

Clockwise Credit Union

safe savings & affordable loans

ANNUAL REPORT 2019



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Introduction

Clockwise Credit Union Limited covers Leicester, Leicestershire and Rutland. Registered number FRN213498.

As of 30th September 2019, Clockwise had 13,300 members, with a total of £5.6m in savings, a rise of £1.6m on last year. In addition, we hold £326,528 of young savers and Child Trust Fund accounts. The Clockwise net loan book stands at £4.6m, an increase of 23% on last year.



Vision

“To be the first choice financial service provider for our members and future members.”

Mission

To be a responsible financial institution driven by mission, not profit. We will put into action the ‘credit union difference’ - to be a democratic, ethical and innovative provider of financial products and services, building strong member relationships and with a unique, fairness based offering in an increasingly competitive financial marketplace. Through robust financial performance and by providing credible and affordable alternatives, we aim to be a catalyst for the economic wellbeing of our membership and community.

Values

To ensure Clockwise remains strong and sustainable, we will be responsible and effective financial managers by:

- making sound business decisions to achieve solid financial results
- managing risks responsibly to safeguard Clockwise’s assets
- investing our funds responsibly
- working with partners and organisations who share our values

Introduction

We will provide members with outstanding service and help them achieve their financial goals by:

- treating them with respect and dignity
- giving them trustworthy advice about the financial options we can make available to them
- offering products and services that meet their unique needs and provide good value
- protecting their right to privacy
- ensuring that low income and marginalised members have access to necessary financial services

We will provide meaningful opportunities for members to have input in setting the direction of the credit union by:

- offering multiple channels for them to provide us with input and feedback
- addressing their concerns in a timely manner

We will ensure that Clockwise is a great place to work by:

- creating a workplace that is healthy, diverse, stimulating and rewarding
- providing the leadership, tools, resources and opportunities for employees to do their best work and achieve their full potential

We will be accountable for living up to our commitments to the community by:

- making continuous and measurable progress in meeting our commitments
- ensuring our community grants programme reaches out to diverse groups in need of support across the communities we serve
- measuring our social impact and reporting our findings to members annually

We will support the wider Credit Union community by:

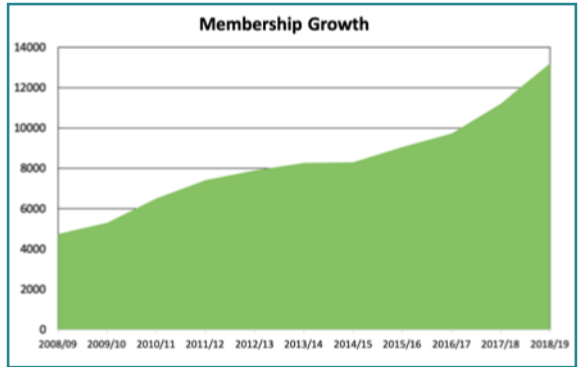
- co-operating and collaborating with other Credit Unions, particularly those in need of help and expertise

Supporting regional and national initiatives around development of the Credit Union movement, regulatory change, financial inclusion, and awareness.

Chair's Report

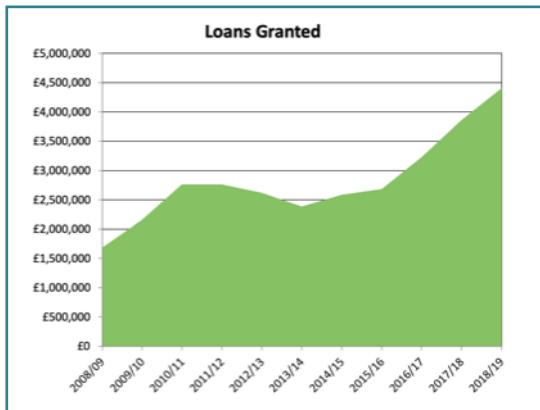
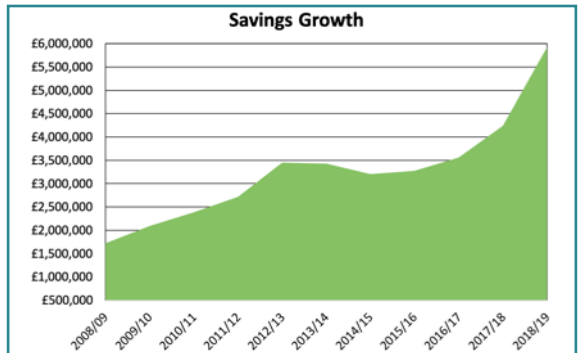
Once again, it gives me great pleasure to announce another successful year for Clockwise Credit Union. Membership, savings and loans have all increased as you can see in the graphs. We are now reaching more and more people in Leicester, Leicestershire and Rutland, providing services to meet their needs.

