

Public Document Pack

Town Hall, Rose Hill,
Chesterfield, Derbyshire S40 1LP

DX 12356, Chesterfield
Email democratic.services@chesterfield.gov.uk



The Chair and Members of Joint Board

Please ask for Donna Cairns

Direct Line 01246 34522977

Fax 01246 345252

9 January 2015

Dear Councillor,

Please attend a meeting of the JOINT BOARD to be held on MONDAY, 19 JANUARY 2015 at 10.30 am in the Council Chamber at North East Derbyshire District Council, the agenda for which is set out below.

AGENDA

Part 1(Public Information)

1. Declarations of Members' and Officers' Interests relating to items on the Agenda
2. Apologies for Absence
3. Minutes (Pages 3 - 12)
 - Record of Decisions of the Joint Board held on 1 September, 2014
 - Notes of the meeting of the Joint Board held on 1 September, 2014.
4. Credit Union Financial Report and Business Plan (Pages 13 - 30)
5. D2 Combined Authority (Verbal Discussion)

Yours sincerely,

Local Government and Regulatory Law Manager and Monitoring Officer

Chief Executive
Huw Bowen



This page is intentionally left blank

Agenda Item 3

RECORD OF EXECUTIVE DECISIONS – JOINT WORKING

CBC:LEADER BDC: LEADER NEDDC:LEADER	Date of Decision 01.09.2014	
CBC Non-executive Leader’s Support Members present: N/A		
Title Reference: Minutes		
Key Decision References (if applicable): CBC: BDC: NEDDC:	Delegation Reference: CBC: R080L BDC: NEDDC:	
Report and Background papers		
Decision Status (CBC)	On Forward Plan General urgency Special Urgency	Authorised By:
Record of Decision: That the notes and Record of Decisions of the Joint Board meeting held on 12 May 2014 be noted.		
Reasons for Decision: To note progress on joint working.		
Alternative options considered and rejected (if any)		
Declarations of interests:		
Decision subject to call-in Yes		
Date Record Issued 02.09.2014 Contact Officer: Donna Cairns		

CBC:LEADER		Date of Decision 01.09.2014	
BDC: LEADER			
NEDDC:LEADER			
CBC Non-executive Leader's Support Members present: N/A			
Title Reference: North Eastern Derbyshire Strategic Employment Partnership Update			
Key Decision References (if applicable): CBC: BDC: NEDDC:		Delegation Reference:	CBC: R080L BDC: NEDDC:
Report and Background papers			
Decision Status (CBC)	On Forward Plan General urgency Special Urgency		Authorised By:
Record of Decision:			
1. That the North Eastern Derbyshire Strategic Employment Partnership (NEDSEP) be disbanded.			
Reasons for Decision:			
The work of NEDSEP has been superseded by the collection of other programmes that are being delivered locally; therefore NEDSEP is no longer required to support partnership working.			
Alternative options considered and rejected (if any)			
Declarations of interests:			
Decision subject to call-in: Yes			
Date Record Issued: 02.09.2014 Contact Officer: Donna Cairns			

CBC:LEADER		Date of Decision 01.09.2014	
BDC: LEADER			
NEDDC:LEADER			
CBC Non-executive Leader's Support Members present: N/A			
Title Reference: Joint Scrutiny Panel Report			
Key Decision References (if applicable): CBC: BDC: NEDDC:		Delegation Reference:	CBC: R080L BDC: NEDDC:
Report and Background papers			
Decision Status (CBC)	On Forward Plan General urgency Special Urgency		Authorised By:
Record of Decision:			
1. That the Joint Scrutiny Panel Report be received.			
Reasons for Decision:			
The Joint Scrutiny Panel (Shared Services) is required by its Terms of Reference to report back annually on its work to the Joint Board.			
Alternative options considered and rejected (if any)			
Declarations of interests:			
Decision subject to call-in: Yes			
Date Record Issued: 02.09.2014 Contact Officer: Donna Cairns			

CBC:LEADER		Date of Decision 01.09.2014	
BDC: LEADER			
NEDDC:LEADER			
CBC Non-executive Leader's Support Members present: N/A			
Title Reference: Internal Audit Consortium – Annual Report 2013/2014			
Key Decision References (if applicable): CBC: BDC: NEDDC:		Delegation Reference:	CBC: R080L BDC: NEDDC:
Report and Background papers			
Decision Status (CBC)	On Forward Plan General urgency Special Urgency		Authorised By:
Record of Decision:			
<ol style="list-style-type: none"> 1. That the annual report of the Internal Audit Consortium be noted. 2. That the surplus in the Internal Audit Consortium trading account be retained for the purposes described in paragraph 4.3 of the report. 			
Reasons for Decision:			
To enable the Joint Board to consider the 2013/14 Annual Report of the Internal Audit Consortium.			
Alternative options considered and rejected (if any)			
Declarations of interests:			
Decision subject to call-in: Yes			
Date Record Issued: 02.09.2014 Contact Officer: Donna Cairns			

Notes to Record of Decision (Joint Working):

