

# **ANNUAL REPORT**

**2005 – 2006**

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## CHAIRPERSON'S REPORT

Dear Members

I usually start with telling you how busy we have been, when you all look at the figures we are now producing then that, I think will be rather obvious.

Due to work commitments I was away for the first half of the year and have been working longer hours at work since my return, so I have not been taking as full a part as usual throughout the year.

That said we have seen several changes in the way we try to give you the members a better service, even although we are in temporary premises within the Centre, and as you know from week to week the Centre has been under constant change.

We introduced Direct Debits this year and also the PayPoint card for members who were finding it difficult to get into the Centre. All of this to try and make payment easier for you.

The new shop to be opened at 17 Kilmarnock Road went through some legal problems which were the making of others, but unfortunately we were victims to a degree in their dealings. The good news is that it has now all been resolved and the shop should open in March.

The Enterprise Trust has opened another 2 Projects in this year and although both are in their infancy the initial signs seem to be that they will be good for the membership in the long term.

The Credit Union is hopefully remaining within the new Silverburn Complex along with some other Enterprise Companies. Looking forward, we have asked the Financial Services Authority to consider that we be allowed to be licensed to deal with Mortgages, and maybe later in the year we may be in a position to ask that the Common Bond be extended further so that we can embrace the people who are going to use the Silverburn Complex.

I will finish as I always do by asking anyone who feels that they have time to offer to come and offer their service, or if you feel you could manage the organisation, subject to FSA approval, join the Board of Directors.

Michael Davidson

Chairperson

## TREASURER'S REPORT

This year has seen a flatting of our growth and the board of directors believe that this will continue for the current financial year.

This is only to be expected after the sharp rise in membership from four years ago, the footfall using the centre has decreased as the shops have closed therefore we have fewer members paying in over the counter. Our members have taken advantage of our new payment services i.e. PayPoint cards, Direct Debit and this ensures that members have various ways to pay in to their credit union account.

As we mentioned last year these past two years have been a time for consolidating our services and that has resulted in a slight increase in member's shares and loans compared to previous growth.

Unfortunately, we have experienced a higher than normal level of bad debt, some of this is due to the tendency now for people to either become sequestrated or take out a Trust Deed. This is reflected in the bad debt write offs on the expenditure section of our audited accounts where we have had to set aside a provision, this does not mean that we forget about the money owed, the credit union will continue to pursue the debtors until all avenues have been exhausted. Having to set aside money to cover bad debts must come from any surplus we have, therefore it is in everyone's interest to ensure that borrowers are repaying loans at the agreed amount and on time.

The credit union will be opening a new collection point at 17 Kilmarnock Road soon, this again is the boards commitment to ensuring that our member's have access to collection points that are open 5.5 days a week and from 9.30 till 4pm and easily accessed by public transport.

The board of directors is proposing that after we disperse our surplus into our bad debt write offs and general reserve that the balance is returned to the membership as a dividend. We are therefore proposing a 1% dividend this year for all adult members and a 4% interest return to our junior savers. If this is agreed then we can have that put into member's accounts within two weeks of this AGM date.

