

ANNUAL REPORT 2023

 MANCHESTER
CREDIT UNION



WELCOME

Welcome to our 2023 Annual Report (1st October 2022 – 30th September 2023)

Manchester Credit Union is a financial co-operative owned and controlled by you, it's members.

Our mission is to become a leading provider of ethical and affordable financial services whilst contributing to the alleviation of poverty and the economic regeneration of our communities.

Our main focus is to support our members to become more financially resilient by making it easy for them to save, and access affordable loans when they need them.

Having a savings pot to fall back on reduces stress on families when unplanned events happen, and reduces the need to take out expensive forms of credit when in a hurry to fix things.

Our members between them have over £13 million in savings which don't forget are covered by our Free Life Savings insurance, giving your loved ones peace of mind should tragedy strike.

Supporting our members through the cost of living crisis and beyond



32,741 Members

2022: 29,623



41,018 loans made

2022: 39,441



£12,426,661 loans made

2022: £11,616,028



Enabled over 1,000 new Family loan members to save £50 in their first year



Donated £6,346 to charities close to our heart in Manchester



MCU Lottery - awarded 27 prizes totalling £4,556



Committed to a carbon net zero future

CHAIR'S REPORT

Firstly, I would like to say a big thank you to all our members for continuing to choose 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 around 34,000 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.

One director in particular, that we would like to say a big thank you to, is Moira Suringar. Moira joined the Board of Directors back in 2013 and is now standing down as per our election rules. We are very grateful for all her ideas and guidance – she certainly has contributed to the success of the Credit Union. Thank you, Moira.



I would just like to say a special thank you to Mandy Wilcock our Chief Operating Officer and Ryan Young our Senior Finance Officer who have supported the board brilliantly this year and delivered excellent results. As you will see shortly, we will be proposing an unheard-of 4% dividend which sits alongside our new 5% Diamond Savers Accounts – see website for details!

The biggest news though, this year, is that we are saying, “Happy Retirement” to Christine Moore - our much-loved Chief Exec.

Christine joined the Beswick and Openshaw Credit Union, 24 years ago as its first member of staff and has transformed our Credit Union into one of THE most successful Credit Unions in Great Britain.

Christine’s passion for environmental issues, collaboration and co-operation has been an inspiration for anyone who has had the pleasure to work with her. Not only did Christine strive and succeed to make Manchester Credit Union self-sufficient but she has always had a drive for MCU to grow and serve as many members as possible.

Christine, it has been a real pleasure to have had you as our Chief Exec. Thank you.

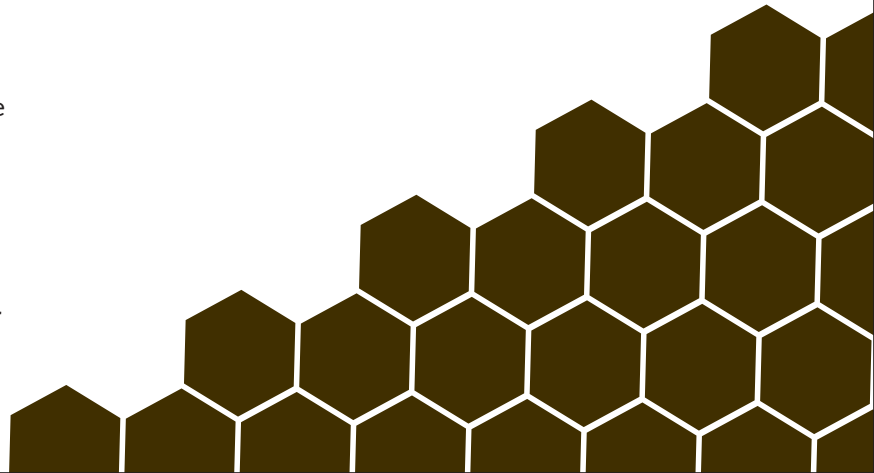
Although Christine will be dearly missed as Chief Exec, with Moira stepping down from the board, I have asked Christine if she would be willing and able to join the board as a director, after a short break. She has agreed and we are indeed grateful.

The board of directors takes succession planning very seriously and we have been working with the current senior managers on professional development and progression.