CBC - CALL-IN REQUESTS

*The implementation of certain decisions is suspended until the call-in period has expired without a call-in being validly invoked. Any Member of the Council shall be entitled to call for a decision to be suspended by giving notice to the Monitoring Officer either by telephone, fax, email or in writing **not later than 5.00 pm on the day following the date of the Joint Board meeting.** Any decisions so suspended shall not be capable of implementation for a period of **five calendar days** from the date of the Joint Board meeting. During the call-in period a request may be made in respect of any decision so suspended by not less than one quarter of the total membership of the Overview and Performance Scrutiny Committee. To do this you will need to notify the Monitoring Officer in writing, by fax or by email by 5.00 pm on the date being five days following the day of the Joint Board meeting.*

BDC - CALL-IN REQUESTS

*The implementation of certain decisions is suspended until the call-in period has expired without a call-in being validly invoked. The call-in period is **five clear days** from the date of this decision notice. During the call-in period **at least two** members may request certain decisions to be called in. You may do this in any of the following ways - In writing - a written notice may be signed by one or more Members, • E mail - this may be done using a Members terminal within the Council Offices or where a member has the facility via the internet, • By fax - as with written notifications, the faxed message may contain the signature of more than one Member.*

NEDDC - CALL-IN REQUESTS

*The implementation of certain decisions is suspended until the call-in period has expired without a call-in being validly invoked. The call-in period is **five working days** after the publication of this decision. During the call-in period the **Chair or Vice Chair together with three other members of any Overview and Scrutiny committee** may object to a decision and call it in.*

This page is intentionally left blank

JOINT BOARD

Monday, 1 September, 2014
at Bolsover District Council

Present -

Bolsover District Council

Councillor E. Watts (in the Chair)
Councillor A. Tomlinson
Councillor K. Bowman
W. Lumley (BDC/NEDDC)
P. Hackett (BDC/NEDDC)
J. Williams

Chesterfield Borough Council

Councillor J. Burrows
Councillor T. Gilby
Councillor A. Slack
H. Bowen
D. Cairns

North East Derbyshire District Council

Councillor G. Baxter

1. **DECLARATIONS OF MEMBERS' AND OFFICERS' INTERESTS RELATING TO ITEMS ON THE AGENDA**

No declarations were made.

2. **APOLOGIES FOR ABSENCE**

An apology for absence was received from Councillor Betty Hill.

3. **MINUTES**

The notes and the Record of Decisions of the Joint Board meeting held on 12 May, 2014 were noted.

4. **NORTH EASTERN DERBYSHIRE STRATEGIC EMPLOYMENT PARTNERSHIP UPDATE**

The Employment and Skills Officer (NEDDC) submitted a report to request that the North Eastern Derbyshire Strategic Employment Partnership (NEDSEP) be disbanded as it had been superseded by a collection of other locally delivered programmes to support young people into work.

AGREED - That NEDSEP be disbanded.

5. **ANNUAL REPORT 2013/14 OF THE JOINT SCRUTINY PANEL (SHARED SERVICES) – CHESTERFIELD BOROUGH, BOLSOVER DISTRICT AND NORTH EAST DERBYSHIRE DISTRICT COUNCILS**

The Joint Board considered the Annual Report 2013/14 of the Joint Scrutiny Panel (Shared Services). During the year the Panel had considered the annual reports, business plans and quarterly financial and performance information for the three main shared services: Building Control, Internal Audit and Procurement.

The Panel had also scrutinised the insurance arrangements of the three Councils to consider the possibility of a partnership approach. It was agreed that this was not appropriate given the differing needs of the three Councils, however it was recommended as a potentially beneficial approach for parish councils.

The Panel wished to be more proactively engaged with decision making and requested information be shared with them at an earlier stage. Future meetings of the Joint Scrutiny Panel (Shared Services) were to be scheduled to take place prior to meetings of the Joint Board, wherever possible.

AGREED – That the report be noted.

6. **INTERNAL AUDIT CONSORTIUM – ANNUAL REPORT
2013/14**

The Interim Head of the Internal Audit Consortium submitted a report to inform the Joint Board of the Consortium's work in its seventh year of operation (2013/14).

During this year the Consortium had expanded its operation to take on the management of the internal audit function at Derbyshire Dales District Council.

The report gave a summary of the progress made with regard to:

- The preparation of Internal Audit Plans for the three Councils
- Changes made to Working Procedures / Improvement Plans
- The Consortium's Financial performance
- Staff, Training and Development

It was noted that the 2013/14 budget outturn showed a surplus of £77,000; the main reason being due to lower staffing costs. The accumulated surplus at 31 March 2014 was therefore £128,000 (made up of the 2013/14 surplus and £51,000 from the previous year.)

It was proposed that £30,000 be retained as the previously agreed working balance, that £3000 be reserved for staff training and development and the balance retained as contingency for the Auditor grading appeal.

- AGREED:**
1. That the annual report of the Internal Audit Consortium be noted.
 2. That the surplus in the Internal Audit Consortium trading account be retained for the purposes described in paragraph 4.3 of the report.

This page is intentionally left blank

Chesterfield & North East Derbyshire Credit Union
Financial Report
Year to September 2014

SUBJECT TO AUDIT

Introduction

Last year when the budget was set there was uncertainty about the ability of the CU to achieve the targets however the budget has been well beaten and the following tries to explain how this has been achieved.

