

President's Report

Welcome everyone.

Fusion Credit Union will be holding its first online Annual General Meeting on 13th March 2021, ensuring that the credit union can discharge its duties while keeping volunteers, board and members safe during the Covid 19 pandemic.

Following the Annual General Meeting last year, we were taken immediately into lockdown restrictions. This presented us with both challenges and opportunities. Due to the reduced ability of face-to-face service and to keep both volunteers and members safe more use has been made of conducting business online and our members have responded accordingly. Adaption has been the key word. The new working practices enable us to move forward and continue to develop and grow our services.

Loan interest is one of our main sources of income and so it is worth noting that loans granted during the Financial year increased by £15000, this is reflected in Interest Receivable which shows an increase of over £5000. This is largely due to the increased Marketing on Social Media and Facebook. Well done to the Marketing team for their hard work.

David Farnworth was co-opted on to the Board in October 2020. He has recently retired from the Pharmaceutical Industry. He is working along side Richard Hobbs, our Treasurer,

We have again been working with the Birmingham City campaign against Loan Sharks, which encourages new members to save by offering an incentive.

During the pandemic our collection points have been closed, apart from our main office in Dimbles Lane, Lichfield. During the autumn the Board will re-assess our requirements within our local communities.

Our volunteers have been remarkable during this difficult time, responding in a positive manner to ensure we could continue to offer the service and support to our members. Fusion credit union will be forever in their debt for the work they have achieved.

Janet Bamber
President

Treasurer's Report

The 2019/2020 year was a challenging year of two halves for the credit union. The first Qtr (Oct-Dec) showed steady progress in results, loan numbers and balances were increasing steadily as were loan interest and share deposits. However, during December Cambridge & Counties Bank gave notice that our 120-day deposit saving account interest would reduce from 31/03/20 by 0.25% to 1.50%. The second Qtr (Jan-Mar) started to show the effects of the Covid pandemic, loan No's and balances stayed roughly at the same level, loan interest though was still increasing slowly, but debt provision was starting to increase. Third & fourth Qtr's (Apr-Sept) were impacted by Covid, loan No's fell slightly, and loan balances stayed flat, and our savings interest decreased as a result of the 0.25% rate reduction. On the 16/09/20 our savings interest rate was further reduced by another 0.25% to 1.25%, and our debt provisions continued to increase.

The operating profit for 2019/2020 was £5,634, £16 less than last year which in the circumstances was an overall steady result.

- The Covid Pandemic which really came to play from Mar-20 onwards has caused the credit union to take the following actions (in line with Government Legislation).
 - Close all collection points (Cannock, Hednesford, Beacon Village etc)
 - The Jigsaw office has stopped opening on Saturday mornings.
 - Reduction in Jigsaw Staff in front office
 - Since March-20 the back room has been closed to local groups, resulting in loss of rental income to the credit union.
 - Change method of working – withdrawal requests by email now accepted, and remote access now available for certain staff.
- The credit union applied for a Covid Relief Grant from Lichfield Council and this was successful with the payment of a £10K grant. This money has been and still is being used to cover the rental loss from the back room and to cover specific Covid expenses (counter screen & cleaning materials).
- Loan interest increased on last year from £12,140 to £17,492 however the loan bad debt provision increased from £16,015 to £21,520, which is a net income reduction of £153, basically break even for the year.

In considering what to recommend as a dividend this year, the Board have taken account of:

- The reduction in bank deposit saving interest rates from 1.75% to 1.25% during the 2019/20 year, and that in November 2020 they reduced by a further 0.25% to 1%.
- There is a distinct possibility that with Bank of England Base Rates at an all-time low of just 0.1%, the Cambridge & Counties bank saving interest rates could reduce further or even go negative, and ABCUL (the credit unions trade body) has issued a paper to credit unions to make credit unions aware of this risk.
- Our debt provisions are continuing to increase which is negating the increase we have seen recently in loan interest income.

As a consequence of this, The Board has taken the difficult decision to recommend for the first time in our credit union history that we do not pay a dividend in March 2020.

The Audited Accounts are circulated with this report. I do not propose to reiterate the detail of the Audited Accounts but have included a table below (in similar format to that discussed at our monthly Board Meetings) incorporating key financial metrics and the change to previous year.