After a recruitment process, we are very pleased to announce, Mandy Wilcock as our new Chief Exec and Ryan Young our new Chief Finance Officer. We know we are in safe hands and they have the boards’ full support. A huge congratulations to both of you.

So, from all the board of directors, we look forward to another year of serving our members, for people not profit.

Andy McBeath - Chair of the Board of directors



REFLECTIONS FROM THE CEO

I'm still finding it hard to believe the time has come for me to hand over the reins of MCU even though my retirement has been planned for over a year! When I started work in Beswick in September 2000 I had already been involved in the Credit Union movement since 1992, when Paul Jones roped me into helping Hattersley Credit Union with the book-keeping (all done by hand in those early days!)

I was delighted when I saw the job advertised with Beswick and Openshaw Credit Union (BOCU) and the credit union has been a huge part of my life ever since. I have been so lucky to have found something I really believed in and to have had the privilege to work with such a wonderful and supportive group of people from all over the UK and beyond.

Being actively involved already with the Greater Manchester Chapter of Credit unions meant I had the help and support of so many people which made it much less daunting. I had spent a lot of my spare time over the previous years with these new found friends and kindred spirits.



Many of those dear friends who welcomed and encouraged me in those early days are no longer with us, but I would like to pay tribute in particular to June Smith, the first manager of Hattersley Credit Union, Peter Kelly who trained a whole army of volunteers across Greater Manchester and beyond, and Nora Davies who worked tirelessly for BOCU until she passed away in 2013 – all truly inspirational and incredibly hard working.

Rose, Dot, Dougie, Eileen, Flo and Dennis from Hattersley all gone but not forgotten, as well as Joyce Baker and Pat lee from BOCU, and Steve Mycio from MCC, Manchester Credit Union would not be what it is today without the time and dedication from all the above and many others in the early years.

Tim Presswood, Chair of MCU for many years, Nora and I had a shared vision to dramatically raise the profile of the credit union in order to reach more people who needed our services. We would not be where we are today without Tim's hard work and dedication for many years. With the board's support we took every opportunity that came along to increase our reach, starting with our first big project Eastserve (managed by our current Chair Andy McBeath) which was our first foray into instant lending – a big step in those days.

It was a huge project which meant we had to employ more staff, but it paid off and it gave us the confidence to apply for the DWP Growth Fund in 2006, which really gave us the opportunity to expand dramatically.

Over the years I have been really lucky to have many inspirational board members who have supported myself and the staff team, too many to mention, but in particular Chris Smith who gave us the benefit of his marketing expertise and

endless enthusiasm, and last but not least Paul Jones who was responsible for getting me into this, but more importantly we have become lifelong friends.

I also have an amazing staff team, who all work incredibly hard for our members. Without their skills and knowledge, and particularly of Mandy and Ryan we would certainly not be the successful, sustainable and modern credit union we are today and I couldn't be more delighted that they will be taking the credit union forward – it will be in very safe hands.

It is hard to believe that since I started in September 2000, we have lent over £123million, largely to those who would have found it difficult to access affordable credit from elsewhere, and I am looking forward to watching it thrive and go from strength to strength – there are lots of exciting projects in the pipeline so watch this space!

Christine Moore - Chief Executive



CEO REPORT HIGHLIGHTS OF 2022-23

Manchester Credit Union continues to be at the forefront of new initiatives, which is why it has been so exciting to work here, there is literally never a dull moment! With the help of our fintech partners Incuto, we now appear on several aggregator sites which helps to raise awareness of our affordable loans to a wider audience.

Incuto and the services they provide for us such as open banking technology, have transformed our digital services over the last few years which makes it easier for us to help more and more members and makes it easier for members to do business with us without having to travel to a branch. Of course we still have branches and are committed to keeping them open as some members do still prefer to see someone face to face.

However, as you would expect it has also been another challenging year for our Member Support Team who have worked tirelessly to help members keep their heads above water through the continuing cost of living crisis.

Despite this they and the Finance Team have managed to keep arrears under control, which is amazing considering the difficult circumstances of many of our members.

The largest team at MCU are the Member Services Team who are the ones who serve members in branches, answer the phones, respond to emails and messages, process share withdrawals and loan applications. They are the unsung heroes and frontline of the credit union, and it is unbelievable just how much volume of work they get through each day. Last year they processed an incredible 41,018 loans which is an average of 158 per day.