For the fifth year in a row we have generated a surplus, this year just under £100,000. This is a fantastic achievement for our long-term sustainability and growth plans. It helps ensure that we continue to invest back into the organisation to improve products and services.



1. Rewarding savers

We are proposing to retain the dividend at 1.75%. I am sure you will agree this is a very competitive rate and compares very favourably with many instant access accounts available on the High Street. The interest rate on ISA's and Child trust fund accounts also remains at 1.75%.



2. Rewarding borrowers

For the second year we will be rewarding loyal borrowers. This year £25,150 has been set aside to reward those who have never missed a payment on their loan during the year. It will be calculated as a proportion of the interest you paid during the year, effectively an interest rebate, but it will be paid into the savings account of those who meet the relevant criteria in time for Christmas.

Chair's Report

3. Community Grant Scheme

Last year we announced that we had set up a fund to award small grants to clubs, organisations, individuals with specific needs, i.e. to support study. I am delighted to announce 7 awards have been made in total (see page 17-18).



Strategy Day

In April, the Board and senior managers met for their annual Strategy Day. Out of that, we set ourselves 4 key objectives for the coming year.

Growth for the business

Our 12 month plan looks to increase our membership to 16,000 and gross loan book to £5.6m.

To maintain a robust, sustainable and viable business

We aim to maintain an operating surplus necessary to ensure our sustainability, to meet our key financial ratios, and with a strong and effective governance model.

Improve employee engagement

We believe our employees are a key component of our success and will continue to support staff in providing the resources, support and recognition they deserve.

Benefit our community

We believe we can make a positive impact on our community, helping people improve their financial situation and playing our part in helping create a strong community.

New products

Prize Saver Account

The Treasury launched a new scheme to encourage people to save and chose credit unions to administer these accounts. Clockwise was selected, along with 14 other credit unions, to pilot the Prize Saver accounts.

This exciting product was launched on International Credit Union Day on 17th October. It operates in a very similar way to premium bonds. Members can open an account and every £1 saved (up to £200) will be entered into a monthly draw, with a top prize of £5,000, plus other smaller prizes, so if you save £200 you have 200 chances to win! At the time of writing, over 200 people have opened an account. The first draw will take place in mid-December, so good luck to all who are in the draw.



Chair's Report

Vision, Mission and Values

This year the Board and senior management team, undertook a review of our vision, mission and values to better reflect where we see ourselves. These statements provide direction for everything that happens in an organisation. They keep everyone focused on where the organisation is going and what it is trying to achieve. They define the core values of the organisation and how people are expected to behave. You can see the fruits of our labour on pages 3-4.

Governance

The Board of Directors of Clockwise are responsible for the strategic direction of the credit union, its policies and procedures and oversight of its operation. The directors are unpaid members who volunteer on a regular basis. The attendance at Board meetings this year was 74%. The Board meets annually, with the senior management team, for a strategic planning event. The purpose is to review and update the strategic plan and set guidance and objectives for the management and staff. The progress against those objectives is regularly monitored.

The Board also monitor all the key ratios which measure its financial health and consistency and I am please to report Clockwise meets or exceed all it statutory ratios and the internal benchmarks it sets itself. The Nominating Committee whose role, in part, is to ensure the Board have the necessary skills and qualifications to undertake their role, and to be assessed as 'fit and proper' as defined by the Financial Conduct Authority. The committee supervise the induction and training of all new Directors.

