

Eighth Annual General Meeting – 8th May 2018

Chief Executive Officer's Report

As I only officially started in my new role with Kent Savers as CEO last month, I'm not going to comment on the past year's activities but on the plans for the year ahead. The rationale for splitting Chris' previous General Manager role into two distinct posts – a Finance Manager and a CEO - was largely to invest in additional staffing resource to work on strategic and business development initiatives, and I'm really excited that my new post will enable Kent Savers to achieve some significant developments in the year ahead, and I'll highlight some of what we've identified – starting with the top three key objectives:

Firstly, **Raising Capital**: Kent Savers is currently running very close to the Regulator's required minimum 3% Capital Asset ratio, so raising capital is the top priority, and it's important beyond the need to keep comfortably above the "buffer zone" and avoid time-consuming discussions with the FCA on a "capitalisation action plan" – our ultimate objective is to grow the loan book to a size that makes the Credit Union sustainable and able to cover the bad debts on an ongoing basis. To get to that point the Board may decide we need to develop more products, or offer larger loans for bespoke purposes, both of which require us to establish a strong capital base before we can roll out these types of new initiatives.

So this year we'll be making direct approaches to as many of the local councils we can get to, prioritising those who haven't yet made a financial contribution, and asking them to give us a long-term capital commitment. As well as the local councils, there are other organisations that we'd like to approach, that have a vested interest in keeping a viable fair-credit provider in Kent/Medway/Bexley; Housing Associations have a social objective to support residents in financial need, as do church and religious organisations, so funding requests will be made there, and we could also appeal to the "corporate social responsibility" agendas of private companies in related sectors,

I'm thinking about local estate agents, law firms, financial advisory firms – plenty want and need tangible ways of demonstrating their social responsibilities. There are lots of avenues that haven't been explored – and the challenge for us is not only to demonstrate they share our ambitions, that they benefit directly or indirectly from a service that meets the needs of people otherwise drawn to the high-interest lenders, but primarily to demonstrate that Kent Savers has a robust and realistic business case for reaching and maintaining financial sustainability year on year.

The second key objective this year is to support and **reinvigorate our network of branches** to optimise the public facing infrastructure we have in place, that grew out of the joint working with the Church and Big Local partners in the last few years. Each of our branches (Murston, Newington, Tenterden and Canterbury) has different characteristics – from the individuals involved, the geographical areas they're located in and the sorts of people who come through their doors.

The sense I get is, although Kent Savers was at the fore-front of the original rationale for getting set up in each case, now the focus is not so much on encouraging membership, savings and loan accounts, but on providing a more general holistic support service for quite often complex multiple support needs of the people they attract – and that's absolutely fine at one level, and we can be proud of those important community initiatives, but from Kent Savers' perspective it feels obvious we haven't done enough to support the branches to be more pro-active in promoting us to wider groups of people in their areas, to attract people into the venues specifically as potential members/savers/borrowers – and make more effective use of their established presence in the Credit Union's growth plans.

My third top priority is: push forward **two main business development products**: Housing Loan Funds with local councils, and PayRoll Deduction schemes with major employers.

We've had a good experience running Loan Funds for Maidstone and Bexley councils, they will hopefully continue to grow. The new Homelessness Reduction Act puts greater preventative duties on local councils to support individuals and families vulnerable to homelessness, so they have

obligations in a greater number of cases to provide funding to pay for rent arrears or deposits or rent in advance for private lets – so this year is good timing to approach them with an offer that helps them demonstrate they're meeting their new responsibilities, and as a lending model it's clearly attractive business for Kent Savers as we get remunerated on a work-fee basis without taking the underlying credit risk. And we already run several Payroll Deduction schemes, including with Kent County Council, but until now there's not been sufficient staff resource to market these more widely to target employers, and it's an obvious area which many Credit Unions are very successful at, and once we have the promotional materials ready I think it will be an effective approach for achieving membership growth in a manageable way.

I should also mention some other important objectives I'll be working on this year, including:

- The very important role of supporting the office staff and helping them stay happy and motivated and providing great customer service;
- Getting as much free support and advice for the Credit Union I can, including persuading volunteers to give their time regularly;
- Seeking grant funding from charitable trust and foundations when there's a good fit for funding a bespoke cost that will generate a clear benefit or impact;
- Helping the Board to identify and recruit more Directors to enhance the pool of talent and skills across the governance function; and
- Promoting Kent Savers' products and services within the third sector to local organisations that need to be better informed about who we can lend to and how they can assist people they signpost our way.

I'm looking forward to keeping very busy – and also to standing up here again next year to report on how much of these priority objectives we've achieved.

Catherine Parker