## CREDIT COMMITTEE REPORT

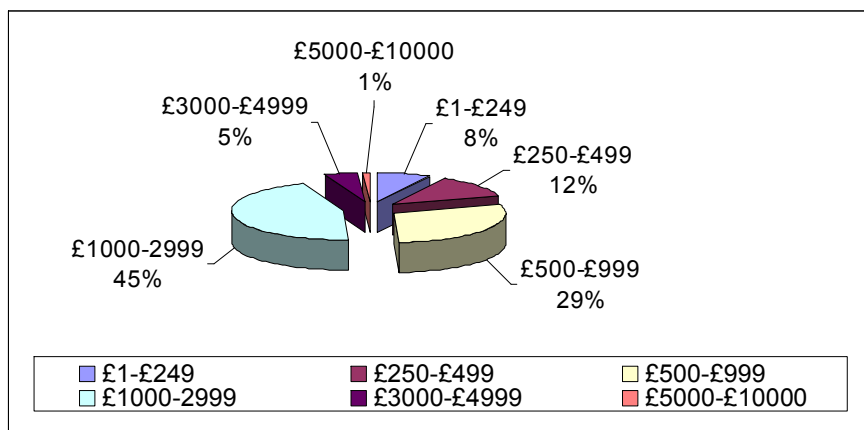
Despite the redevelopment at the Pollok Centre, Pollok Credit Union has been extremely busy over the last period. The Credit Committee have seen a significant rise in member taking loans, and also a variety of reasons for these loans. The current procedure for loan applications remains the same. To apply for a loan you can collect a form by post or at the shop, complete the form and return with proof of income. We ask for this information to enable us to make an informed decision on your application and to safeguard the members' money by being responsible and prudent lenders, all information is treated in the strictest confidence and with in the guidelines of the data protection act. The committee endeavour to process all loan application within one week and where possible even earlier, but we ask members' to be patient during our busy times e.g. Christmas and summer months.

Although the majority of the membership is continuing to visit our shop the Credit Committee understand that difficulties will arise due to the ongoing redevelopments, therefore at loan interview/payout stage we advise our members of new payment methods available to them, e.g. PayPoint cards.

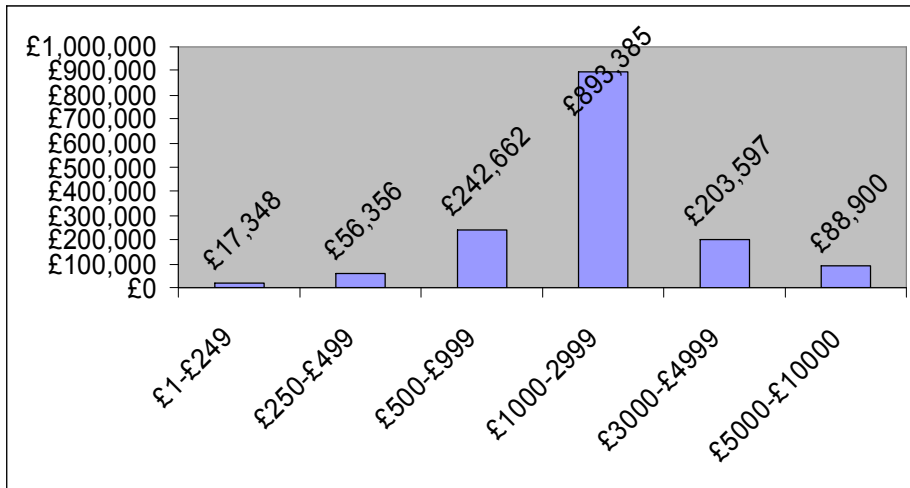
The Credit Committee look forward to another year of continuing growth, and we thank the members for their support.

**Table 1. Loan Activity (01/10/2005 – 30/09/2006)**

Loan	Number	% of Total	Amount
£1-£249	103	7.8%	£17,348
£250-£499	162	12.3%	£56,356
£500-£999	383	29.1%	£242,662
£1000-2999	593	45.0%	£893,385
£3000-£4999	60	4.6%	£203,597
£5000-£10000	16	1.2%	£88,900
<b>Total</b>	<b>1317</b>	<b>100.0%</b>	<b>£1,502,248</b>



**Figure 1. Loan Percentage of Total (01/10/2005 – 30/09/2006)**



**Figure 2. Loan Amount Compare (01/10/2005 – 30/09/2006)**

**Reasons for loans**

Purchase of car, funeral expenses, home improvements, car insurance, weddings, family holidays, debt consolidation, baby goods, double glazing, Christmas, central heating and rent arrears.

## CREDIT CONTROL REPORT

### NEW PAYMENT METHODS

Due to the refurbishment of the Shopping Centre, many of our members do not wish to come to the shopping centre. To combat any delinquency problems that many arise, we encouraging members to use our PayPoint cards. Over the last 2 months in particular these have proven to be very popular. Pollok Credit Union Ltd still have other convenient methods of payments of payment which we feel will suit every member.

