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## Vision, Mission & Values

### 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

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.

## Special Report

Our Chief Executive of Clockwise Credit Union, was awarded an MBE in the 2020 New Year's Honours List for 'services to financial inclusion, to the Credit Union movement and the community of Leicestershire.'

Teresa said, 'I am still surprised but obviously delighted. I consider it an honour for all staff and volunteers of Clockwise who have contributed to the work of the credit union over the past 25 plus years; providing financial services across the community, but particularly to those excluded from mainstream financial services. I am very proud of what we have achieved and look forward to continuing to make a difference in the lives of members of the communities we serve.'

I am pleased that the credit union movement is also noted in the honour – there are around 400 credit unions nationally providing similar services and I passionately believe we should support one another to strengthen the movement. I am a huge advocate of co-operation and hope that I have contributed in some way to supporting other credit unions over the years.

Regarding the wider communities of Leicestershire and Rutland, it has always been important to us to support local initiatives which benefit local residents and we created a community grant fund which has provided small grants to organisations as diverse as a café for homeless, a local boxing club and a charity which provides safe space for children impacted by family breakdown to meet with their parents"

Commenting on the award, Paul Mattioli, Chair, said, 'Teresa will, of course, credit this award to the very professional and loyal staff at Clockwise, but this is also an award for her extraordinary commitment over the twenty six years that she has been associated with both Clockwise and the wider Credit Union movement. I know that she will use this as an opportunity to further the work that Clockwise does, just as she has continually strengthened the organisation, year on year, since she took over as CEO. We are all immensely proud of her.'

## Report from the Chair

As of 30th September 2020, Clockwise had 14,844 members, with a total of £7.3m in savings.

In addition, we hold £357,500 across 735 young savers and Child Trust Fund accounts. The Clockwise net loan book stands at £5.5 million.

### **2020 - what a year it has been!**

At the beginning of the year, we were hearing about a virus in a town in China. A couple of months later, life as we knew it fundamentally changed. The mantras of today are, 'stay at home, stay safe' and 'social distancing'. No-one could have imagined that almost all over the world, nation states would ban individual free movement and the gathering of people, while borders closed and aeroplanes were grounded. Normal social life and work for many was severely impacted. Furlough became a word many were familiar with. Sadly, job losses too.

We felt the impact of the first national lockdown on borrowing levels immediately as members sought to reduce their outgoings in uncertain times, not knowing how their income might be impacted. Leicester City was later put into the first lockdown - a high level which imposed even more restrictions. There were few holiday loans over the summer, usually a very busy time for us. And we started seeing people getting into difficulties in repaying their loans. At one point, we had loans of over a quarter of a million pounds in value in payment holiday arrangements to help support them during furlough periods when their income dropped.

At Clockwise, we saw immediate action taken by the management in March to minimise the impact on service to members and protect the safety of the staff and members. Within the space of five days all staff were moved to home working, all provided with sufficient Clockwise equipment to fulfil their day to day tasks. The exception were two staff who stayed on in the branch offering a reduced hours cash service for our vulnerable members who do not hold bank accounts. They were joined by a colleague who was unable to work from home. It has meant minimal disruption to the service for our members and I want to put on record how proud I am of all the staff for their hard work and determination.

The reduction of loans - our main source of income, along with an increase in debt could have hit us very hard tube we were extremely fortunate to be able to access some funding from Fair4All Finance COVID Resilience Fund. Fair4All are a government funded organisation aimed at increasing the financial wellbeing of people, especially those in vulnerable circumstances, through access to fair appropriate financial products and services. We received over £200,000 from their fund which covered; the purchase of equipment for remote working; extra licenses; moving our phone system to the cloud to support secure phone service; equipping the office with screen, sanitising stations, etc. It is also covering the cost of bad debts related to COVID - for a number people COVID has meant loss of job and some have taken the step of obtaining debt relief orders and IVA's as a way of clearing the burden of debt they can no longer see any way of paying.

## Report from the Chair

We are extremely grateful to Fair4All for this funding which has supported our business and is enabling us to get through this crisis, maintain our sustainability and financial strength and continue to serve existing and new members.

