

# The NHS Credit Union

ANNUAL REVIEW  
2015-16



loans *saving* services welcome  
family **ethical** financial  
care first health secure



# Much more than just a financial success story



ONE of the most rewarding aspects of being part of the team at the NHS Credit Union is hearing from members whose lives have been improved by our services.

It's very easy when compiling a review of a financial year to focus on the figures. And while the figures certainly make good reading for the NHS Credit Union in a business sense, it's the story behind those statistics that I'd like to concentrate on in this, my first review as Chairman of the credit union.

Of course it's great from a business point of view that we increased our loan allocation by £2.3million over the course of the year. But every one of those loans went to an individual member of the NHS Credit Union. And when you look at some testimonials received from our members, you appreciate what a difference that made.

One member told how the loan she received will allow her wedding to take place next summer. Another was overjoyed when her home improvement loan was approved as this will allow her two children to have their own rooms for the very first time.

Naturally, not every one of the 9200 loans we approved in the financial year will have had quite such an impact, but every one will have helped in some way – even if it was something as mundane as paying for a repair to allow a member to get a car repaired and back on the road ... or redecorate a tired room. It all helps.

It's also very encouraging to look at our membership growth over the year. Very few organisations will have seen a better figure than the 18.5% increase recorded at the credit union, with around 15,000 NHS staff all over the country now taking advantage of the services we offer.

Again, I'd like to look behind that figure and

focus on the fact that thousands more people have now joined our financial family.

That family could not have enjoyed such a successful year without the huge amount of work put in by board members – all of them ordinary members of the CU - who volunteer their expertise and time to help steer and grow the business. They give of their time freely and with great enthusiasm and, I believe, work very effectively as a board of governance.

I'd also like to take this opportunity to pay tribute to our staff team, who go out of their way to make sure we provide all our members with a first class financial service.

Our Chief Executive Officer, Robert Kelly will

talk more in his report about the developments over the year, and where the business now stands. But I'd also like to give a brief insight into what lies ahead as we prepare for what will be the most exciting year of change in our history.

We are now in the final stages of preparing to move to a new banking platform which will transform services for members. As just one example, by the end of the first quarter of 2017, members should have access to their credit union account via their mobile phone – and all online services will be streamlined and more effective.

Much more information will be made available in the lead-up to the transformation date, but no matter what improvements are made on the technology side of the business, the NHS Credit Union will remain focused on our core objective, which is quite simply providing ethical services to help us better care for the financial health of all individuals who are part of the NHS Credit Union family.

*Ally McLaws, Chair, NHS Credit Union*



# What members say about the services we provide



“ We can not thank you enough for sorting this loan out for us. It means our two kids will get their own room for the first time. I could burst with excitement . ”

“ Many thanks for all your support. I'd like to say that staff in the Credit Union are extremely helpful and professional. They are a credit to your organisation. ”

“ I'd like to thank you. When my wage slips went missing you went over and above your duty to retrieve them, which allowed the process of my loan to go through. ”

“ I decided to email just to say what a friendly and helpful team you are. Anyone I've spoken to has always made me feel comfortable and at ease. ”

# Meet the staff of team NHS Credit Union



AS membership of the NHS Credit Union continues to grow, the staff team has also increased. We now have 15 staff in our Dava Street base, responsible for the efficient provision of financial services to our members.

The team, and their individual areas of responsibility, comprises:

**Chief Executive Officer:** Robert Kelly.

**Head of Operations:** Mary Clark.

**Compliance, Risk and Training Manager:** Melanie Gilmour.

**Lending Manager:** Caroline Campbell.

**Senior Lending Officer:** Natalie McQuade.

**Lending Officers;** Victoria Casey and Amanda Gilmour.

**Lending Assistants;** David Cairns and Gemma McGinley.

**Business Support Manager:** Nicola Dobson.

**Business Support Officer:** Paula Bell.

**Business Support Assistants:** Daniella Brown and Ruth Ryan.

**Corporate Support Administrator:** Tom Sim.

**Marketing Consultant:** Logan Taylor.

There have been a number of highlights for that staff team during the financial year, including an all-time high for loans issued - and a record monthly membership increase.

The records actually started tumbling in the first month of the financial year under review.

During October 2015, 360 new members signed up – the highest total for any month since the credit union started out in November 1998 in the nurses' quarters of Glasgow's Southern General Hospital.