### DEBT COLLECTION AGENCIES

As per our last Annual Report Pollok Credit Union are continually striving to pursue delinquent debts. We are currently using 3 debt collection agencies 2 of which are sheriff officers. These agencies use different methods in pursuing members. Credit Control pass members to the relevant agency depending on personal circumstances e.g. if a member is employed then we will apply for a wage arrestment through the Sheriff Officers. Initially these methods of credit control are costly to Pollok Credit Union, but we are legally entitled to pass any costs to the member concerned.

Although delinquency figures show that is necessary to pursue members using the above methods, we endeavour to ensure that all members are aware that the ethos of the Credit Union is not to harass members but, are here primarily to help members who may be experiencing financial difficulties which usually are unforeseen.

**The Credit Union Board of Directors has a duty to safeguard our members' money and borrowers who fail to repay their loan put their friends and neighbours money at risk. A major factor when making a decision on a member's loan application is their previous payment record. All correspondence on a member's file which indicates any delinquency will effectively hinder their future borrowing.**



**Pollok Budget Service**

## BUDGET SERVICE REPORT

Over the last year the Project has continued to expand its service to existing and new members as well as offer to non members out with our Common Bond area and live throughout the city of Glasgow.

The Budget Service process involves interviewing clients, approaching creditors on behalf of clients, advising on aspects of credit, agreeing payments to creditors based on the individual's financial available income (*i.e. Income minus priority expenditure equal available income*). Agreed payments are then forwarded to creditors on a monthly basis, although in some cases weekly. All transactions are recorded in an individual ledger account, which are available to clients on asking.

As part of our work, we work closely with Greater Pollok Citizens Advice Bureau and Ladymuir Money & Advice Centre, who refer clients to the Project for the payment of creditors only. As the project has grown, law centres, Access for Jobs, the Wise Group and Equip now undertake referrals.

Over the last year, the level of clients has changed. In 2004 we had 38 members actively using the Budget Service. In 2005, we had 51 members. And as at 30<sup>th</sup> January the following clients were:-

**Table 2. Budget Service Clients Activity**

	<b>Active</b>	<b>Inactive</b>	<b>Ongoing</b>
<b>CAB</b>	32	4	5
<b>Ladymuir</b>	6	1	0
<b>Pollok Credit Union</b>	68	5	6
<b>Legal</b>	2	0	3
<b>Wise Grp</b>	9	0	4
<b>Access</b>	9	0	6
<b>Equip</b>	3	0	3

There are currently 129 clients with 27 clients in preparation. The inactive figures are clients who have either managed to bring their financial affairs into order or the debt has cleared, and sadly, where they have become deceased. Our ratio of new clients range from 10 to 25 per month, and it is anticipated that this figure will increase as the publicity and advertising becomes more available to the wider area. As part of the Credit Control aspect, all members are offered our service, and we have produced a leaflet explaining the service being offered.

The project continues to work with Glasgow Women's Aid, and we hope to develop the provision of services over the next year. Our work with Glasgow City Council regarding advice and information continues to develop, with ourselves liaising with other agencies throughout the city.

All in all the project is increasing, and providing an awareness for the need of this type of service, working with all advice giving agencies and assisting persons with multiple debt.

## **SUPERVISORY COMMITTEE REPORT**

Over the course of the past financial year we have continued to perform the checks and balances as required.

We have completed sample checks on all aspects of credit union activities and have been satisfied that the credit union is working efficiently and within the rules of the Financial Services Authority.

Our checks have included ensuring that all cash transactions have been checked to the bank account of the credit union; sample checks on share withdrawals and loan applications and also checks on the validity and eligibility of new members.

As part of our on-going work we have worked closely with staff and Board members and we would like to thank them for all of their co-operation during the year. As members you can be secure in the knowledge that the staff and Board currently involved in the credit union is of a very high standard and are all working together for the good of the membership.