The Board see strong governance as central to the credit union and regularly monitor their compliance with the ABCUL Code of Governance which sets out the standards required to build and effective and sustainable credit union, based on the Principles for Business:

- Integrity
- Skill, care and diligence
- Management and control

Clockwise is very fortunate to have a committed group of directors and I would like to thank them personally for all they do. Their commitment to ensuring Clockwise continues to develop successfully as a strong, sustainable and innovative organisation, delivering quality products and services to our community, is a credit to them. I also need to record my thanks to the members of the Supervisory Committee who work tirelessly to ensure that any decision/action is taken in the best interests and protection of the members. Roger Blackmore retired from the Board during the year and Tim Emmony resigned. We would like to thank them both for their hard work on behalf of Clockwise.

We look forward to another successful year for Clockwise Credit Union.

Paul Mattioli - Chair

Treasurer's Report

2018/19 has been another excellent year for Clockwise with a 23% increase in loans to £4.62m, with most of our loans being made to members who are financially excluded from the mainstream banking system.

This increase in loans has generated additional income which has produced a surplus of £94,856, after a recommendation of maintenance of the dividend on members' share savings of 1.75%.

This surplus has been used to increase our reserves, which we hold to meet Bank of England regulations, and to finance our planned IT developments that will improve our service to members.



Income

Total Income of £1,391,064 is £210,000 higher than last year's income. Over 90% of total income is loan interest with the remainder being grants, membership entrance fees, bank interest, bad debt recoveries and other sundry sources of income.

Expenditure

Total expenditure of £1,210,561 is £175,000 higher than the previous year. We have employed additional IT staff as we continue to invest in a major revamp of our computer systems. The growth in our loan book has contributed to an increase in our level of bad debts which, net of recovered debts, have increased from £273,000 in 2017/18 to £322,000 in 2018/19. We continue to adopt a sensitive approach to the management of repayment of members' loans and are successful in ensuring that over 93% of loans are repaid.

Balance Sheet

We are pleased to record another year of increases in members' loans, up £873,000 to £4.6m. Our savings products continue to be attractive to members with total savings of £5.9m at September 2019, an increase of £1.6m since September 2018. This has resulted in an increase in our bank balances to £2.1m at September 2019, from £1.2m at September 2018. We continue to seek to reduce our bank balances through increased lending. Each member's £1 investment with Clockwise was worth £1.21, illustrating the strength of our balance sheet.

Treasurer's Report

Reserves

General Reserve

The Bank of England Prudential Regulation Authority (PRA) requires Credit Unions to retain a restricted reserve based on total assets, that can only be used in specific circumstances with the agreement of the PRA. Clockwise meets this requirement.

Development Reserve

We maintain a Development Reserve to be used to improve the service we provide to our members.

Bank of England Prudential Regulation Authority (PRA)

All credit unions are required to meet a number of financial ratios monitored by the PRA at quarterly intervals. Clockwise met these ratios at each quarter.

Budget and Business Plan

A three year business strategy and a one-year business plan have been agreed by the Board and a financial budget has been prepared for 2019/20. Monthly results are monitored against the budget with corrective action taken where actual results deviate from plan. The budget for 2019/20 anticipates producing a surplus of £92,000.



Income & Expenditure for the Year End

FOR THE YEAR ENDED 30th SEPTEMBER 2019

	2019 £	2018 £
INCOME		
Interest on Loans	1,277,625	1,058,622
Entrance & Service Fees	22,948	23,191
Bank Interest	7,629	7,447
Bad Debts Recovered	39,972	43,485
Grant Income	21,657	26,694
Other Income	21,233	22,303
	1,391,064	1,181,742
EXPENDITURE		
Employment Costs	529,448	438,439
Property Costs	18,796	20,288
IT & Office Costs	75,335	61,593
Insurance	19,167	21,276
Depreciation	26,842	25,479
Trade Association Fee	8,244	7,935
Audit Fees	19,200	13,400
Marketing	50,949	59,025
Debt Management	36,016	28,614
Legal & Professional	17,342	5,959
Other Operating Costs	22,155	14,896
Rewarding Borrowers Refund	25,147	22,681
Bad Debts	361,920	316,313
	1,210,561	1,035,898
SURPLUS FOR THE YEAR BEFORE TAX	180,503	145,844
Corporation Tax	-1,718	-1,146
	178,785	144,698
Dividend & Interest	-83,929	-57,627
SURPLUS FOR THE YEAR	94,856	87,071
TRANSFER TO GENERAL RESERVE	0	74,068
TRANSFER TO DEVELOPMENT RESERVE	94,856	13,003
	=====	=====

