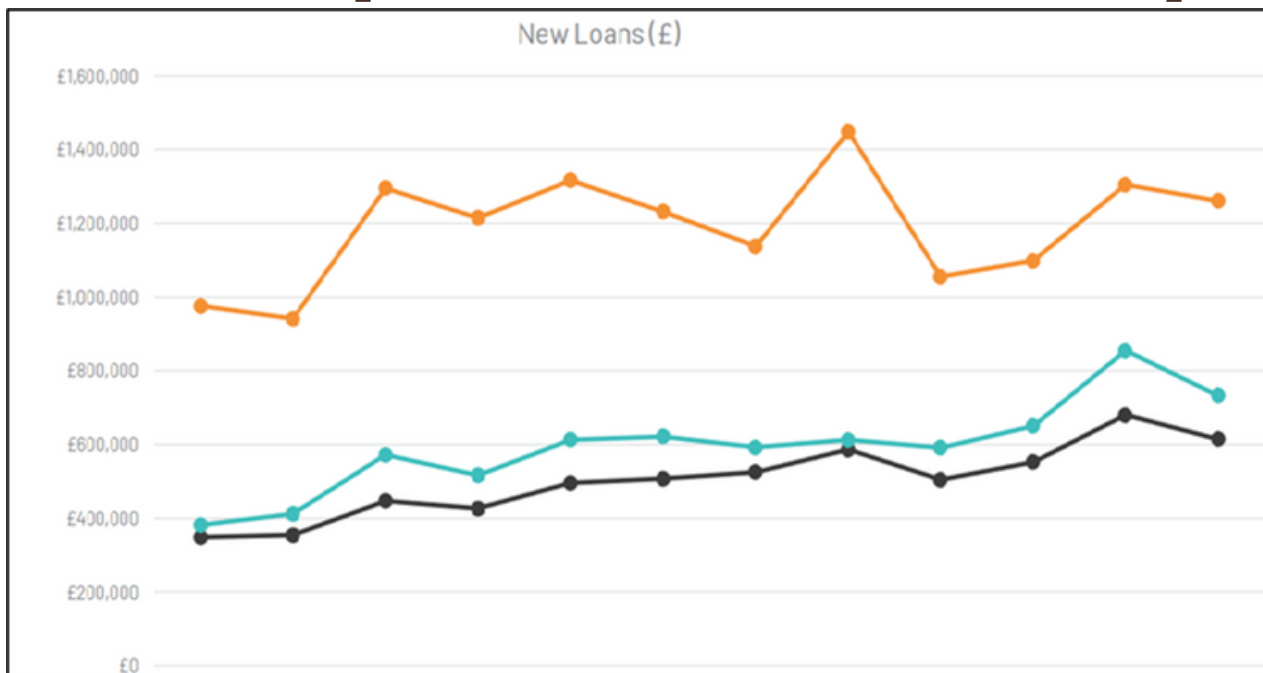
Thirdly, I'd like to share some positive news on the direction of our future. Manchester Credit Union has joined the Building Societies Association which not only represents all UK building societies but also 7 of the larger Credit Unions, such as Capital Credit Union in Edinburgh and Leeds Credit Union. As part of this body, we are looking to learn from their best practice of putting members first and being part of a larger community when new legislation and rules are enforced.

To finish with I'd like to share a few graphs if I may. We take part in a comparative exercise run by "Fair4All Finance". Currently there are 19 financial organisations who share their data every month in this way. This information is then grouped together by Credit Union size so they are comparing apples to apples. The following graphs show how Manchester Credit Union, in Gold, has compared against other "Large Credit Unions" in Blue and against the overall average in black. Each slide is January 2022 to December 2022.

Slide one shows the value of new Loans, where we started at almost £1m for January 2022, generally rising though out the year to around £1.3m in December. Slide two is a similar graph, but showing the actual number of loans. You can see how hard our staff have worked processing so many loans for our members. Slide three shows our Loan book growth. In all these graphs you can see how comparative Credit Unions have done against Manchester Credit Union. These are difficult times but I'd like to assure everyone, your money is in safe hands.