Income & Expenditure (I & E)

Income at £167,128 is better than budget by £19,226 due to higher interest received (mainly FLS this is due to the board increasing the availability of funds due to the high demand) interest earned from the usual member's loans was near to budget. Higher grant income received (TH, CBC NEDBD) offset by lower CUEP income. **CUEP has been at best a diversion from the main area of the business.**

Expenditure at £125,259 is better by £10,485 mainly due to lower staff costs (the budget allowed for increases in current wage levels, apart from the manager there has been no increase). The move of premises proved to incur lower professional fees than anticipated, bad debt provisions although the budget was set at lower than the previous year this has been beaten by some £3,500. **CUEP has been a non-event as we do not to use ALD to its full potential.** This has been offset by occupancy costs which include £3,500 write off for the telecoms system.

The net income at £41,869 was £29,711 better.

Balance Sheet

The comparisons are to the 30 September 2013

Net loans to members rose from £188,429 to £249,165 an increase of 32%. Including Family Loans the net loan book is £490,906 an increase of 63%. The Value of Member's Shares has risen from £247,230 to £342,439.

Liquidity

The bank balance excluding FLS balances remains healthy at £127,825 after transfer of £50,000 to FLS Account. The balance at bank remaining for FLS loans is £29,934

	£
Members Shares	342,439
Current Liabilities – Grants in advance etc.	82,069
Total	424,508

5% = 21,225: 10% = 42,451

Capital Asset Ratio

Excluding "Capital Reserves" the Capital Asset Ratio is:

Audited Reserves + Accumulated Profits = $\frac{7221+41,869}{11,693 + 654,627} \% = 7.4\%$

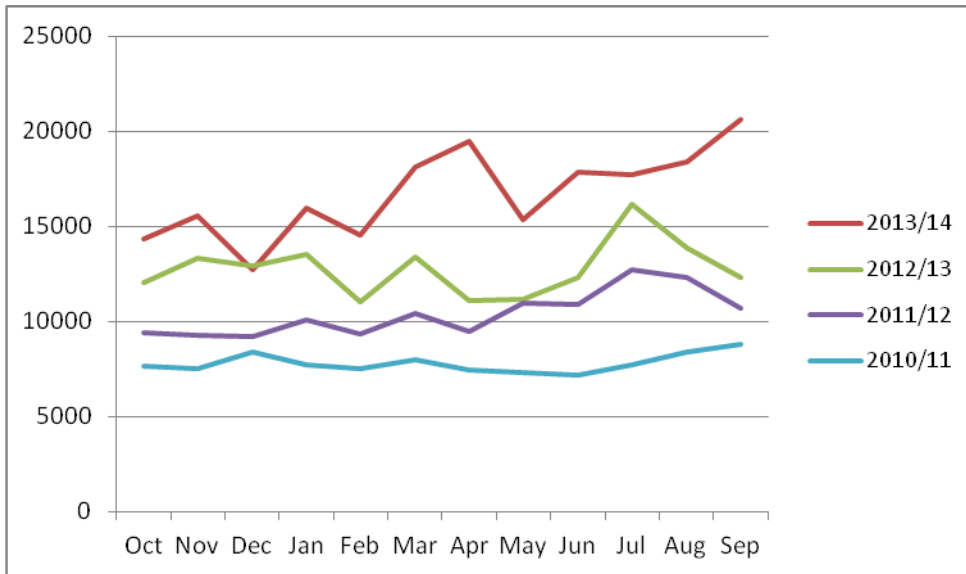
Assets

Bad Debt Provision

100% of all exposure of loans that are over 12 months behind, 35% of loans that are behind by 3-6 months, 60% of all loans between 6-9 months, 80% of all loans between 9 to 12 months and 2% of all other loans. Bad debts written off during the year were £16,933 some of these being the older debts. The bad debt provision has reduced by £10,741 therefore the net increase was £6,192.

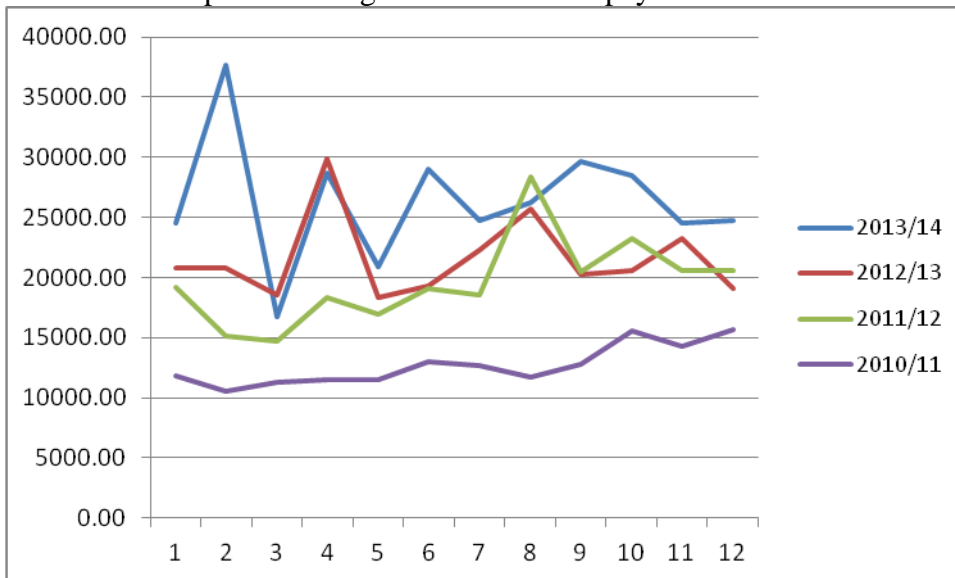
Standing Orders

A good month for standing orders (excluding FLS) at £20,642 was £8,000 above previous year...