One initiative was to introduce a product called the Key Worker Loan, a lower interest rate loan to support those in particular who have worked so hard to keep us safe, well and supplied. And to date, we have loaned out £210,000 to these very important people who have done so much for our communities.

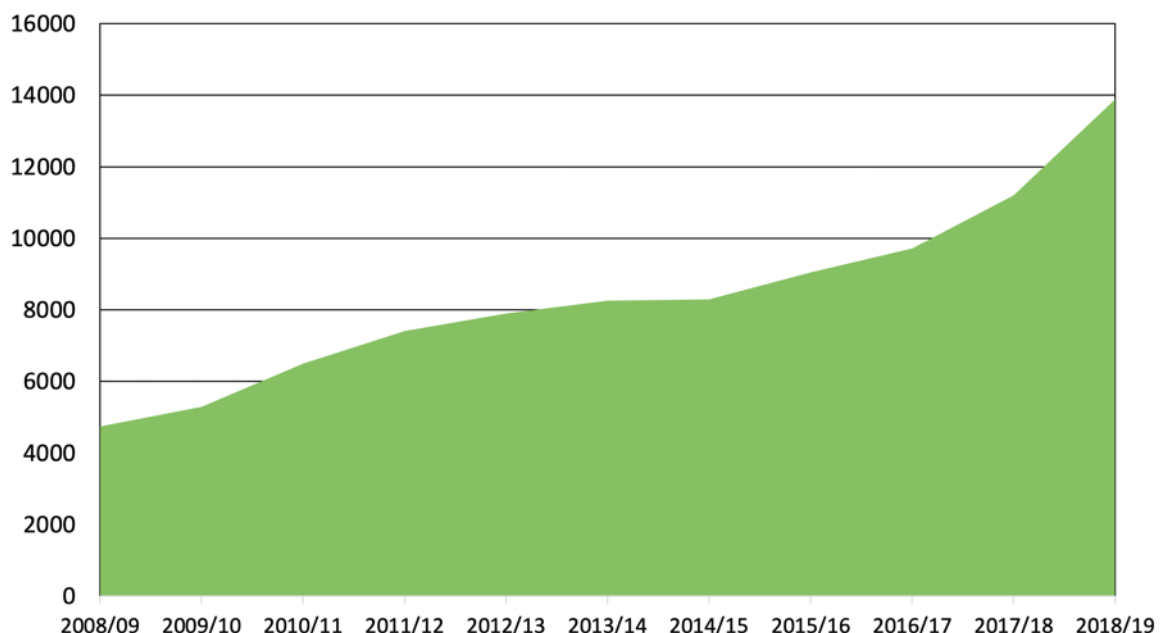
Later in the report you will hear how we fared financially and some of the highlights of the year. But I would like to end by taking this opportunity to thank my fellow Board members, Supervisory Committee and of course the staff for their contribution to what has been a challenging year for us all.