We will continue to act in the interests of the membership and can be contacted at the credit union office.

Christine Garrity

Supervisor

## SCOTTISH FINANCIAL INCLUSION SERVICES (SFIS) REPORT

Scottish Financial Inclusion Services (SFIS) was launched in August 2006 to Money Advice Agencies, Social Work departments and other agencies around Glasgow. The referrals made have been slow to start but have steadily increased in the last few months. Agencies that referred have seen the benefits SFIS has brought to their clients.

### REFERRAL AGENCIES

Table 3. Referral Agencies

<b>Pollok Budget Service</b>	8
<b>Pollok CAB</b>	6
<b>Prevention of Homelessness</b>	5
<b>Legal Service Agency</b>	2
<b>MSP</b>	1
<b>Govan Money Matters</b>	1
<b>Total</b>	23

Of 23 referrals made, 15 clients who fitted the criteria were given loans, 5 new memberships were opened with the PCU, and 4 new clients joined the Budget Service.

<b>Loan Total paid out</b>	<b>Total Paid to Date</b>	<b>Total Interest on Loans</b>
£ 17,666.85	£ 1,384.84	£ 4,497.97

Figure 3. SFIS Loans

### SETTLEMENT FIGURES

SFIS has also been working closely with Creditors to agree reduced settlement figures on client's outstanding debts, which has been very successful. We have found that most creditors are willing to deduct 25% or more from the debt, some creditors have taken 70% from the total debt. From a total of £6,020.00 (credit card, catalogue and BT debt) we have reduced the debt by £3,036.00, over 50% in total.

### LOCAL DEVELOPMENT AGENCY REFERRALS

SFIS also has close links with EQUIP, CEDA and the Wise Group to help clients who are unemployed back into work in order to maximize income. Most clients referred so far have been employed, retired, full-time carer or in training. SFIS employed a client as a cleaner for the Wedge office and referred other unemployed clients to Workable which is part of the Wise Group.

## WHITE GOOD SERVICES REPORT

This Project was meant to start on 1/10/06, unfortunately due to a couple of events beyond our control it never really got underway until the second week in November. Since then we have advertised to the membership and beyond and to date we have had a reasonable response.

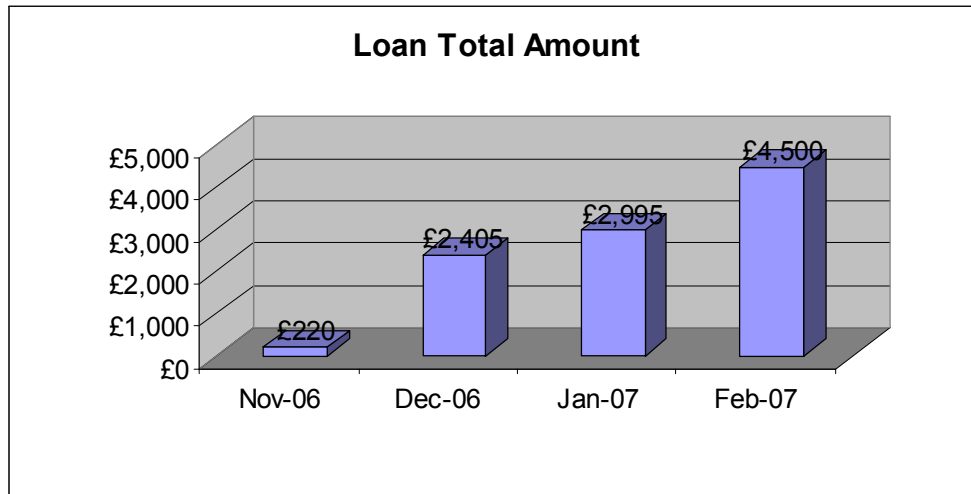
When the new premises open then there will be a permanent shop premises and we hope that sales will increase, as people find out that our services are available.