Cash collections

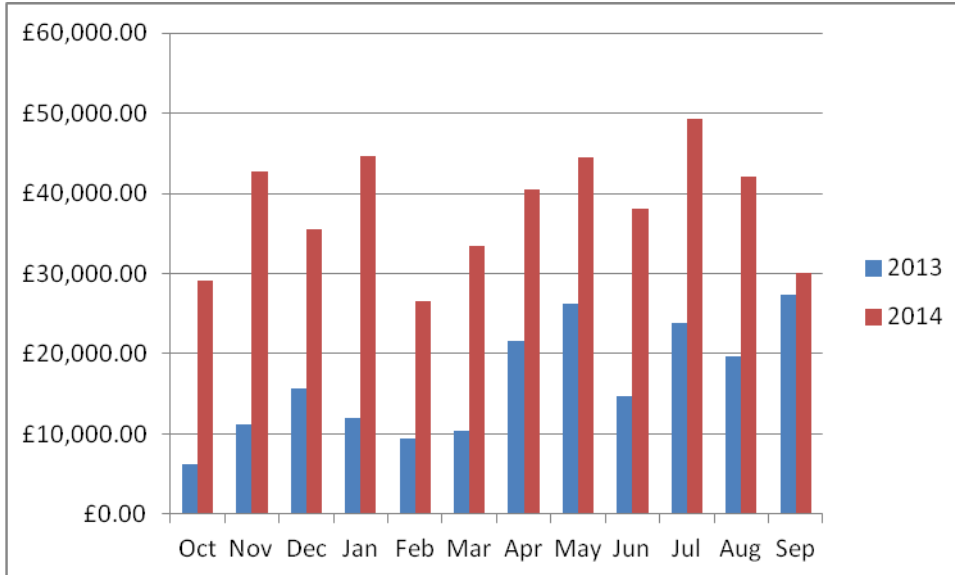
Total cash receipts excluding FLS from loan repayments and shares were £24,775.



FLS Activity

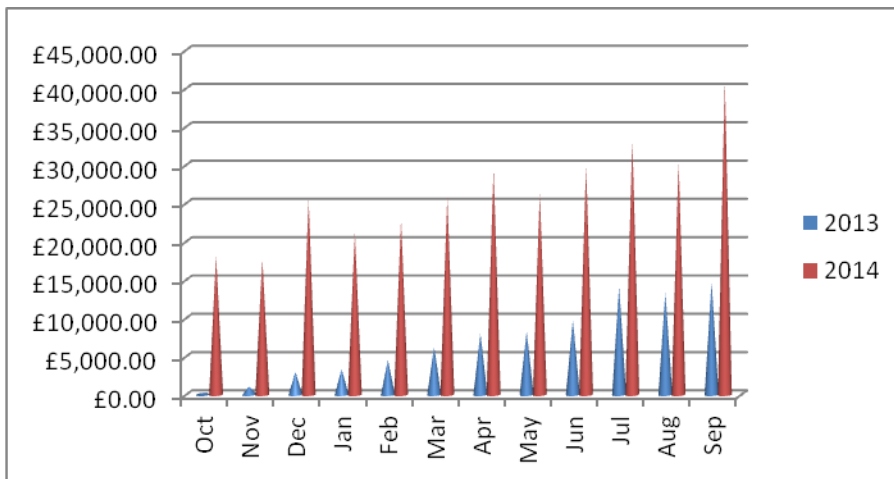
Loans made:

In the first 12 months 580 loans were made totalling £198,145. This year 1631 loans were made totalling £456,256.



Repayments Received:

Repayments during the first 12 months amounted to £86,545. This year repayments of £321,263 have been received



Repayments are being received at over £35,000 per month and the handling of benefit repayments are now over £20,000 per month with an additional £10-15,000 being handled as regular savers/withdrawals. It is acknowledged as a low risk product but a high cost as each repayment and reimbursement is of very small amounts usually on a weekly basis.