The following month saw loans issued to members of the credit union smash through the million pound mark for the first time in our 17-year history.

In the month, there were 924 loans issued to credit union members, with a total value of £1,005,261.58. That figure was an increase of more than £250,000 on the previous monthly record, which was achieved in July 2015, when loans broke through the £750,000 mark for the first time.

## Our vision

All the team at the NHS Credit Union share a common vision - that we will welcome NHS staff into the family that cares for their financial health - and become their first choice for ethical loans and secure savings.

**Ethical**

**Secure**

**Family**

**Loans**

**Savings**



# Meet the directors of team NHS Credit Union



THE NHS Credit Union is run by volunteer directors who represent a wide range of NHS employees. Any member can seek election to the board. There is a good level of training, covering areas such as UK financial services regulations, governance and risk management.

Becoming a director of the NHS Credit Union allows members to help shape the future of the organisation - and can also assist with their personal development.

The credit union has a broad range of NHS staff in its boardroom and all play an important role in developing strategy and policy as the organisation continues to grow and develop new services for its 15,000 members.

Volunteer directors currently include senior medical specialists, consultants, staff from the world of auxiliary nursing, payroll, inequalities, public affairs, finance and communications as well as retired NHS staff.

The only requirement to seek election to the

board of directors is that you are a member of the credit union and are able to attend around a dozen board and committee meetings per year.

Apart from the training provided for board members, there are opportunities to learn about business in the boardroom and support the existing committee structure which supports the business of the NHS Credit Union.

Any member interested in seeking election to the board should contact the NHS Credit Union Chief Executive Officer, Robert Kelly, by emailing [robert.kelly@nhscreditunion.com](mailto:robert.kelly@nhscreditunion.com)

The current board members are:  
Chairman: Ally McLaws;  
Vice-Chairman: James Hobson;  
Secretary: Elizabeth Degning;  
Treasurer: Robert Hosie.  
Directors: Agnes Stewart (MBE);  
Tom Waterhouse; Margaret Bean;  
Noreen Shields; Gordon Robertson;  
Dr Mathis Heydtmann, Luan Johnston.



# Well prepared for challenging - times

IT is a pleasure for me, as Chief Executive Officer of the NHS Credit Union, to be able to present this report reflecting on another year of significant growth in all strategic areas of the business.

The 2015-16 financial year saw our membership grow by more than 2,300; our members' savings grow by almost £2million, and the value of loans issued grow by almost £3million. Those would be excellent figures at any time, but given the overall uncertainty in the wider economy, the figures become even more remarkable.

The growth in membership means that the end of the financial year saw us providing ethical financial services to almost 15,000 NHS staff and their families all across the country. I am delighted that this growth has been maintained in the new year.

One of the founding principles of the NHS Credit Union – which remains true to this day – is that we encourage a saving culture among our members. The fact that our members now entrust us with almost £17million of their savings shows that culture is still being embraced and relied upon.

Another key strand of our service provision is offering members a helping hand when they need it most, by way of ethical, affordable loans. The growth in our loan book over the course of the year,

from £7.8m to more than £10.7m, shows more members are taking advantage of that provision.

What was also pleasing for the business was to see us gain a 5-star award from the Fairbanking Foundation for our main personal unsecured loan product. It's the first time such an award has been made to an employee-based credit union.

Those are some of the headlines from the financial year, but there is much more going on behind the scenes.

Since we joined the nationwide Credit Union Expansion Project, we have been preparing for the launch of a new banking platform that will transform the services we offer members and the facilities we can provide. The process has required lots of time, effort and dedicated resources and we are now due to launch in the first quarter of 2017. As CEO of the credit union, I am confident that once members see the opportunities offered under the new system, they will agree that it was well worth waiting for.

In advance of the new system going live, we have strengthened our office team, strengthened our board of directors – and invested heavily in new IT equipment. These changes have been achieved without any disruption to the services provided for members

and that will remain a key target as we move into the final stages of the transformation project.

It has been a truly exciting period for the credit union, and it will remain both exciting and challenging as we move forward. The challenges we have already faced could not have been met head on and overcome without a dedicated and highly effective board of volunteer directors – and a fantastic staff team willing to embrace our vision for the future.

Whilst never being complacent, I believe we can look back with great satisfaction at the progress made in the last 12 months.

And as we look ahead, one thing will remain constant - our determination to always put the interests of our members at the heart of everything we do.