Paul Mattioli  
Chair

## Growth in 2019-2020

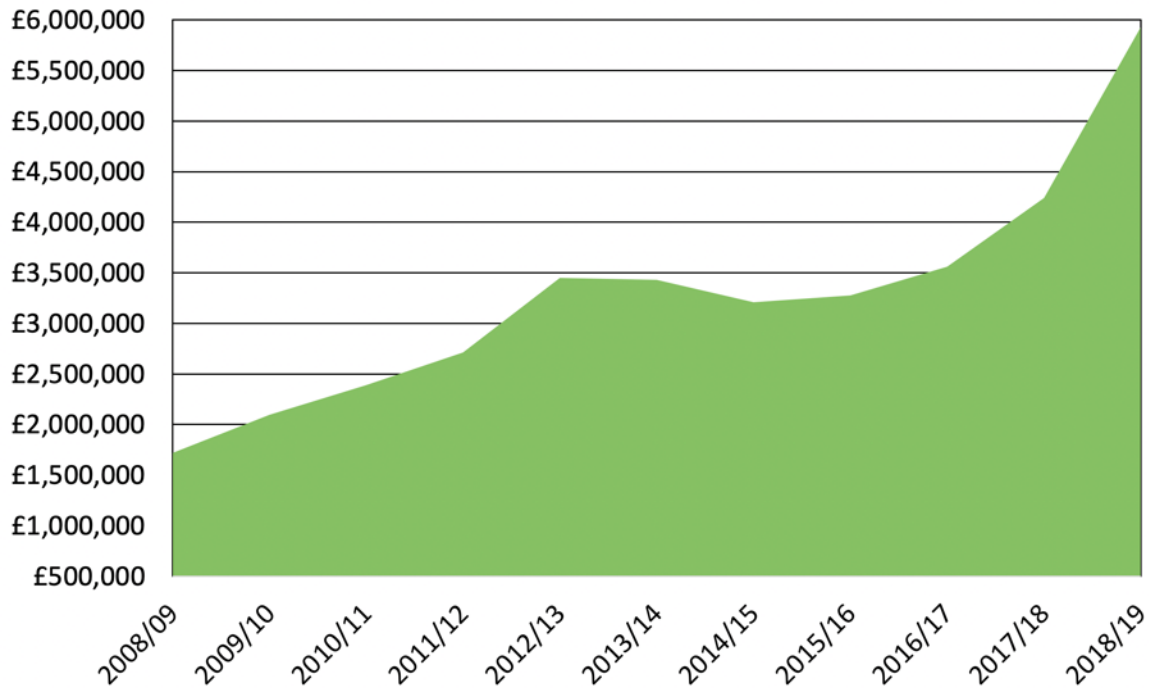
The following graphs show the impact on membership, savings and loans in the last 12 months. whilst membership has continued to grow steadily, savings have risen quite sharply during the year and particularly during the second half of the year. However, as you can see, the amount we have lent out has dropped for the first time in a number of years (see the CEO's Report).

**Membership Growth**

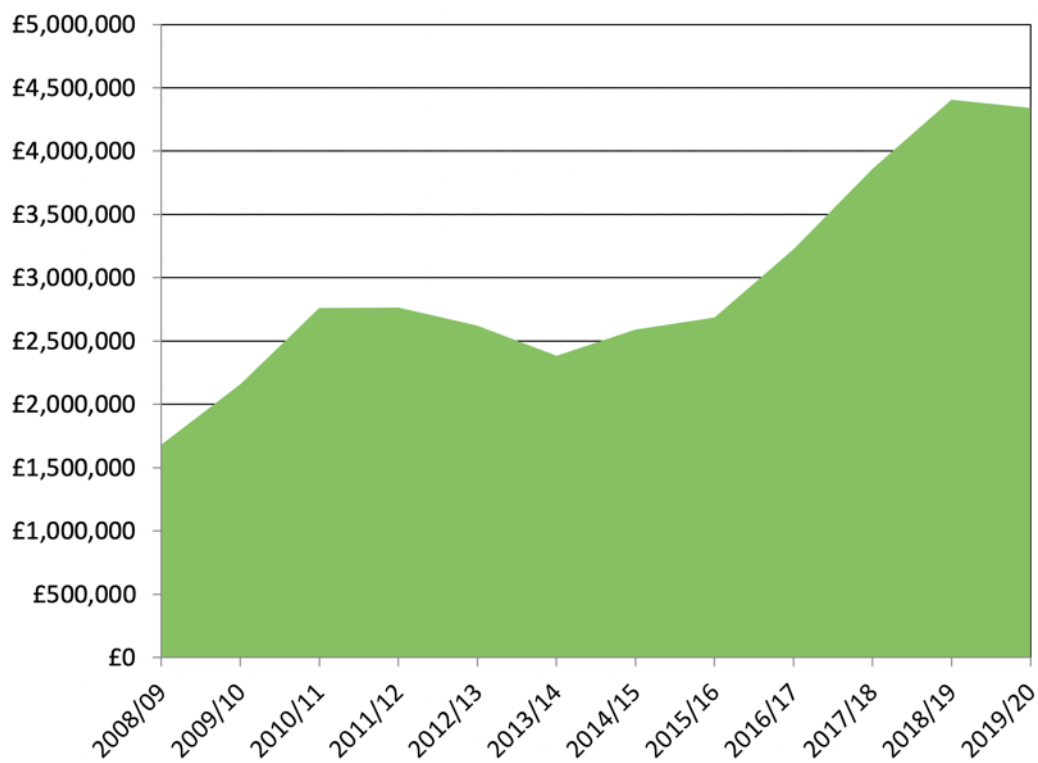


## Growth in 2019-2020

### Savings Growth



### Loans Granted



# Governance Report

Recognising and appreciating the real importance of strong governance, I am pleased to be able to report that throughout the twelve months, the standard governance of the credit union has remained high. In addition to the Board of Directors who have overall responsibility for the strategic direction of the credit union and ensure it remains robust and viable, we have a number of committees who regularly meet to look at specific areas of the business:

**Executive Committee:** Detailed oversight of all aspects of the business and providing recommendations to the Board. Also responsible for ensuring all Credit Union policies are reviewed and kept up to date.

**Risk and Compliance Committee:** Meeting regularly to review and monitor existing and emerging risks (particularly important at the outset of the pandemic). Also ensuring compliance with regulatory requirements across the business – from Health and Safety, Anti-Money Laundering and Data Protection.

**Human Resources Committee:** Responsible for supporting the management in all things HR related – staff pay and bonuses, HR policies, compliance with employment law.

**IT committee:** Responsible for overseeing and supporting the work of the IT team in their ambitious and vitally important developments.

**Nominating Committee:** Ensuring Clockwise has sufficient well trained, committed individuals who are willing and able to give their time to the work of Clockwise. And we are delighted to have recruited two new Board members – Roma Frisby and Andy Bird, and a new member of the Supervisory Committee – Paul Ashfield.

**Supervisory Committee:** A committee independent of the Board, whose annual report you will find on page 21 of this report.

I am delighted to report we have a very strong, committed and skilled professional Board and Supervisory committee who have worked through the year on your behalf and we thank them for giving their time and talents to ensuring Clockwise continues to develop successfully as a strong sustainable and innovative organisation. The Director attendance this year was 87% - March board meeting as cancelled at the outset of the pandemic as we all focused on the move to home working though there were daily catch ups with the management, to provide support and encouragement.

Directors	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total
Number	9	9	9	9	9	N/A	9	9	9	9	9	9	99
Attending	6	6	9	8	8	N/A	9	8	9	9	9	7	88



## Treasurers Report

2019/20 has been another good financial year for Clockwise despite the challenges of COVID, with a 10% increase in Loans to £5.1 million, 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 £128,425 after setting aside £70,127 for payment of Interest and dividends to members. This surplus has been used to increase our Reserves, which we hold to meet Bank of England regulations, and to finance the major IT developments currently underway, that will improve our service to members

**Income**



Total Income of £1,672,140 is £281,000 higher than last year's income. Over 85% 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. Grant income included £96,000 from Fair4All Finance to meet additional costs incurred as a result of the COVID pandemic.

### Expenditure

Total expenditure of £1,472,416 is £261,000 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 £322,000 in 2018/19 to £417,000 in 2019/20. We continue to adopt a sensitive approach to the management of repayment of members' loans and are successful in ensuring that over 92% of loans are repaid.

### Balance Sheet

We are pleased to record another year of increases in member's loans, up £482,000 to £5.1 million. Our Savings products continue to be attractive to members with total savings of £7.6 million at September 2020, an increase of £1.7 million since September 2019. This has resulted in an increase in our bank balances to £3.6 million at September 2020, from £2.1 million at September 2019. We continue to seek to reduce our bank balances through increased lending. Each member's £1 investment with Clockwise was worth £1.19 at September 2020.

## Treasurer's Report

### Capital

#### Retained Earnings

The Bank of England Prudential Regulation Authority (PRA) has set regulations on minimum Capital levels to be maintained by Credit Unions. Clockwise must maintain Capital equivalent to at least 5% of Clockwise Total Assets. At September 2020, Clockwise Capital was 14% of Total Assets. This demonstrates the financial strength of Clockwise.

#### 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

Due to the uncertainties surrounding COVID, the three-year business strategy has not been updated. However, a one-year budget has been agreed by the Board for 2020/21. Monthly results are monitored against the budget with corrective action taken where actual results deviate from plan.