This page is intentionally left blank

Chesterfield and North East Derbyshire Credit Union (CNEDCU)

**Your Local Community Bank
run by local people to serve the financial needs of the local
community**

Business Plan

Table of Contents

<u>1.</u>	<u>Introduction</u>	3
<u>2.</u>	<u>The Vision</u>	4
<u>3.</u>	<u>Objectives</u>	4
<u>4.</u>	<u>Aims</u>	4
<u>5.</u>	<u>Where We Want To Be Our Goals</u>	5
<u>7.</u>	<u>How we achieve our goals</u>	5
<u>8.</u>	<u>Resources to deliver the plan</u>	7
<u>9.</u>	<u>Strengths of the above plan.</u>	7
<u>11.</u>	<u>Risks & Mitigations of the above plan</u>	8
<u>12.</u>	<u>Exit Strategy</u>	8
	<u>Organisation Structure – Appendix 1</u>	9
	<u>Strengths a Weakness Analysis Appendix 2</u>	10
	<u>Three Year Financial Plan – Appendix 3</u>	11

1. Introduction

Mission Statement: The Mission of the CNEDCU Credit Union is to work towards the financial inclusion of all. To achieve this CNEDCU is committed to providing a broad range of innovative financial products supported by the dedicated service of volunteers and professional staff. These products will be administered in accordance with sound management practices to maintain the financial strength of the Credit Union. The Board of Directors, Management and Staff of the Credit Union hereby affirm that the efforts of CNEDCU will be consistently and professionally dedicated to the accomplishment of this mission.

Chesterfield Credit Union was launched in 1998 with key support from Chesterfield Borough Council (CBC) and Derbyshire County Council (DCC) in response to local incidence of family debt and financial exclusion. In 2008 the credit union expanded its "Common Bond" to include North East Derbyshire and re-launched as the Chesterfield and North East Derbyshire Credit Union (CNEDCU).

In order to provide full time leadership in 2010 a salaried full-time manager was appointed, funded by CBC, Derbyshire Primary Care Trust, NEDDC (North East Derbyshire District Council) and Rykneld Homes. This gave a fresh drive and focus to the organisation. With the launch of new products and effective, stable management CNEDCU has been able to make significant improvements against all key performance indicators.

Funding for the manager's post and the front-loading of the Family Loan Scheme (FLS) has been vital in CNEDCU's upward trajectory. NEDDC and Chesterfield Borough Council's support have been fundamental in achieving some impressive growth and in the transformation of the credit union into an organisation ready and to expand in the present financial landscape. More recently the intervention by Derbyshire County Council has enhanced the ability of the CU to survive.

Staff and volunteers have developed skills in social marketing, demand management and working at high volume with a range of different products. We have also learned much more about the levels of support needed by families in Chesterfield and North East Derbyshire.

One area which has probably rarely is mentioned and therefore not published is the way that the younger volunteers obtain skills that enable them to move to paid employment: range of skills learnt are; Reception duties; Interviewing; Cashier; IT related etc. More recent examples are:

1. Rachel came straight to the CU from college and learned skills as a cashier. After 1 year she gained full time employment as a cashier in a betting shop
2. Lucy volunteered for the Credit Union for two years gaining many skills as part of the administration team. She has recently secured a full time post with a firm of legal advisors
3. Sarah volunteered for the CU for several months learning many new skills as part of our admin team. Last month she gained full time employment with a department of the NHS
4. Kerry came to the CU straight from college totally lacking in confidence but willing to volunteer and learn as many skills as possible. Having proved herself to be quick to learn and a very efficient cashier, she is now employed by CNEDCU for 30 hours per week as chief cashier and also works closely with the Development Officer in developing new and efficient systems
5. Anna came to volunteer at CNEDCU in 2013 soon after coming to England from her home country Russia. Her English was technically sound, but her conversational skills were poor. In June of 2014 she moved into full time employment in a shop in Chesterfield, where she is doing extremely well and has a position interacting with customers.
6. One of our long standing volunteers came to CNEDCU with very poor communication skills due to a form of Asperger's. He grew in confidence over several years of volunteering for CNEDCU and last year went into full time employment for a Government Department where he inputs and processes data around immigration forms. He says that without his experience at CNEDCU he would never have had the confidence to apply for employment

In 2012 CBC and NEDDC agreed to place £25,000 each with CNEDCU to provide funding for the FLS. In the first 12 months this was supplemented by £30,000 loan from Two Shires and members funds during this period over £198,000 was allocated through 580 loans. In October 2013 DCC granted £116,000 to fund FLS. This has proven to be a huge success and since then (end August 2014) over 1400 loans totalling £620,000 have been made. The scheme is continuing in high demand and £50,000 of members' funds has

supplemented the LA Grants. In addition to this a number grants for small crisis loans have been made available from local parish councils. Further funding has been made available by DCC to support the expansion of the Junior Savers Scheme and support for additional staff hours. Details of Grant Funding are shown on the attached Spreadsheet.

Overall growth is:

Year Ended	Members	Shares Value	Loans Balance	
September	No	£	No	£
2012*	704	188,506	212	166,480
2013	1153	245,205	491	300,582
Est 2014	1500	340,000	800	490,000
*Growth2012-14		180%		295%

2. The Vision

Our Business Plan sets out the various targets and profiles we need to meet to be sustainable and broadly how we will go about achieving these. Close liaison and working together with existing and future partners will be critical to our success. We believe the targets are realistic and achievable but we also recognise that they are challenging and that there is very little headroom for failure without having to go back to our supporters for further funding. Whilst this can't be ruled out the Board are committed to making CNEDCU a successful, respected and financially viable credit union.