The year ahead will see another major evolution in the history of the NHS Credit Union and at the end of that period I'm absolutely confident we will be able to look back and report that we have continued to deliver tangible benefits to an ever-growing family of members. This will continue to be underpinned by providing them with ethical and innovative financial services. Thank you for your continued support.

*Robert Kelly,  
CEO, NHS Credit Union*

# the exciting - and ahead for our family

## GROWING our membership

UP from 12,599 to 14,929 over  
the course of the financial year

**+18.5%**

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## GROWING our loan book

**+38%**

UP from £7,760,448 to  
£10,750,035 in the financial year

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## GROWING our members' savings

UP from £14,862,488 to  
£16,800,690 in the financial year

**+13%**

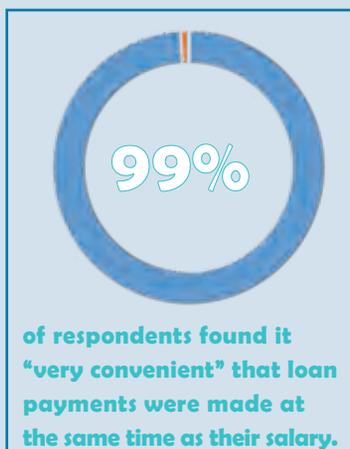
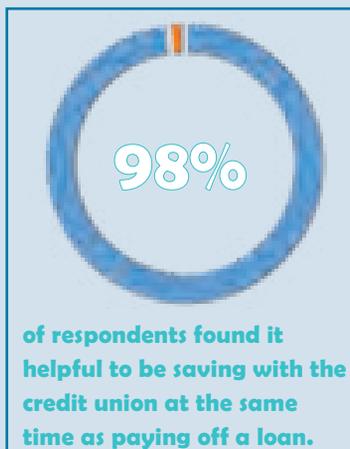
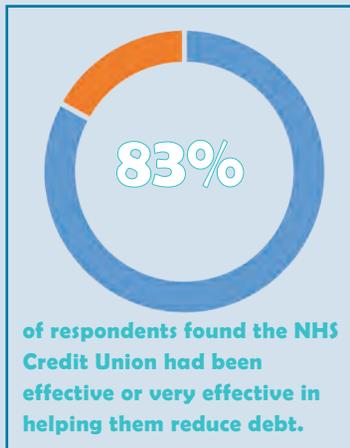
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## GROWING our operating surplus

**+56%**

UP from £363,416 to  
£566,477 in the financial year

# Award-winning loans are a 5-star attraction



EARLIER this year, the NHS Credit Union made a piece of financial history when it received a top award for its personal loan services.

The five-star rating from the prestigious Fairbanking Foundation is the highest award issued by that organisation. This was the first time that the Fairbanking Mark (used by banks like RBS and Natwest as a mark of the value their products have on customer financial wellbeing) had been awarded to any credit union serving employees of a specific sector.

The rating signifies that the credit union's personal loans have a "tangible positive impact on customers' financial wellbeing".

The Fairbanking Foundation is the leading certification scheme for

financial institutions in the UK. In addition to the NHS Credit Union, the Fairbanking Mark was also awarded to the Hoot Credit Union and the 1st Class Credit Union for their personal loan products.

To qualify for the top rating, the credit unions had to undergo a rigorous evaluation process, which involved analysis of the loan product features and an extensive, independent customer research programme to assess how the product was working in practice. Some results of that research are highlighted (left).

A report was then submitted to the Fairbanking Mark Assessment Panel - an independent body of experts who review all product assessments, and also look at wider factors, including the rates charged/offered by the product. Those experts then decide whether to grant a Fairbanking Mark, and what star rating to award.

Antony Elliott, Chief Executive of the Fairbanking Foundation, said: "The evidence shows that credit unions are playing an increasingly important role in people's financial lives in the UK."

The Fairbanking Foundation is a not-for-profit, research-based charity established in 2008 to encourage and assist providers of banking products to improve the financial well-being of their customers by enabling these customers to manage their money better.



# Wide range of financial benefits on offer to health staff



## Financial responsibility

All members of the NHS Credit Union are required to save on a regular basis - even when they are paying off loans. By encouraging them to develop a savings culture, this also promotes a greater sense of financial responsibility.



## Ethical Borrowing

Members have access to a variety of loan products at reasonable rates of interest. But before any loan will be granted, credit union staff will ensure the member can manage the repayments to avoid burdening them with debt they can't afford to repay.