# Income & Expenditure for the Year End

FOR THE YEAR ENDED 30th SEPTEMBER 2020

	2020 £	2019 £
<b>INCOME</b>		
Interest on Loans	1,455,756	1,277,625
Entrance & Service Fees	15,830	22,948
Bank Interest	6,171	7,629
Bad Debts Recovered	51,087	43,485
Grant Income	21,657	39,972
Other Income	27,959	21,233
	<b>1,672,140</b>	<b>1,391,064</b>
<b>EXPENDITURE</b>		
Employment Costs	620,346	529,448
Property Costs	17,256	18,796
IT & Office Costs	112,238	75,335
Insurance	45,339	19,167
Depreciation	27,270	26,842
Trade Association Fee	9,108	8,244
Audit Fees	28,858	19,200
Marketing	40,872	50,949
Debt Management	38,281	36,016
Legal & Professional	3,457	17,342
Other Operating Costs	28,638	22,155
Rewarding Borrowers Refund	32,399	25,147
Bad Debts	468,354	361,920
	<b>1,472,416</b>	<b>1,210,561</b>
<b>SURPLUS FOR THE YEAR BEFORE TAX</b>	199,724	180,503
Corporation Tax	-1,172	-1,718
	<b>198,552</b>	<b>178,785</b>
Dividend & Interest	-70,127	
-83,929		
<b>SURPLUS FOR THE YEAR</b>	<b>128,425</b>	<b>94,856</b>
<b>TRANSFER TO RETAINED PROFIT</b>	<b>128,425</b>	<b>94,856</b>
	=====	=====

# Balance Sheet

AS AT 30TH SEPTEMBER 2020

	2020		2019	
	£	£	£	£
<b>FIXED ASSETS</b>				
Tangible Assets		406,636		425,661
<b>LOANS TO MEMBERS (NET)</b>		5,103,108		4,261,600
<b>CURRENT ASSETS</b>				
Sundry Debtors	144,308		104,478	
Bank current & Deposit Accounts	3,602,967		2,288,570	
	<b>3,747,275</b>		<b>2,288,570</b>	
	=====		=====	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>				
Sundry Creditors & Deferred Income	135,154		86,658	
Dividend Provision	56,284		74,481	
	<b>191,438</b>		<b>161,139</b>	
	=====		=====	
<b>NET CURRENT ASSETS</b>		3,555,837		2,127,431
		=====		=====
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		9,065,581		7,174,692
		=====		=====
<b>SHARE ACCOUNTS</b>		6,027,091		4,363,633
CASH ISA		1,304,149		1,236,116
CHILD TRUST FUND		260,638		249,221
YOUNG SAVERS		98,863		77,307
RETAINED EARNINGS		1,376,840		1,248,415
		<b>9,065,581</b>		<b>7,174,692</b>
		=====		=====

# Independent Auditor's Report

We have audited the financial statements of Clockwise Credit Union Limited for the year 30 September 2020 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.

## Independent Auditor's Report

### 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](http://www.frc.org.uk/apb/scope/private.cfm)

### Opinion

In our opinion the financial statements

- give a true and fair view of the state of the Credit Unions affairs as at 30 September 2020 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 LE17 4AY

## Report from the CEO

As Paul said in the Chair's report, what a year! Plans went out of the window in March as we turned our focus on maintaining our service to members in a safe and secure way, and by making sure our staff had all the right equipment to be able to do that, also in a safe and secure way.

I am pleased that we managed to continue to look after our members with virtually no disruption in service. But nevertheless, the pandemic did impact on our lending. The previous two years had seen a year on year increase of 18-20% in lending. In the immediate aftermath of the pandemic and subsequent economic downturn, demand shrank significantly as people chose to borrow less.



Uncertainty about jobs and income, reduced income due to furlough and a general lack of confidence in the future meant less borrowing. The demand for large loans - summer holidays, home improvements, etc., also shrank. So, the amount lent out compared to the previous 12 months dropped from £4.4 million to £4.3 million. Whilst this is not a cause for concern as yet, and in fact we expected it, it is not sustainable long term so when confidence builds back we will need to consider how to reach out again to those who might need affordable loans.