We want to be a financially stable, vibrant, robust, well-known and respected Credit Union, building on existing strengths, and characterized by the following features:

- a) significant, sustained growth of membership
- b) significant, sustained growth of our profile to the general public
- c) independently funded through operational income (rather than grant funding)
- d) focussed on clients, offering a variety of products to meet their needs
- e) strong leadership from a board with a clear vision and how to achieve it
- f) ordered, structured governance
- g) an institution that involves the whole community
- h) promoting savings to juniors and their parents
- i) attract ethical investors whose aim is also helping the local communities
- j) work towards being able to pay dividends to members
- k) an efficient organisation, managing effectively and getting the most out of our resources, human and otherwise

3. Objectives

- a) the promotion of thrift by encouraging members to save including the continued development of Junior Savers.
- b) the creation of sources of credit for the benefit of our members at a fair and reasonable rate of interest
- c) the use and control of members' savings for their mutual benefit
- d) promoting the training and education of members in the wise use of money and in the management of their financial affairs
- e) to help reduce financial hardship across Chesterfield and North East Derbyshire
- f) to recycle monies within Chesterfield and North East Derbyshire economy

4. Aims

- a) a secure home for member's savings
- b) affordable loans at competitive rates creating a range of loan products detailed under 7g
- c) first class service to members by dealing with all contacts in an efficient, timely, friendly and professional manner
- d) broaden our services to meet members needs
- e) increase accessibility of our services
- f) increase payroll deductions

- g) develop existing and new products to allow our expanded services to grow
- h) manage costs to ensure services are delivered economically, efficiently and effectively
- i) be financially sustainable

5. Where We Want To Be – Our Goals.

In order to achieve a VIABLE SUSTAINABLE BUSINESS WE NEED (by Sept 2016):

- a) Membership levels**
 - 2,000 active members
 - Value of shares - £400,000
- b) Loans to a value of £600,000**
- c) Effective Risk Assessment**
 - We need a balanced portfolio
 - Average interest rate earned > 2.5%
 - Level of bad debt significantly reduced, target 5%
- d) An attractive product range. This needs to include:**
 - on line transactions
 - timely and competitive loans
 - Variable interest rates
- e) Accessibility**
 - 35% of members having a pre-paid card
 - 10% of loan applications completed on-line
 - 50% of new member applications completed on-line
 - Streamlined processes and decision making
- f) Dividend on savings to be paid annually**

6. Measures of Success

Seven key areas have been addressed:

- a) secure short-term funding to enable us to operate for the next 18 months
- b) product development and accessibility through CUEP
- c) increase in critical mass
- d) make the most of our near to high street presence
- e) response to Welfare Reform
- f) improve profitability
- g) interest rates
- h) governance

As part of the business planning process we have identified the need for grant funding to September 2015 and have been successful in receiving financial support. To date we have secured over £70k from these sources and believe there is little more to come. At an average charge on a loan of 2.5 % (per month) in the Business Plan it identifies a small deficit in 2016/17 this is now considered manageable.

In addition to the above funding gap the support from the LA's has allowed the CU to improve its capital ratios above the recommended PRA 3% level in 2014/15. In addition to the revenue grants the gifts of capital to support the FLS underpins that project and aids the generation of income needed to support the high costs involved.

- FLS loans working with local councils to address impact of financial exclusion and welfare reform
- approaching trade bodies and associations to see whether we can help their members
- attract ethical investors seeking to help local community
- development of differential loan products
- fostering mutually beneficial relations with the existing banking sector
- maximising the opportunities from the recent Church of England campaign against payday lenders
- promoting take-up of payroll deduction schemes

- working with potential partners in promoting credit union services
- learning from other CU's through the CUEP project, trade association and regional forums
- working directly with the DWP to benefit from expert marketing support, advice and funding, initially around increasing and attracting Tier 1 and 2 members

7e) Response to Welfare Reform
The Welfare Reform Act 2012 has been widely acknowledged as implementing the biggest changes in the benefits system since its history. The changes will affect all who are of working age and in receipt of key benefits; such as JSA, DLA & housing benefits.

Credit Unions have been acknowledged by many organisations as having the experience and services necessary to assist benefit claimants directly, through our core services of loans and savings, and of assisting those who deliver services such as District and County Council, Housing Associations, private landlords and community organisations.

By speaking to these organisations the following products have been developed, as an immediate response;

- Swift loans – in response to calls for us to address payday lending, of which it is anticipated there will be an increase of usage
- Rent Direct Scheme – Landlords will no longer be able to receive rent payments direct to them. The Universal Credit will see households receiving all benefits in one payment including housing benefit
- CredEcard, a prepaid visa card for benefits/salaries to be loaded onto to assist with budgeting

Other products and services which will address the Welfare Reform changes including:-

- Budget accounts (jam jar)
- Current accounts
- On-line signup

Although a degree of caution will be needed to assist those affected by Welfare Reform it is seen as an opportunity to ensure continued financial inclusion and an increase in membership and use of credit union services. As there are ramifications of Welfare Reform which are still unclear, we will continue to work with those organisations whose clients will be affected and will flex services and products as appropriate.

Profitability will be improved by increasing our critical mass through growth but other areas we intend to pursue to improve our financial position include:-

- reviewing and extending level of fees e.g. joining fee other fees
- recovering costs of services e.g. credit checks
- promoting swift loans
- promoting corporate/community membership and borrowing
- reducing cost of bad debts including introducing payments by debit card, reviewing debt collection methods and organisations, working written off debt harder.
- introduce on-line membership sign up and review other areas of automation
- continuing to review all areas of cost including staff, accommodation, IT, telephony and printing etc.
- being more proactive in investing unused capital

It is proposed to have variable rates of interest on members' loans with the average rate of 2.5% per month being achieved.