## Unique benefits

Members own the credit union and benefit from the success of the business through a savings dividend. Members also enjoy unique, free, life insurance benefits for their families, which sees many loans paid off and savings doubled if a member dies.



## Big savings in interest payments

Loans from the NHS Credit Union can save members huge amounts. Borrowing £1,000 over 12 months would cost £1907.40 with Pounds to Pocket; £1,872 with the Provident - and £1,100.15 with the credit union. (As at November, 2016) In addition, a credit union member would enjoy the death protection benefits outlined above, as well as boosting their savings by £120.

# The financial year in facts and figures



NHS (SCOTLAND & NORTH ENGLAND)  
CREDIT UNION LTD (REGISTERED NUMBER: 213898)

## Balance Sheet 30 September 2016

	2016		2015	
	£	£	£	£
<b>FIXED ASSETS</b>				
Tangible assets		393,932		390,399
<b>CURRENT ASSETS</b>				
Members loans and other assets	11,953,274		8,390,098	
Cash at bank and in hand	<u>6,551,804</u>		<u>7,727,096</u>	
	18,505,078		16,117,194	
<b>CREDITORS</b>				
Members shares and other liabilities	<u>16,873,150</u>		<u>14,937,039</u>	
<b>NET CURRENT ASSETS</b>		<u>1,631,928</u>		<u>1,180,155</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,025,860</u>		<u>1,570,554</u>
<b>RESERVES</b>				
Retained earnings	<u>2,025,860</u>		<u>1,570,554</u>	
(Includes £100,000 Lloyds/CUF Fund)	<u>2,025,860</u>		<u>1,570,554</u>	

# The financial year in facts and figures



## Detailed Revenue Account for the Year Ended 30 September 2016

	2016		2015	
	£	£	£	£
<b>Loan interest receivable</b>		<b>1,018,277</b>		781,452
<b>Other income</b>				
Sundry receipts	3,425		3,517	
Insurance commission	1,323		1,008	
CUEP income	46,133		72,031	
Grants received	100,000		9,500	
Impaired loans recovered	6,381		10,401	
Interest on bank account	68,399		74,151	
Entrance fees	7,992		5,625	
		<b>233,653</b>		176,233
		<b>1,251,930</b>		957,685
<b>Expenditure</b>				
Insurance	64,940		62,070	
Light and heat	2,821		2,867	
Management expenses	5,050		1,726	
Wages	268,684		239,265	
Employer NIC	20,549		18,252	
Pension & critical illness	8,308		5,858	
Telephone	6,701		7,724	
Printing, postage & stationery	40,590		38,489	
Marketing costs	16,200		11,632	
Staff travel & subsistence	11,499		9,766	
Dues & fees	20,881		14,683	
Computer maintenance & software	26,198		19,550	
Conference and training	8,040		27,948	
Repairs and renewals	5,830		5,054	
Sundry expenses	5,245		2,123	
Professional fees	11,226		12,033	
Auditors' remuneration	5,520		5,520	
Impaired loans written off	63,736		38,657	
Impaired loans provision	51,050		28,998	
Impaired losses recovery expenses	14,335		16,302	
		<b>657,403</b>		568,517
		<b>594,527</b>		389,168
<b>Finance costs</b>				
Bank charges		<b>14,783</b>		12,166
<b>Depreciation</b>				
Long leasehold	9,321		9,321	
Office equipment	3,946		4,265	
		<b>13,267</b>		13,586
<b>NET SURPLUS</b>		<b>566,477</b>		363,416

# Proud to support the communities we serve



APART from a constant drive to improve the service we offer our members, the NHS Credit Union is also committed to playing a full part in supporting the communities it serves.

As part of that commitment, the credit union is currently backing the appeal to build the new Prince and Princess of Wales Hospice in Glasgow.

Efforts in the last financial year raised more than £3,000 towards the credit union's £10,000 target, and provided some fun moments along the way.

The first fundraiser saw staff donning Hallowe'en costumes to go round local businesses collecting for the cause.

The latest effort again involved some nifty costumes (as the picture below shows) when staff and directors took part in the Bubble Rush held in Glasgow's Bellahouston Park. The credit union team, including some young family members, joined hundreds of other fundraisers completing the 5k course.

Credit Union members have also played their part in the appeal, contributing through a JustGiving page set up for donations.