Balance Sheet

AT 30 SEPTEMBER 2019

	£	2019 £	£	2018 £
FIXED ASSETS				
Tangible Assets		425,661		433,642
LOANS TO MEMBERS (NET)		4,621,600		3,748,877
CURRENT ASSETS				
Sundry Debtors	104,478		87,841	
Bank Current & Deposit Account	2,184,092		1,270,976	
	<u>2,288,570</u>		<u>1,358,817</u>	
	=====		=====	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR				
Sundry Creditors & Deferred Income	85,658		78,421	
Dividend Provision	75,481		56,114	
	<u>161,139</u>		<u>134,535</u>	
	=====		=====	
NET CURRENT ASSETS		2,127,431		1,224,282
		<u> </u>		<u> </u>
TOTAL ASSETS LESS CURRENT LIABILITIES		7,174,692		5,406,801
		=====		=====
SHARE ACCOUNTS		4,363,633		2,960,296
CASH ISA		1,236,116		971,920
CHILD TRUST FUND		249,221		236,801
YOUNG SAVERS		77,307		73,206
GENERAL RESERVE		554,134		554,134
DEVELOPMENT RESERVE		694,281		603,157
PROPERTY RESERVE		0		7,233
		<u>7,174,692</u>		<u>5,406,801</u>
		=====		=====

The accounts were approved by the
Board of Directors on 20th November 2019

On behalf of the Board
P Mattioli
B Wilson

Independent Auditors' Report

We have audited the financial statements of Clockwise Credit Union Limited for the year 30th September 2019 which comprise the Statement of Financial Position, the Statement of Income and Expenditure, Statement of Changes in Equity and the related notes.

Significant accounting policies

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and FRS 102 which is the Financial Reporting Standard applicable to United Kingdom and Republic of Ireland.

Information and judgements

Information and judgements that the credit union has applied in preparing these accounts are based on the carrying amounts of all income, expenses, assets and liabilities as at the end of the financial year subject to any adjustments mentioned in the accounts and in the notes and disclosures to the accounts

Estimation techniques

Except for Note 1(d) on Provision for Impaired Loans and Note 5 on Impaired Loans Written Off, there were no assumptions made concerning the future or estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Apart from this, there is nothing to report under FRS 102 section 8.7.

This report is made solely to the credit union's members, as a body, in accordance with the Industrial and Provident Societies Acts 1965 to 2002 and the Credit Unions Act 1979. Our audit work has been undertaken so that we might state to the credit union's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the credit union and the credit union's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

The directors are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). These standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Independent Auditors' Report

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the credit unions affairs as at 30th September 2019 and of its income and expenditure for the year ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and in particular in accordance with FRS 102 and also in accordance with the Industrial and Provident Societies Acts 1965 to 2002 and the Credit Unions Act 1979.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Friendly and Industrial Provident Societies Act 1965 to 2002 requires us to report to you if, in our opinion:

- proper books of account have not been kept by the credit union in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the credit union in accordance with the requirements of legislation;
- the revenue account or the other accounts (if any) to which the report relates, and the balance sheet are not in agreement with the books of account of the credit union;
- we have not obtained all the information and explanations necessary for the purpose of our audit.

Antony E Humphreys
Statutory Auditor
For and on behalf of
PWH Accountancy Ltd
Statutory Auditors
The Counting House
High Street
Lutterworth
Leics LE17 4AY

As part of the Credits Union Sourcebook (CREDS) Issued by the Prudential Regulation Authority (PRA), we are also required to confirm that we are:

- Complying with the Financial Services Compensation Schemes (FSCS) requirements for Single Customer View
- Maintaining adequate insurance including both General and Fidelity Bond Insurance
- Carrying out Additional Activities, as described by CREDS, as we provide Transactional Accounts in the form of Pre-paid Engage Card and Rent Payment Accounts and are in compliance with the regulations regarding operation of these accounts.

Report from the CEO

I am once again delighted to be able to report Clockwise has had another successful year and I'd like to share some of what we've been up to in the last 12 months.