Working with 2 other Derbyshire Credit Unions to develop a mutually agreed interest rate in order to provide consistency in incentivising payroll deduction across the County

There is a need for a board focussed on strategic planning, and a separate operational group free to focus on vital issues such as product implementation and customer satisfaction.

The Governing Board needs to be tight and focussed, and should exhibit the following characteristics:

- Executive skills
- Strategic focus skills
- Entrepreneurship
- Community based representation
- Customer representative – preferably somebody who has experience of taking out the kind of loans that the Credit Union offers

- Implementation of Board strategy.
- Customer issues – complaints and satisfaction levels.
- Logistics and management issues
- Service points
- Product development and implementation
- Training
- Financial management
- Management of Consortia and Partnership arrangements
- Establishing policies and procedures

Maybe this would enable the board to delegate their tasks. In a growing business this can be most useful. The tasks of the current board could be split into the two groups in order to allow them to work more efficiently. The current board is trying to do everything, and not having enough time to see clearly into the future. Equally for those focussed on operations more time and space has to be created. A clearer definition of the two groups work, and the make-up of each group needs to be discussed further but the operational group should include members of staff and key volunteers..

7. Resources to deliver the plan

CNEDCU existing paid staff and key volunteers have experience in either volunteering with or being employed with all having over two years' experience. Staff are motivated with a good professional attitude and understanding of the credit union business and are keen to see the success of the business as a whole. However, with no individual development plans in place due to limited time resources, and the way in which we operate, there is a risk that staff may decide to leave or become unmotivated by the changes if they do not see an improvement in the longer term prospects of the business and the relative security of their employment.

The relationship with management is open, honest and staff feel that they can have a say in the way they carry out their day to day duties and that they can have influence over the success or failure in aspects of the business. The financial forecasts attached to this plan, show that with the increase in membership, staff resources will need to increase and this will alleviate any new pressures that these initiatives and changes will bring to and show the value management places on them.

Appendix 2 shows the current organisation structure of the business.

8. Strengths of the above plan.

- We have secured or are close to securing much of the necessary short-term funding
- Government support and financial backing for the credit union movement
- Needed and supported by local authorities, and others to address issues of welfare reform and financial exclusion

9. Risks & Mitigations of the above plan

What is the risk	Likelihood	Impact	Mitigation
Plan does not reflect CUEP targets	High	Medium	Demonstrate the validity of our numbers and profile to Abcul
CUEP does not deliver	High	Low	Strong project plan and governance. Widespread buy-in from all parties.
Targets are not met	Medium	High	Continual monitoring of all targets, identifying where there may be a shortfall and addressing in a timely manner
We run out of funds	Medium	High	Continually reviewing financial performance and liaising with potential supporters
Lack of support from Local Authorities etc.	Low	High	Good communication, involvement and engaging their client base. Become integral to their response to welfare reform and tackling financial exclusion
Internal resources not able to meet the challenges.	Low	High	Good communication, ongoing support and commitment from board, management and members. Recognition & acceptance that this is the only way for us to achieve sustainability.
Loan Interest Rates are unattractive and Loan Book reduces	Low	High	Communicate the alternative rates being charged to unsecured borrowers of less than £1,000
CURTAINS Software no Longer supported	Low	High	Research other software providers

10. Exit Strategy

We are confident that if we achieve the targets set out above and in the appendices 2 we can become financially sustainable. We accept that the targets are challenging but with LA support,, the support of government, partners and local communities and the commitment of the Board, staff and volunteers that they can be met. We will continually be monitoring performance but if we reach a point where we don't believe we can be successful our next steps would be as follows:-

- Talk to other Credit Unions about possible merger
- Talk to interested parties who may be prepared to take over the credit union responsibilities
- Explore whether we can revert to a volunteer based business
- Explore whether we could break up the business into smaller geographical areas
- Inform & discuss with the Regulators
- Start administration proceedings for the business to cease to trade

Organisation Structure – Appendix 1

NB: The FTE numbers quoted above do not include for the non-contractual hours worked on another weekday.

Strengths and Weaknesses – Appendix 2

Our SWOT analysis showed the following:

a) STRENGTHS

- we are known for our strong ethical approach, founded in community and social purpose.
- we cover Chesterfield and North East Derbyshire – a nice, clear footprint
- we have the basis for strong partnerships with County, Borough and District Councils, Housing Associations – potential clients who deliver community based objectives
- there is an overall need for the products we can offer
- we have people with passion and energy throughout the organisation
- our balance sheet is cash rich (though resource poor)

b) WEAKNESSES

- we have limited resources
- we lack the finance to promote ourselves
- we don't offer enough competitive products (interest rates too high)
- we have not yet realised the full potential of partnership working with the housing associations etc.
- we are being pulled in too many directions for our resources
- we have not achieved critical mass