Andy McBeath – Chair of the Board of directors

Chair's Report - How we compare



CEO REPORT



All of my annual reports these days seem to start by saying it's been another challenging year, and just when you think things can't get any worse, we've been hit with the worst cost of living crisis we have ever seen. However, I think it's fair to say that myself, and the team at Manchester Credit Union, thrive on a good challenge! It makes us even more determined to get through the tough times and help more people than ever before.

Many of our members have struggled this year given rising prices and fuel costs, but our Member Support team have worked harder than ever before to help members in any way they can. There are lots of ways we can help if you are struggling, but we can't help if you don't get in touch. Just talking to us and looking at different options will make you feel better. You are not alone, and it's good to talk!

More members have chosen to access their savings this year which has highlighted how beneficial it is to have a savings pot when times are hard, and how credit unions help you to become more financially resilient.

Due to the efforts of the exceptional team here at MCU we have managed to process more loans than ever, despite having less staff. They have all worked really hard to serve our members to the best of their ability, and of course they too are feeling the effects of the cost-of-living crisis. However, it is telling that we have had more applications for debt consolidation loans than ever before.

We have continued to attract more new members through the Experian aggregator site and are looking forward to appearing on more sites in the near future.

We are also making good progress on our Journey to Net Zero by reducing our impact on the environment by reducing, re-using and re-cycling everything we can. We work in partnership with a local social enterprise, Emerge who can find a home for or re-cycle anything we no longer need.

Supporting the Community – during 2022 we committed to supporting three local organisations in Manchester:

- [Barnabus](#), a charity working with the homeless
- [The Mustard Tree](#), another charity supporting the homeless and helping them back into work
- [Feed my City](#), an emergency food charity

The charities were chosen by the staff from a long list of organisations doing amazing work in Manchester, you can see some of what they get up to on the next page. Staff are allowed two days off per year to volunteer with their chosen charity, and with the start of our new Busy Bee Lottery, we are now also able to donate the proceeds to these and other deserving causes.

Supporting our Communities

Mustard Tree

Mustard Tree provides a variety of support services to the Manchester community to prevent poverty and homelessness. They provide hot meals on site along with a food club and furniture shop. As Jo Walby, CEO of the Mustard Tree explains "people coming to our Food Clubs are looking for a hand-up, not a handout. Food Clubs are important, but are really a stop-gap solution to the cost-of-living crisis. Food helps with the initial panic, but our clients need opportunities to address debt, rent arrears and to find ways to increase their income. Mustard Tree meets this through our support services, courses, classes, debt advice and the Freedom Project (our life-skills and employability training placement)."

The logo for Mustard Tree, featuring the text "Mustard Tree" in white on a red rectangular background. A small green leaf icon is positioned to the right of the word "Tree".

Feed My City

Feed my City are an offshoot project of Manchester Sikh Foundation and has 80 volunteers to help deliver their services. They provide hot meals at their base and have a mobile van that delivers food around Manchester. Hot meals are provided 11am to 5pm, 5 days a week. They also provide emergency dry food parcels from 10am to 7pm, 7 days a week. They operate every day including bank holidays and Christmas. Anyone can use the service – it is free of charge to anyone in need. They also take referrals from agencies.



Barnabus Manchester

Barnabus are a Christian homeless charity set up in 1991 with the sole aim of getting people off the streets and into their own home. They work with landlords, employers and health practitioners to provide many types of support.

Their support centre provides food, showers for rough sleepers, clothing, toiletries and emergency accommodation. The charity's partners include dentists, opticians, mental health nurses, physio's and hairdressers who all provide their services to those in need. They run workshops and activities to help the homeless learn a trade and support them in finding a job. They also help with benefits advice and drug and alcohol rehabilitation.



BARNABUS
Bringing hope to the homeless and vulnerable

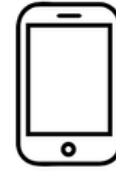
Key facts from 2021/22



**39,441 loans
granted**



**£14,511,729
loans granted**



**12,239 members
using the MCU App**

2023 -LOOKING FOWARD

BEESMART

One of the things we will be concentrating on this year is trying to increase the number of payroll partners using our BEESMART Payroll deduction services. BEESMART is a free service for employers who want to improve the financial health and well-being of their staff and reduce days off due to worrying about money.