In the meantime, our energies were also focused on our members. Regular communications were sent out reassuring members that their accounts and money were safe, that we could continue to process all transactions as normal and accept applications in the usual way. We retained cash withdrawal provision in branch for those who have no transactional account and are cash dependent. We did, however, reduce opening hours.

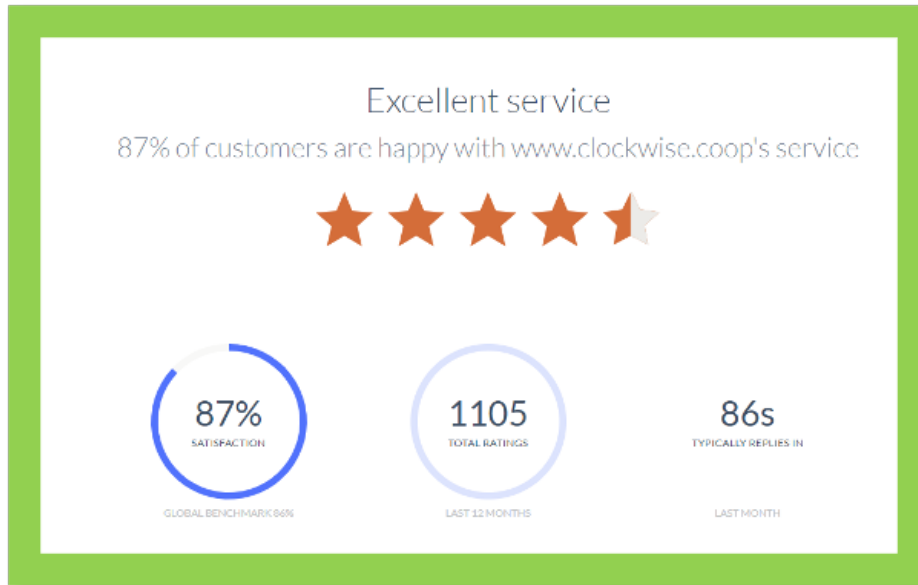
### **Developments and improvements**

The pandemic also challenged us to find new ways to ensure our service to members was maintained or improved where possible. To support our members in the new world that we now live in post Coronavirus, we introduced some new services which have enhanced the member experience at Clockwise.

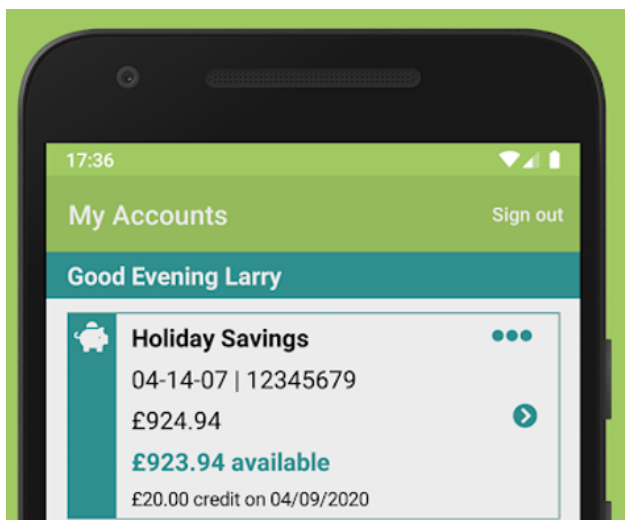


## Report from the CEO

As branch service became limited due to the lockdown and social distancing requirements both for staff and our members, our service has moved to our remote functions, with nearly all contact coming in online or over the phone. To enhance the online experience, we introduced a chat service which has been very successful with a satisfaction rate of 87% (national average is 86%).



Historically, Credit Unions have had to use third party accounts to manage our inbound and outbound payments. This can cause issues both for the Credit Union in bank reconciliation and confusion for the members around their account details and how to make a payment. In 2020 we moved to agency banking, this means that Clockwise now has its own sort code and every member now has their own individual account number, just like a high street bank or building society.



The change to agency banking also means that our members now benefit from real-time inbound and outbound payments, 24 hours a day, 7 days a week.

This is a massive change for both us and the membership, it was only 2 years ago we only made out bound payments 4 times a day Monday to Friday and inbound payments once a day Monday to Friday.