We are making slow but steady progress on our Journey to Net Zero, despite our landlords being very unhelpful with calculating our energy consumption but we have identified a way forward and look forward to reporting further on this next year.

Christine Moore - Chief Executive

Finally we have now received a final draft of our first ever Social Impact Report, and I would like to highlight some of the findings:



97%

of members satisfied borrowing from MCU

94%

of members agree using MCU has reduced their need to use other more expensive sources of borrowing

90% of MCU members are worried about the rising costs of living

69% of MCU members agree that during the current cost of living crisis, being part of the credit union is reassuring and gives them peace of mind



48%

aged 35-54



87%

of members satisfied saving with MCU

82%

of members agree using MCU has helped them to save more regularly



48%

social housing tenants



59%

in work

71%

of members reporting a positive effect on their financial wellbeing



47%

income less than £20k



74%

have children

61%

increase in the proportion of members reporting higher levels of financial wellbeing

76%

reduction in the proportion of members feeling their credit debt is a heavy burden

...and over the last 5 years

175,430 loans

£62.5m of lending

43%

increase in member savings



SUPPORTING OUR COMMUNITIES



BARNABUS
Bringing hope to the homeless and vulnerable

MCU staff are given two days per year in which they can volunteer for one of our chosen charities and so last year we decided to take part as a team in a fund-raising event on behalf of Barnabus, a homeless charity working in Manchester.

For some strange reason we chose to do a Dragon Boat race which we were told was great fun to be a part of! So on a (thankfully) sunny Sunday in May we arrived at Sale Water Park together with our supporters after undergoing zero training and with a couple of last minute recruits in tow - How hard could it be?

It was a long day as there were 40-50 teams all in support of different charities and we had to race in 3 separate races - surprise surprise we didn't make the final!

However, everyone had an absolutely brilliant day, and altogether we raised over £2,000 for Barnabus. It's definitely something we would consider doing again, but maybe with a bit of advance training next time.



TREASURERS REPORT

I am delighted to report on another successful year for Manchester Credit Union. As at 30th September 2023, MCU had 32,741 members with a total of £13,416,990 in savings and £13,936,956 out on loan.

Savings have decreased over the past twelve months, which is due to a combination of rising interest rates across the market, the cost-of-living crisis and the overall current economic climate. Despite the reduction in savings over the year, our liquidity ratio has remained strong.

The loan book has increased by 6% to just under £14 million (before provisions for potential bad debts), in part due to our presence on loan aggregator sites, 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 £ 649,437 (before tax and dividend distributions). The increase in surplus this financial year is due to increased loan interest income from a larger loan book and an increase in bank interest received from increased rates in the market.



32,741

Members of Manchester Credit Union



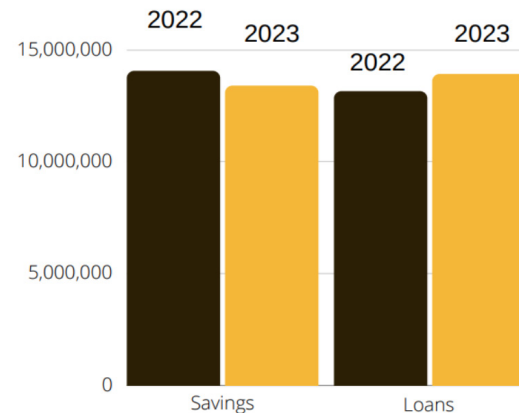
- 4.83%

Decrease in savings



+ 6.24%

Increase in the loan book



Whilst income has increased we have been able to maintain stable operating costs through working with our fintech partners Incuto, where we have been able to process more loans and other member transactions with an improved speed and service to our members without significant increase in cost. We have also been able to reduce costs relating to bad debt with the help of improved credit control systems and a fantastic Member Support team.