We now have over 13,300 members and our loans and savings have also seen significant growth, as shown on the graphs in Paul's report. It is a testament to the hard work of the management and staff of the credit union. Generating a surplus this year has helped us to maintain a strong capital base. This gives us confidence about our long term sustainability and growth and the delivery of even more and better products and services for our members. The staff are dedicated, skilled and professional with a genuine care for our members, especially the most vulnerable. They are a pleasure to work with.

Staff Changes

We have had several changes to the team this year. The IT team has been expanded with the appointment of Nadeem Shaikh, a software developer, and a further software developer is due to join us shortly to support the continued progress on our ambitious three-year IT strategy; Luciano Paparozzi has joined us as a Field Agent and Priya Mistry as Marketing and Social Media Officer.

Terri-Ann Fisher and Sophie Ward have joined the Member Services Team, replacing Michael Texiera and Victoria Spencer, who have moved on to pastures new. We wish them both well and welcome all our new staff to the Clockwise family.

Inclusiv Conference 2019

In August I was selected to be part of the UK credit union delegation to attend the annual Inclusiv Conference in Los Angeles. The delegation was funded by Ciiti through the Lloyds Credit Union Foundation and I am very grateful for the opportunity to attend.



Inclusiv is an organisation of Credit Unions and Co-operative Financial institutions across the USA and Puerto Rico. Its mission is to help low and moderate income people and communities achieve financial independence through Credit Unions and CDFI's. It believes financial inclusion is a fundamental right and is dedicated to closing the gaps and removing barriers to financial opportunities for people living in distressed and underserved communities through investments in and technology solutions for its member credit unions.

I was asked to deliver a workshop on Clockwise Digital journey and was really surprised at how much further along the path of digitalisation we are here at Clockwise compared to many US Credit Unions, who are literally worth billions of dollars. There were some really interesting sessions and workshops which I think we all felt we had benefitted from and have brought back new ideas for our credit unions. Overall, the conference was a wonderful and inspiring experience.

Report from the CEO

Fair Finance

Clockwise plays a very active role in Fair Finance Task Group – a group of professionals across the statutory and voluntary sector and councils committed to developing a local response to tackling financial exclusion in all its forms: limited incomes, lack of access to affordable credit, lack of access to appropriate money advice, debt, poor budgeting skills and poor money management.



Members of the Board and staff of Clockwise attended a recent event hosted by Fair Finance at which Sir Hector Sants, a Board member of the Just Finance Foundation, was the lead speaker. “Building a better financial system which works for all – supports communities – supports individuals”

One of the key issues made by Sir Hector Sants was that 11 million people have less than £100 savings available to meet a rainy day emergency and so encouraging a modest level of saving was a key factor in alleviating the financial and mental stress of enforced borrowing, often at extortionate interest rates. Out of the meeting, several recommendations were made including: ‘Extending the reach and presence of Clockwise and promotion its services, both savings and affordable loans; increasing local provision of debt, money and budgeting advice; tackling the stigma of poverty. We look forward to working with the group and other strategic partners in addressing the recommendations.

Social Performance

Social Impact Report

This year we are soon to embark on an exciting new venture. We are planning to conduct a ‘Social Return on Investment Evaluation’. We have long held the view that we do make a difference in people’s lives by the service we provide but we have never measured the impact in any meaningful way. For so long we have focused on the financial impact we make through savings on loan interest paid and dividends we pay. We hope the report will enable us to better articulate our social impact and develop more financially sustainable plans.

The evaluation will be carried out by CASE (Co-operative & Social Enterprise Development Agency for Leicester and Leicestershire). The report will be available early next year so, ‘watch this space’.

Teresa Manning
CEO

Digital Highlights

As you may recall, two years ago we embarked on an ambitious IT strategy. Its key aims were:

- Improve IT Security, resilience and continuity
- Grow membership & lending without expanding physical presence
- Improve accessibility and convenience for members
- Focus on automation and scalability

Last year, we reported several exciting developments, delivering on those aims. 2019 has been a year of change. Through the year the team has grown adding a further developer and tester which added a further layer of rigour to our IT development process.

Throughout the year we have, working with the Growth and Operations Teams, developed solutions and products which address real business and member needs.

In March 2019 Teresa and Simon were invited to speak at the ABCUL AGM about how Clockwise have developed its inhouse systems.