This step change in our service and processing is something that our members are very happy with and we are very proud of.



## Report from the CEO

We also released real time push notifications on our mobile app, these let our members know when they have received an inbound or made an outbound payment. This further enhancement to our app further improves the members experience of membership with Clockwise. If you have not yet downloaded the app please do so – its great!



We also introduce telephone application process – some members simply don't have access to any online services or struggle so we introduced phone applications as soon as we limited the branch service to cash only. Member get an appointment and one of our staff will call them back at the appropriate time (especially welcome as many don't have much credit on their mobile , take the application and give an immediate decision.

I am very proud of the work the staff have done to ensure our members are looked after – the compassion and commitment they have shown in some quite difficult circumstances. And as individuals, coping with changing working practices. Some people thrive on working from home – the flexibility, the freedom and no commute. But other have at time really struggled – the lack of interactions with colleagues, the sense of isolation. So our priority has been trying to ensure they are supported as much as possible – they are our most important asset but they are also individuals whose welcome is of paramount importance. I would like to record my sincere thanks to them all and end with a sincere wish that 2021 will be a great year for us all, staff, members and volunteers

## Community



As CEO, one of the highlights of the year for me was the publication of our Return on Social Investment Report. It has long been an ambition of mine to look at our social impact, the value we bring to our members and the community. The report should also serve as a catalyst for change as we learn more about how our members feel and what they value, so should help shape new products and services. The work was carried out by Natasha Jolob, of Kai-zen – change for good under the auspices of Case Cooperative and Social Enterprise Development Agency for Leicester & Leicestershire.



## Community

### Social Return on Investment Report

The following are the most important outcomes our members valued as a member of Clockwise:

- Members ranked the following as the most important
- Being less stressed & anxious
- Being able to manage money better
- Other important lessons for Clockwise
- Improved financial skills and knowledge
- Being part of decision-making process

The full report is available on our website – do please have a look. And this is just the beginning. Natasha is going to continue to work with us to regularly measure our social performance. So if you receive a request for feedback or a survey do please take the time to respond – your views are really important to us. We will also be setting up focus groups, who will come together around three to four times a year to review products and services and hopefully generate some new ideas so, again, if you see information please give some serious thought to joining a group – its not too much of a commitment but could be invaluable to us.

Teresa Manning  
Clockwise CEO

## Community Grant Scheme

Food poverty has been in the news more than ever in 2020, Clockwise was proud to support the below food banks with donations and community grants of £250 to £300, firstly in March and then again later in the year to support them in helping the local community stay fed throughout 2020.

- St Matthews Big Local
- E2 Centre
- The Bridge - Leicester
- B-Inspired
- Open Hands Trust
- Salvation Army
- Mosaic - Manor House
- Peace centre
- Action Homeless
- Jubilee Foodbank
- Braunstone Foundation
- Coalville Foodbank



## Community Grant Scheme

Over the holidays Children's groups and playgrounds had to close due to the Covid-19 Crisis, but this didn't mean that the great work they do wasn't needed. These groups worked out new ways to entertain and look after the children in their area and Clockwise was happy to help with a Clockwise Community Grant to fund the great work they did in the community.

- New Parks Adventure Playground
- Braunstone Adventure Playground
- Goldhill Adventure Playground
- Woodgate Adventure Playground
- St Andrews Play Association
- St Matthews What Cabin



### **The Bridge**

In November of 2019 we donated £500 to The Bridge to purchase sleeping bags for the homeless before the winter freeze.

### **Jasmine House - Leicester Rape Crisis**

We provided funds to help Leicester Rape Crisis re-furnish one of their counselling rooms, to make it more comfortable.

Cara Perry CEO said "This money was a godsend in helping us with this process so a big thank you to everyone at Clockwise for donating this money."



We also supported University Hospitals Leicester with a grant of £300 to provide Christmas presents for Children in Hospital that were missing Christmas.

If you are part of or work with a local group who are interested in applying for a grant please do not hesitate to get in touch.

Please provide details of the support you need, what it would mean to your group and the contact details.