Payroll deduction is where savings are deducted directly from your salary before you get paid and put straight into a credit union account.

Financial worries are one of the biggest causes of stress in the workplace and it is all too common, particularly for young people, to use expensive pay day lenders or worse still loan sharks who are known to operate in workplaces as well as in the community.

All this contributes to anxiety, poor work performance and absenteeism. Before the cost-of-living crisis nearly half the UK population had less than £100 in savings, the majority of them in work, leaving them vulnerable to shocks such as the car breaking down.

It has been proven that saving through payroll is one of the easiest ways to save. Small amounts soon add up, providing financial resilience, but more importantly peace of mind. Payroll members also have access to fair and affordable loans when they need them, with repayments taken directly from your salary.

MCU already has payroll deduction schemes in place with local councils in Manchester, Bury, Trafford and the High Peak, as well as Manchester NHS Foundation Trust, schools, colleges and social housing providers. We also have forward-thinking private businesses such as Timpsons, and third sector companies like 42nd Street and Greater Manchester Poverty Action.

If you know of any employers, (maybe your own?) who you think would like to offer this fantastic staff benefit then please ask them to email

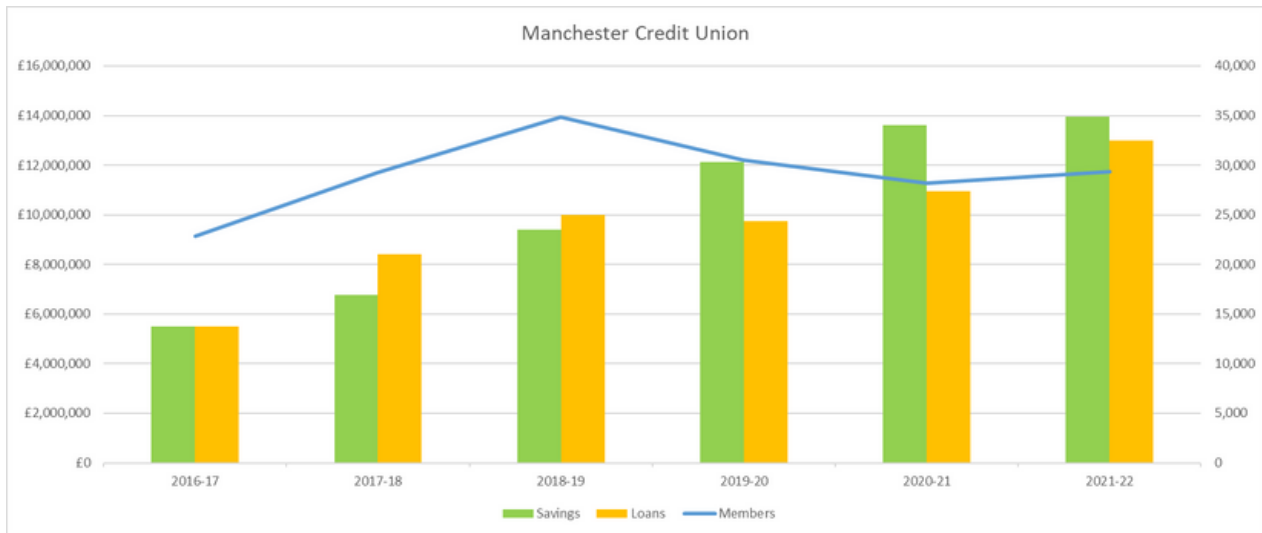
beesmart@manchestercreditunion.co.uk or have a look at the [BEESMART website](#)

Christine Moore
Chief Executive

TREASURER'S REPORT



As at 30th September 2022, MCU had 29,623 members with a total of £14,076,070 in savings and £13,168,662 out on loan



Savings have continued to increase over the past twelve months, despite the current economic climate, although not as much as in recent years. The loan book has increased by 18% to just over £13 million (before provisions for potential bad debts), in part due to our presence on the Experian aggregator site, which is raising awareness of the credit union to a new demographic.