Last year we announced our plan to redevelop our internal systems so they become much more member focused instead of finance. August 2019 saw the official release of the first phase of our Customer Relationship Management (CRM) system. CRM systems are an approach which manage our interactions with current and potential Members. It uses data analysis about members history, current and future needs to improve our relationship, focusing on understanding what our members need. The roll out of this system was a success and we are now looking forward to the next phase.

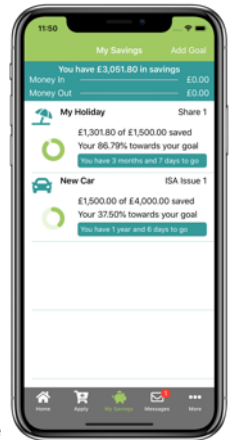
Savings Goals

At the heart of the Clockwise mission is the promotion of good financial habits. To this end in May we released our savings goals enhancement on our mobile app. This is a fun and engaging way of promoting the savings habit. You can set your goal, give a name and an icon, get graphs, showing your progress, etc.

Cyber Essentials Plus Mark



Keeping our members data and accounts secure is of paramount importance to us. This year, alongside our ongoing security testing measures, in September we also were successful in getting the Cyber Essentials Plus mark. The Cyber Essentials scheme is a Government backed scheme that helps protect our business against a whole range of the cyber attacks and is independently assessed and certified.



Digital Highlights

Banking Arrangement

Towards the end of the year we have started work on two of our larger projects which form part of our plan for 2019/20. Firstly, we have opened accounts with Starling Bank, which has included rigorous due diligence and system changes. This move will bring multiple benefits to our members, allowing them to have their own Sort Code and Account Number and bringing our inbound and outbound payment service in line with what members expect from a modern financial organisation. Looking to the future, moving to this type of banking will allow us to offer a larger range of products and services to members and truly realise our vision of providing a first-class service.

We are delighted with the progress we have made and believe our members are too! We will, of course, continue to enhance our member digital services. Some stats for you:

- 85% membership registered to use digital services
- 90% of all new business (membership & loans) originates online
- Completed over 4,500 fully automated loan applications
- Quickest time from application start to pay out is less than 10 minutes.
- 95% satisfaction rate for the online and app-based service

Community

Proud to host a Give Leicester Giving Point

What is Give Leicester and why are we doing this?

Give Leicester is a project organised and funded by BID Leicester and Leicester City Council in partnership with Leicester Homelessness Charter. The project aims to use technology and innovation to help improve the lives of some of the city's most vulnerable people.



Give Leicester enables members of the public to help provide a bed for the night to rough sleepers in a secure way, and to be completely confident about where the money will go and that it will make a difference.

BID Leicester Director, Simon Jenner, said, "it's fantastic to be able to launch Give Leicester, a project that will use technology and innovation to improve the lives of some of the city's most vulnerable people."

Community

What is a Give Leicester giving point?

The giving point is a small window display located inside the building, which includes an outward-facing window vinyl and contactless donation box. With a simple tap of a contactless card on the outside of our branch window, the box can take £3 donations, and more if people wish. Members of the public can give as they walk past on the street.

Clockwise Credit Union joined several organisations across Leicester to take part in the new initiative and has had the most usage to date of all the 16 Giving Points in Leicester.

What charity does the money go to?

From October 2019 to March 2020, all money raised is donated to Leicester's Winter Night Shelter run by registered charity One Roof Leicester. This service helps to get people off the streets as the temperatures drop, providing emergency accommodation and food as well as signposting to support services. For us at Clockwise this goes full circle as Sacred Heart Church, where we started out 27 years ago, is currently one of the Winter Night Shelter host venues. Every Tuesday for 12 weeks, Sacred Heart hosts homeless people overnight.

Does all of the donation go to charity?

All transaction fees are covered by BID Leicester and Leicester City Council, meaning that 100% of donated money will be given to the Winter Night Shelter.

As well as the donation points, the Give Leicester website, www.giveleicester.org hosts an extensive online directory of services available in the city to help people who are homeless.

Teresa, CEO, said, "we are delighted to have been asked to host a giving point and to support such a worthy local charity. We are hoping that situating it next to our ATM will encourage people to 'tap and give' as they use the machine."