	30 Sept 2019	30 Sept 2020	£ Variance	% Variance
Shares	£424,144	£518,193	+£94,049	+22.2%
Loans Balance	£64,218	£73,141	+£8,923	+13.9%
Leverage	15.14%	14.11%		-0.7%
Arrears	£8,119	£11,386	+£3,267	+40.2%
Bad debt Provisions	£16,015	£21,520	+£5,505	+34.4%
Loan Interest	£12,140	£17,492	+£5,352	+44.1%
Operating Expenses	£24,496	£29,107	+£4,611	+18.8%
Operating Surplus	£5,650	£5,634	-£16	-0.03%

January 2021 update

- Shares £524,783
- Loans balance £89,089
- Leverage 16.98%
- Loan interest (after deducting provisions) £5,653 (after 4 months) – similar period last year £5,244.
- Bank interest £1,682 (after 4 months) – similar period last year £2,367

Based on our performance so far for 2020/2021 and our updated budget we are estimating a reduced profit of £4,885 as at this present time

Richard Hobbs

Treasurer

Credit Committee Report

Concentration continues to be on increasing loans granted and reducing the amount of delinquent loans. Kevin O’Leary was recruited during the summer of 2020 as Delinquent loans officer. His background with the CAB is proving to be invaluable. Well done to the loans team for their hard work during a difficult year.

Tim Warner
 Credit Committee Chair

Supervisory Committee Report- Year to September 2019

Following the annual check on member's balances 506 statements were sent out, and as of 5th March 2021, 103 received back to confirm the balances correct. No differences recorded.

Proposed Members' dividend and interest for Junior Savers

The Board of Directors are not proposing a dividend this year.

The Board of Directors also are not proposing to issue interest to Junior savers.

Appointment of auditors

The Directors recommend that Lindley Adams Limited be appointed as auditors until the next Annual General Meeting.

Election of officers

Board of Directors

No Directors are put forward for re- election this year.

David Farnworth, co-opted on to the Board during 2019 – 2020 financial year, offers himself for election.

Credit committee officers

Kevin O'Leary was co-opted to the committee during the year as Officer for Delinquent loans and offers himself for election.

In accordance with Fusion's Rules elections to the Board and Supervisory Committee require to be undertaken by secret ballot in line with the ballot paper attached.

Elections to the Credit Committee are undertaken by a show of hands.

All elections require a simple majority of members present and voting for a candidate to be appointed.

Management Team

All directors are unpaid volunteers.

<u>Board of Directors</u>		<u>Remuneration</u>	<u>Board Meeting Attendance</u> <i>(October 2019 – September 2020)</i>	
Janet Bamber	President	£0	12 (12)	(100%)
Richard Hobbs	Treasurer	£0	12 (12)	(100%)
Ruth Gleeson	Secretary	£0	10 (12)	(83%)
Tim Warner	Director	£0	9 (12)	(75%)
Amanda Best	Director	£0	8 (8)	(100%)
Julie Geer	Director	£0	6 (7)	(86%)
David Farnworth	Director	£0		

Credit Committee

Tim Warner (Chair)
 Janet Bamber
 Anne Heywood
 Tracey Williams
 Kevin O’Leary

Supervisory Committee

Ania Kluk

Collection points

Jigsaw, 72 Dimbles Lane, Lichfield , WS13 7HL	Monday – Friday	09:00 to 12.30
Hednesford Library, Market Street, Cannock , WS12 1AD	Due to re open Mid April 2021	11:00 to 1pm Wednesday
Beacon Park Village, Lichfield pending	Tuesdays	14:00 to 15:30
Cannock Council Offices, Beecroft Road, Cannock , WS11 1BG pending	Mondays	10:00 to 12:00



Protecting Your Money

We are covered by the Financial Services Compensation Scheme (FSCS). The FSCS can pay compensation to depositors if a credit union is unable to meet its financial obligations. Most depositors – including most individuals and small businesses – are covered by the scheme.

Your eligible deposits are protected up to £85,000 by the FSCS, the UK's deposit protection scheme. The £85,000 limit relates to the combined amount in all the eligible accounts with Fusion Credit Union and not to each separate account.

For further information about the scheme (including the amounts covered and eligibility to claim) please call us on 01543 415032, ask at your local collection point, visit www.fscs.org.uk or call 0800 678 1100.

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