MCU continues to remain sustainable from its own earned income, and this has enabled us to achieve a healthy surplus this year of £581,885 (before tax and dividend distributions), up from £337,774 in 2021. The increase in surplus this financial year has been achieved by efficiencies and economies of scale as a result of our investment in new technology. Through working with our fintech partners incuto, we have been able to process more loans and other member transactions with fewer staff, at the same time as offering an improved service to our members.

This surplus has again allowed us to make significant transfers to our reserves and bad debt provisions, which will provide MCU with important security in the current uncertain climate. MCU remains compliant with all key ratio requirements imposed on all Credit Unions by the PRA. We are proposing to pay a dividend for the year ending September 2022 of 2% on all instant access share accounts.

Barry James, Treasurer, February 2023

REPORT FROM THE AUDIT & RISK COMMITTEE

The Audit and Risk Committee is a committee appointed by the Board of Directors and meets on a quarterly basis. It comprises of several directors of the board and an independent chair (who is not a member of the board).

It is responsible for overseeing the work of the credit union's internal auditor, which is an external audit company employed to ensure that the credit union is run well and in the interests of the members, and that it complies with all legislation and regulation. The committee receives the reports of the internal auditor and, together with the Senior Management Team, considers how the credit union can respond to any comments made in the reports.

The Audit and Risk Committee oversees the risk management framework of the credit union. This means that it considers, with the staff team, all the different risks that the credit union faces, and how these can be mitigated, reduced or overcome.

During 2021/22 four internal audit reviews were carried out by T.I.A.A. the firm used to conduct our internal audits. These reports were seen, considered and responded to by the committee. The five reports were:

• Loan compliance (undertaken each year given the centrality of lending to the credit union)

- Strategic Control
- Payments & Payroll
- Risk Management

In each of these reports the internal auditors made recommendations for improvements to policy and practice and the Audit and Risk Committee can confirm that these were taken on board by the staff team. The internal audit is an essential function within the credit union as it ensures that our credit union is a safe and secure financial institution for all its members.

The oversight of risk is an important role of the Audit and Risk Committee. At each of its meetings, the committee considers a comprehensive register of all the risks facing the credit union. It looks at strategic risks, financial risks, operational risks, credit risks, governance risks, regulatory risks, and reputational risks. The committee measures the level of the likelihood and the impact of risk against a numerical grading system.

In addition to the risks above, the committee also looked in further detail at risks related to the Cost of Living Crisis and its impact on our members.

The Audit and Risk Committee can assure the membership that the monitoring and mitigation of risk is robust within the credit union.

The committee also reviewed the following policies:

- Risk Management Policy
- Information Security Policy
- Business Continuity Policy
- Conflict of Interest Policy
- Anti-Bribery & Corruption Policy

One element of risk management is regulatory risk. The Audit and Risk Committee regularly checks the compliance checklist to ensure that the credit union is operating with the law and within regulation. The Committee can assure the membership that MCU complies fully with the legislation and regulation.

Paul A Jones, Independent Chair,
MCU Audit and Risk Committee

**We are proud
to support the
Fairlife Mark**



Manchester Credit Union given the Fairlife Mark for Lending & Savings Products

The Fairlife Charity aims to change the face of finance and protect consumers through fair trading, financial education, financial wellbeing and corporate social responsibility. It aims to ensure financial products are “fairly traded and honestly priced”. The mark is awarded only to organisations that pledge to adopt its peer agreed standards and represent a commitment to being fair and transparent.

As a credit union, one of our core tenets is ethical lending. Our savings accounts are aimed at enabling those from all backgrounds to get a firm financial footing so that they may save for the future. Overall our savings and loans products aim to improve financial wellbeing which in turn contributes to reducing debt and associated stress. We are, therefore, delighted that the Fairlife mark shows that our personal loan and savings products are ethical, fairly traded and honestly priced.

It shows that Manchester Credit Union is transparent, fair, honest and ultimately working in the interest of, and contributing to, the financial wellbeing of our members.

The Fairlife mark standards mirror our own and we are looking forward to collaborating with Fairlife to raise standards in finance throughout the UK.