International Credit Union Day

Thursday 17th October

International Credit Union (ICU) Day is an annual event that brings together the entire global credit union movement to celebrate the work we do from Leicester to Lagos, to Los Angeles. Every year has its own theme and ICU Day 2019 was 'local communities'. Clockwise was happy to embrace this theme by highlighting work we have done and by reaching out on the day to support a number of local charities that help make the local communities better.

These were some of the charities we supported. Donations included money, clothing, food, toiletries and much more.



Community

Community Grants Scheme Awards

As noted in the Chair's report, part of Clockwise's mission is to benefit and work within our community. With this aim in mind in 2018 we started the Clockwise Community Grant Scheme. It's something we were proud to be able to carry on into 2019 and 2020 and we have helped some great causes and met some fantastic people along the way. The fund makes small grants which are given to worthwhile local charities, groups and organisation to help them serve the community we all share.

Desford Football Club

In February, we visited Desford FC to hand over kit that included, bibs and balls for the club to take part in their fun day. Desford FC is a local club for Desford and the surrounding areas. Its aim is to make football affordable for all and to provide a great outlet for young people in the area.



Inner Wheel Club, Loughborough

We supported the club by awarding a grant to pay for two home starter boxes that will be donated to homeless people when they are provided with settled accommodation. To date, Inner Wheel, Loughborough, have donated 24 boxes to charities such as The Exaireo Trust, The Bridge, MENCAP and Women's Aid, Loughborough. We are really proud to have supported this cause.



Community

Melton Child Contact Centre

We are delighted to support Melton Child Contact Centre and the grant awarded enabled them to update their computer. The centre provides support to children affected by the impact of family breakdown and problems in communication between parents. They do this by providing a safe, neutral and friendly space. The children of separated families can spend time with one or both parents.

We were fortunate to spend time with the team for training.



Sage Cross Methodist Church

This group does great work with local homeless and vulnerable people. and started providing hot food and tea once a week in a room provided by the church. The initiative has grown and they now provide hot food and beverages 4 days a week for 30-40 people in Melton Mowbray. We supported the group by awarding a grant to provide a computer enabling their service users to find benefits and support they would otherwise be unable to access. We are proud to have supported this very worthwhile cause.



New Parks Community Hub



Clockwise Community Grants Scheme award provided a new toaster to help with the community breakfast club and some much needed funds. The community hub hosts a pre-school that offers free childcare for vulnerable children in the area. Turning Point - giving support meetings for adults with drug and alcohol related issues, community craft groups, Arabic learning, Old & Proud bingo, faith groups and exercise groups as well as the local dance troop to name a few!

Supervisory Committee Report

Role and Composition of the Supervisory Committee

The Supervisory Committee (SC) is the credit union's internal audit committee and provides scrutiny over the work of both the Management and the Board on behalf of Clockwise members. Its purpose is to make reasonable assessments as to whether Clockwise operates within the law, its own rules and policies, and within the framework laid down by the regulatory authorities. Work may be delegated to staff or outside specialists however overall responsibility remains with the SC.

The SC currently consists of three members, Doug Golding, Jeremy Siddall and Paul Constable (Chair).

The SC follows the guidance and regulatory requirements set out by the Financial Conduct Authority (FCA) and the Prudential Regulatory Authority (PRA) which set out the structure and behaviour expected from a “well-run” credit union. The implementation requirements are expected to be proportionate to the size of the credit union and the activities it undertakes but will require having:

- a structure with clear lines of responsibility, compliant with the Senior Managers Regime,
- effective processes to identify, manage, monitor and report the risks to the Board,
- internal controls in place, including robust administrative and accounting procedures,
- information systems that are controlled and secure,
- clear policies and procedures,
- people with appropriate skills, where members' interests are protected and treated fairly,
- processes in place to reduce the risk of financial crime,
- processes and controls to ensure compliance with FCA and PRA rules and legislation.

The SC in its audit and review activities, looks to assess the effectiveness of governance and compliance in Clockwise against these requirements.

Specific Activities

During the financial year the SC was involved in the following activities and review work:

- Members attended all the meetings of the Board, its sub-committees and the IT working group in order to gain a clear insight into their activities and responses to the issues and challenges facing Clockwise.
- Four formal SC meetings were held during the financial year to review the effectiveness of the activities of Committee and Board level activities.
- Consulted formally and informally on the issues facing Clockwise and to plan what internal audit work should be done by the SC and B M Howarth Ltd.