c) OPPORTUNITIES

- potential support from Housing Associations, Local Government and Utilities for products and services that will help their customers better manage their money and protect their own income stream
- high level of demand for borrowing as demonstrated by the success of pay day, door to door, illegal lenders etc.
- potential demand and synergies from the introduction of universal credit, particularly relating to the needs of Housing Associations and other landlords
- potential to access DWP funding to facilitate the introduction of universal credits and to modernise and expand Credit Unions
- we can extend our member base to include public and private sector including small businesses
- partnerships with banks and other institutions particularly those tasked with helping the financially excluded

d) THREATS

- competition from other Credit Unions
- need to achieve and maintain 3% Capital Assets Ratio
- competitions from housing associations setting up their own Credit Union/ schemes
- competition from organisations such as Wonga, Provident etc.
- due diligence issues – governance and constitutional issues need to be reviewed
- Human resources and staff/volunteer training
- Curtains software no longer supported

Chesterfield and North East Derbyshire Credit Union Ltd
Budget For Year Ending September 2015 and Plan for 2015 - 2017

Members Loans INTEREST AT 2%
Family Loans INTEREST AT 3%

INCOME	Projected Results 2013/2014		Budget 2014/2015		Year 2 2015/2016		Year 3 2016/2017	
	£	£	£	£	£	£	£	£
Entrance Fees		2980		2500		3000		3600
Interest on Loans:								
Members	50079		66591		73250		80575	
Family Loans	51438		72000		72000		72000	
Other	1371	102888		138591		145250		152575
Grants:								
DCC (Managers Wages)	11600		11600		0		0	
CBC NEDDC	27000		10000		0		0	
NEDDC (High Street Premises Contribution)	0		3000		3000		3000	
DCC Public Health	0		11000		0			
DCC Additional Staff Support	0		11000		12500		0	
DCC Public Health (via NEDBD (Rent Grant/Website))	741		3259		3000		0	
Comic Relief	5678		1000		0		0	
DCC Public Health (Via NEDBD, Running Cost Contribution)	9000		0		0		0	
NEDDC Housing Options	1400		1250		1250		1250	
Other	22	55441	0	52109		19750	0	4250
Bank Interest		384		200		200		200
Income from Training		0		0		0		0
Bad Debts Recovered		2548		1500		2000		2000
CUEP Members		0		0		0		0
CUEP Savings		0		0		0		0
CUEP Loans		1778		0		0		0
Universal Credit		0		0		0		0
Total Income		166019		194900		170200		162625

EXPENDITURE	Projected Results		Budget		Year 2		Year 3	
	2013/2014		2014/2015		2015/2016		2016/2017	
	£	£	£	£	£	£	£	£
Staff Costs:								
Salary Manager 1 FTE			27405		28090		28792	
Salary Admin Assistant 1FTE	0		18200		18655		19121	
Loans Officer 0.5 FTE			12012		12312		12620	
Part time assistant (£8/hour 30 hours)	0		12480		12792		13112	
School Development assistant (£10/hour 15 hours)		400	7800		7995		0	
Part time assistant (£10/hour 10 hours)		600	5200		5330		5463	
Part time assistant £10/hour 10 hours)			5200		5200		5200	
Employer NI	0	0	4760	93057	4879	95253	5001	89310
Travel and subsistence								
Employees/volunteers	0		2200		2200		2200	
Other Costs redundancy	0	0	0	2200	0	2200	1000	3200
Training				1500		1500		1500
Subtotal Staff Costs		64880		96757		98953		94010
Prises Costs								
Rents	0		12000		12000		15000	
Rates	0		1080		1130		1200	
Insurance	0		2000		2000		2000	
Property Maintainance & Services	0		1000		1000		1000	
Power, Heat & Light	0		4000		4000		5000	
Water	0	30276	500	20580	500	20630	500	24700
Telephone & Computers								
Telephones			4000		4000		4000	
Computer/Equip Maintenance			2000	6000	2000	6000	2000	6000

	Projected Results 2013/2014		Budget 2014/2015		Year 2 2015/2016		Year 3 2016/2017	
Audit & Professional Fees								
Auditor	2916		3300		3300		3300	
CUNA	3728		4030		4200		4400	
ABCUL	1229		1920		1900		1900	
FGSA and Other Professional Fees	0		1500		1500		2000	
Fidelity Bond Insurance	0	7873	1200	11950	1200	12100	1200	12800
Printing, Stationery & Postage								
Printer Costs	5826		2000		2000		2000	
Printing External	0		1000		1000		1000	
Postage	0	5826	600	3600	600	3600	600	3600
Advertising & Publicity		0		1500		1500		1500
State Parties		0		500		500		500
Bad and Doubtful Debts								
Family loans	3000		3000		3000		3000	
Members	9664	12664	14300	17300	15750	18750	16200	19200
Other Legal Fees		2006		1000		1000		1000
Loan Interest 2 Shires		150		0		0		0
CUEP Costs		0		2000		2000		2000
Data Protection		0		35		35		35
Depreciation		3453		3500		3500		3500
Bank Fees		0		49		60		60
Other Expenses		0		500		500		500
Cash Short		0		0		0		0
TOTAL EXPENDITURE		127128		165271		169128		169405
Surplus/(Deficit)		38891		29629		1072		-6780

This page is intentionally left blank