The current plan is then that a magazine will be circulated to all Credit Unions in Glasgow so that our services can be advertised as available to all credit unions.

**Table 4. White Good Loan Activity**

Month	Number of Loans	Total Amount
Nov-06	1	£220
Dec-06	8	£2,405
Jan-07	6	£2,995
Feb-07	9	£4,500

*Updated on 15<sup>th</sup> February*



**Figure 4. White Good Loans Total Amount**

*Updated on 15<sup>th</sup> February*

Michael Davidson

Project Manager

## SCHOOL BANK – FINANCIAL EDUCATION REPORT

St. Paul's High School has been working with Pollok Credit Union (PCU) and their Financial Education programme now for nearly 3 years. PCU's staffs have provided financial workshops for students which have taught them the essential skills that will enable them to make informed choices and make optimal financial decisions in later life.

The success of this programme has fuelled the decision to continue the workshops and to go a step further by opening a **School Saving Club**. **Saving Club** will provide the opportunity for pupils to put what they have learned in the workshops into practice, as they open their own credit union accounts and have the opportunity to be involved in the running of the School Bank.

What can pupils' of St. Paul's gain from the school bank??

- 4% high interest for saving
- A safe, and accessible means of saving money on a regular basis
- Experience of the world of work by assisting in running the School Bank
- Experience of enterprise by learning about promotion and marketing
- Experience of applying for jobs and interview skills
- Customer Service skills

Action	Details
<b>1. Recruit</b> 27 <sup>th</sup> Nov. 2006	St. Paul's Saving Club Member Service offices/ cashier/ teller application Form send out.
<b>2. Interview</b> 8 <sup>th</sup> Dec. 2006	St. Paul's High School teachers and PCU staffs interviewed applicants and recruited 10 pupil volunteers for Member Service Officer, Cashier, and teller.
<b>3. Training Day</b> 18 <sup>th</sup> January, 2007	Member Service Officer, Cashier, and tellers, 10 Pupils has been trained by Pollok Credit Union.
<b>4. Application Letters and leaflet send out to parents</b>	Stephen sends out application letters and leaflet to parents.
<b>5. Publicity</b> 8 <sup>th</sup> – 25 <sup>th</sup> Jan 2007	Stephen and pupils introduce Saving Club to pupils. The first 100 pupils, who open a Saving Club account, School and Pollok Credit Union will put in £2 to active their account.
<b>6. St. Paul's Saving Club Open</b> 25 <sup>th</sup> Jan. 2007	St. Paul's Saving Club open every Thursday lunchtime 1pm-1:40pm  There are <b>58</b> pupils opened Saving Club Account so far, and 1 teacher opened Credit Union senior account as well. Totally Collected Amount: <b>£ 168.5</b> since saving club opened.

## HEALTH BOARD – WEANING SESSION REPORT

The health board has been holding monthly Weaning Fairs offering advice and support for new mothers. Pollok Credit Union is delighted to participate in these information events giving advice to mum's on the many benefits of being a member of Pollok Credit Union. Credit Union has attended 12 weaning fayres since September 2005.

**Table 5. Weaning Session Activity**

<b>Date</b>	<b>Venue</b>	<b>Sold Weaning Pack</b>	<b>Total Amount</b>
07/09/05	Priesthill Church	13	£65.00
09/11/05	Govan	34	£170.00
08/03/06	Govan	24	£120.00
12/04/06	Govan	28	£140.00
26/04/06	Govan	2	£10.00
31/05/06	Govan	30	£150.00
07/06/06	Govan	1	£5.00
28/06/06	Govan	34	£170.00
30/08/06	Govan	18	£90.00
27/09/06	Leithland	33	£165.00
15/11/06	Govan	35	£175.00
29/11/06	Pollok Community Centre	35	£175.00

### WHITE GOOD LOANS

Health Board try to bring Your Shop – White Good Loans services in. NHS works on new publicity flyer, by that Pollok Credit Union finical service will be well presented to all NHS families.