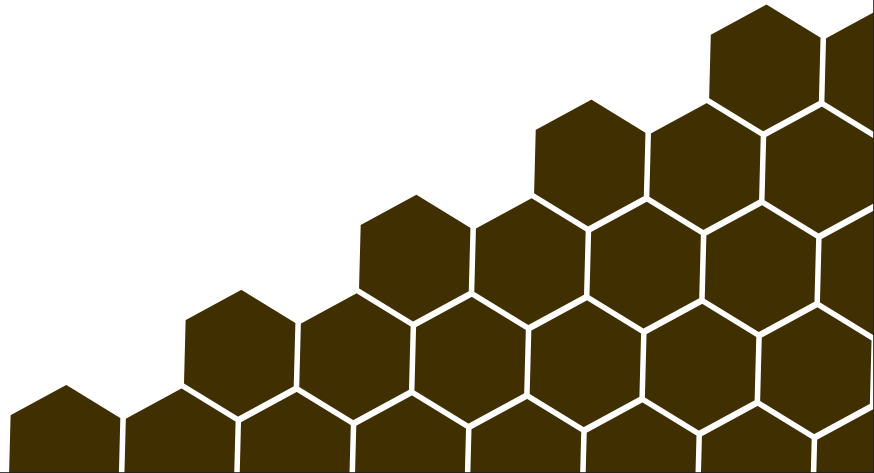
As a not-for-profit organisation, the MCU board is committed to making the best use of its surplus generated, ensuring a “Members first” approach consistent with our values. Our surplus can be used to transfer to reserves, re-investing into MCU to improve the services and scope of MCU, dividend distribution to its Members or a combination of all 3. This surplus has again allowed us to make significant transfers to our reserves, which will provide MCU with important security to continue to grow and improve services for our Members whilst also distributing a 2% dividend for year ending 30th September 2022, our largest dividend to Members since 2003!

We are pleased to announce we are proposing to pay a dividend for the year ending September 2023 of 4% on all instant access share accounts. This is our largest ever dividend proposal and a thank you to our loyal membership who share MCU values of wanting to make a significant social impact in their communities.

MCU remains compliant with all key ratio requirements imposed on all Credit Unions by the PRA, including increased requirements placed upon larger Credit Unions last summer via the PRAs Supervisory Statement aimed at promoting the safety and soundness of the firms it regulates.

Finally, since the new financial year has begun, we have introduced a fixed term savings account offering a rate of 5% interest until January 2025. We have also issued our first Enterprising Communities Fund investment loan, allowing us to branch out and serve local social enterprises, which is an exciting opportunity for MCU.

Barry James - Treasurer



REPORT FROM THE AUDIT AND 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 three directors of the board, the credit union's compliance officer, 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 2022/23 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 four areas assessed were:

- Loan compliance (undertaken each year given the centrality of lending to the credit union)
- Complaints
- Cyber Security
- Financial Controls

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.

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

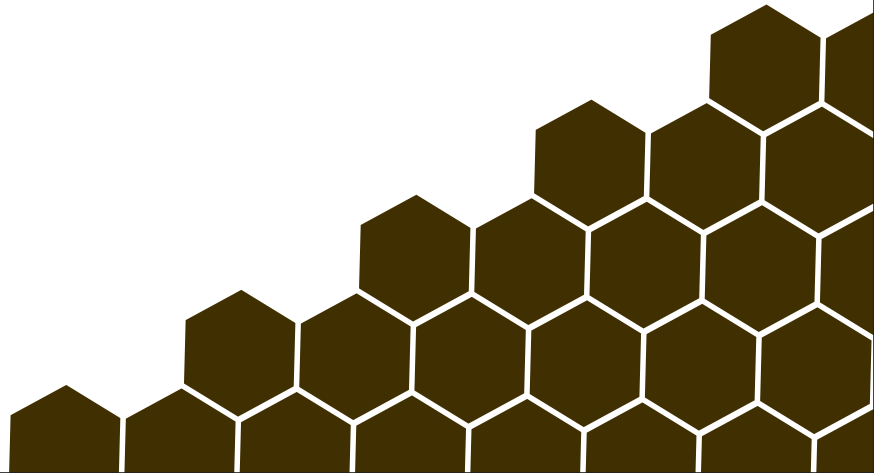
The committee also reviewed the following policies:

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

One element of risk management is regulatory risk. The Committee regularly checks the compliance checklist to ensure that the credit union is operating with the law and within regulation. In addition to the risks above, the Audit and Risk Committee also looked in further detail at the new Supervisory Statement issued by one of our regulators; the PRA (Prudential Regulation Authority).

The Committee can assure the membership that MCU complies fully with the relevant legislation and regulation.

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





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MCU is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA). Firm Ref: 231400

Deposits are protected by the Financial Services Compensation Scheme.