Supervisory Committee Report

- Conducted regular checks on cash balances and bank reconciliations including a year-end cash reconciliation.
- Attended the Board's Annual Strategy Day and Jeremy Siddall attended the ABCUL conference on Corporate Governance Mergers and Cyber Security.
- Regular verbal and written reports of the SC's activities are presented to the Board and formally minuted.
- Reviewed the collections activity specific to accounts written-off and reported to the Board.
- Jeremy Siddall has supported and assisted in the development and formation of a new Compliance & Risk group. This function will assist significantly in a risk management oversight which is a key structural requirement of the PRA regulatory regime. A member of the SC will be attending the future meetings as part of its oversight remit.
- The SC are pleased that Director and Management and Supervisory training is now subject to enhanced control and reporting as training forms a crucial part of the governance and regulatory requirements.
- Liquidity monitoring and balanced scorecard reporting to the Board are proving valuable tools the former being an area being flagged in the most recent PRA assessment report.

The SC have maintained a detailed record of its activities during the year including minutes of its meetings and the records of its review activities.

Internal Audit

B M Howarth Ltd will continue to provide a specialist audit service for Clockwise. In July they began a review of the Governance structure and activities of Clockwise which included Anti Money Laundering control and systems. An interim draft report has been produced which has not raised any significant issues but due to factors outside of Management's control, has not been formally completed. The SC remain confident in the work undertaken so far and do not envisage any significant changes with the production of the overall report.



The Board has agreed that a review of GDPR should be undertaken as part of the next formal audit.

Supervisory Committee Report

Developments during 2018/2019

The financial position of Clockwise continues to show a sound level of growth and the SC feels that the Management and Board have provided for a sound structure of governance and control during a period where system and infrastructure changes have delivered many challenges to the organisation. Issues with the banking service provided by Lloyds Bank caused Clockwise problems with the potential for it to fail its own and regulatory service standards. The Board, Management and staff acted effectively and professionally in handling this situation and subsequently recovered compensation for the costs and service failings encountered.

A significant amount of work is being undertaken by the Management and IT team to ensure that systems deliver more effective service to members and staff and are as secure as is possible from cyber threats. It is noted that such concerns were already being identified and actively managed prior to being flagged by PRA.

The Board and Management have during the year authorised and reviewed many policies and procedures in order to maintain an effective control infrastructure. This work and subsequent structure forms a critical part of the activities expected by the FCA.

The Board decided during the year to relax certain aspects of its lending criteria in order to increase the number of loans granted to the membership. The SC noted that the Board took this decision based upon a detailed discussion of the risk implications and adopted a regular review of bad and doubtful debts as part of subsequent control and monitoring. Activities are also being proposed to improve lending decisioning by making better use of automated decisions to speed up the process and deliver better outcomes for the benefit of members.

The adoption of Office 365 has improved the flow of information available to the Board and ease of access to files and records.

The establishment of the Risk and Compliance Committee and improved risk compliance reporting will further enhance the control structure.

The SC feel that the Management and Board have an effective control and review structure. The business model of Clockwise continues to develop and this will bring additional challenges but the Board and Management show that they have the skills to identify and mitigate the risks and the tool and systems to identify issues that are likely to arise. In many respects Clockwise exceeds the standards exhibited by its peer group.

The Board have also commenced a plan to further enhance the banking services available to members and will be introducing measurements to assess the “financial value” of the products and services to the membership and community.

The SC would like to thank the Board, Management team and staff for their help and support during the year.

Paul Constable (Chair)

Clockwise Credit Union

safe savings & affordable loans

Administrative Information

Registered in January 1992
Register Number IP00280C
PRA/FCA Registration 213498

Directors:

Chair: Paul Mattioli
Treasurer: Brian Wilson
Paul Dickinson
Mary Hirst
John Lally
George Puszczynski
Keith Rose
Roy Stephenson
Paul Taylor
Roger Blackmore (retired)
Tim Emmony (resigned)

Other Information:

Business & Registered Address: 1 St. Nicholas Place, Leicester LE1 5LB

Telephone: 0116 2423900

Website: www.clockwise.coop

Auditors: PWH Accountancy Ltd
The Counting House
High Street
Lutterworth
Leicestershire
LE17 4AY