## Supervisory Committee Report

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 two members, Jeremy Siddall and Paul Constable (Chair). Doug Golding has recently stepped down from his role due to ill health. The SC members wish him a speedy return to health and thank him for his valuable contribution during the year he has served on the Committee. The SC has already taken steps to approach a potential replacement with the appropriate professional skills to fill this role.

The SC follows the guidance and regulatory requirements set out by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA) relating to 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 Manager's 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.

### **Developments during 2019/2020**

At the beginning of this financial year, the SC felt that most of its focus would revolve around the development and delivery of the new IT and banking systems. Clockwise moved to a higher tier of supervision category under PRA rules. Audits of the GDPR compliance levels and IT development were scheduled to be undertaken by B M Howarth Ltd. The comprehensive due-diligence exercise undertaken by new bankers Starling, proved a valuable, if time consuming exercise with no significant issues being identified. A great deal of work was undertaken by the Board and management to facilitate this exercise and subsequently to undertake minor changes and improvements to policies and procedures.

## Supervisory Committee Report

The COVID 19 pandemic and subsequent lockdowns presented the business with its most significant challenge since its inception. All aspects of the business including those of the SC have been severely impacted and immense efforts on the part of the Board, management and staff have been required to ensure that the business functions safely and effectively. In the view of the SC, it is as a result of the pre-existing levels of governance and compliance that the proper provision of services to the membership has been maintained without interruption whilst safeguarding the health of both the members and staff. The operational strength and the foresight and effort the Board and management enabled Clockwise to take advantage of Fair4All grant funding to cushion it against bad debt and additional COVID related costs which as proved valuable but not critical in allowing the business to maintain an extremely efficient and effective service to its members.

During the crisis, Clockwise has looked to provide additional membership support with loan repayment breaks and new services, such as the Key Worker loans. This indicates that the business has the strength, both financially and structurally to not just focus on addressing business risks but also on delivering new member benefits.

The SC has noted that the bad debt situation has worsened when compared to internal targets. However, this was expected by the Board and management and steps taken to mitigate the situation with recent improvements noted as members have been able to correct arrears as their financial situations stabilised. The SC feel that the current situation is well controlled and monitored. Unfortunately, £16k was lost due to a Key Worker loan fraud, which with hindsight might have been avoidable, but the steps taken to identify and address system weaknesses were quickly taken and the SC feel comfortable with the action taken. This loss does not pose any inherent risk to the business or membership.

The SC note that Clockwise remains proactive in its planning and this will include looking at ways to 'scale up' the business in the coming years and a great deal of effort has again been undertaken during this period to look for financial grants to support these efforts. The 'scale up' proposals will require careful assessment and planning and the SC agree that the Board is correct to focus on the need to have the appropriate recruitment, personnel and development programmes in place. The SC feels the business would benefit from third party guidance and review of the specific needs and are pleased to see that these issues are already being discussed as part of the Board agenda.

We are very pleased that the Risk and Control Committee are taking a robust approach to their role and thank the Chair and members for their hard work.

Overall, the SC feel that Clockwise exceeds the standards exhibited by its peer groups.

## Supervisory Committee Report

### Specific Committee Activities

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

- Members attended all 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.
- Six 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.
- SC members completed their annual training via the ABCUL Academy.
- Regular verbal and written reports of the SC's activities are presented to the Board and formally minuted.
- 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.
- The year-end cash check 30/09/2020 could not be completed by SC membership due to COVID restrictions but after approval by the Board, the check was delegated and undertaken by a senior management not directly involved with cash handling.

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

As mentioned, the COVID pandemic has resulted in planned external audits not being undertaken. The SC will maintain regular contact with B M Howarth Ltd who will continue to provide a specialist audit service for Clockwise. Despite the lack of audit work, the SC feel that no material issues with systems and processes exist and feel that the detailed work undertaken by Starling Bank can be taken as a measure of compliance with regulatory requirements and represented by an independent and detailed audit.

The SC on behalf of the membership, would like to thank the Board, Management team and staff for their help and support during the year and for their excellent levels of commitment and energy during the ongoing challenges.

Paul Constable (Chair)

## 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

### **Other Information:**

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

Telephone: 0116 2423900

Website: [www.clockwise.coop](http://www.clockwise.coop)

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