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## **Kent Savers Credit Union Limited – incoming Chair’s statement – April 2019**

I am pleased to have joined the Board of Kent Savers in November and to have the privilege of standing as Chair for the coming period. I would like to express the Board’s thanks and appreciation for the dedication and commitment that Martin Kingman has shown to Kent Savers during his tenure as Chair, for which we are all very grateful. We also look forward to continuing to work with him, leveraging his expertise through his continuing service on the Board.

In my tenure, I set out to build processes and functionality within Kent Savers that allows us to expand in a way that satisfies our members, our regulators, our trade association, our business partners, our hard-working office-based colleagues and CEO, and most of all, our members. Having spent my career in financial services where I have built business and processes to help address the needs of people who find themselves outside of the mainstream credit markets, I am pleased to be able to draw on that experience to help Kent Savers grow sustainably and robustly.

The last three months have seen us working very hard across our entire Board to implement the actions we agreed at our Board Strategy Day in January. Please see the extended Timeline overleaf which illustrates the extent of positive work which has been taking place over the last 15 months. Since expanding our Board with six new Directors, we believe we now represent a high functioning, capable team. Our Board is comprised of an excellent quality of individuals who are highly experienced in their chosen fields in local authority, financial services, not-for-profit and other sectors.

The Board’s strategy can be summarised as **LEND MORE, LOSE LESS**. We aim to achieve that through:

- **Governance:** ensure the governance, controls, risk management frameworks, policies and procedures that we deploy follow best practice, are accurate and help us to build a stronger, sustainable organisation during a period of desired growth
- **Financials:** ensure that we are financially sound, making good credit decisions by keeping our loss rates below those of our peers while we increase the number of people across Kent that we help to access affordable loans.
- **Members:** to engage all members as best we can through regular updates on our progress, any points of interest and to ensure they are aware of the ways in which we can help them. We aim to be able to make an attractive level of dividend payments where supported by a sufficiently strong balance sheet. We aim to identify any form of vulnerability and to support those members in a way that is consistent with their individual situation.
- **Colleagues:** ensure that we leverage ALL of the diverse skills and experience within our team of board directors so that we ‘work smart’ and are able to access a broader range of business and member relationships than we have previously. Continue to identify talent to assist Kent Savers on committees, as volunteers and as future directors
- **Systems:** have fit-for-purpose systems, that support the policies and procedures set out by the Board and which allow us to grow in a controlled and efficient manner, treating our members fairly, safeguarding their personal data and reporting their credit status updates accurately.
- **Business relationships:** to have a focussed outreach programme with key businesses with who we can work to achieve Kent Savers’, and indeed common, goals. We recognise there are many

opportunities that Kent Savers could pursue; with a small team, however, we need to identify and support those that will most readily help us to achieve Kent Savers' aims.

- **Responsibility:** to take guidance and support from our trade body (ABCUL); to meet the requirements of our regulators (PRA and FCA) both in spirit and by the letter; to have a positive culture that is member focussed and sets out to always do the right thing; to respond to any complaints fairly and in a timely fashion, taking any feedback into a continuous development loop.
- **Decisioning:** to make responsible credit and lending decisions, offering fairly priced lending rates to members who can demonstrate that they can sustain and afford each loan under the terms agreed.

Other specific planned activities over the coming months include:

- Dormant members, account review and engagement
- A comprehensive strategy review to support an ongoing Branches 'outreach' model
- An ongoing bad debt review, to reduce losses, increase cashflow and revenue and to take key learnings back into front end processes
- Improved credit decisioning to improve our knowledge of the individual's likely financial circumstance before lending
- A renewed member engagement programme
- Prioritised engagement with key business partners to increase awareness of our core products and how we might assist their own customers
- A systemic review of policies and procedures, ensuring alignment to the new Rulebook and to embed key workstream learnings into our working procedures
- A renewed internal audit programme to test how well our policies and procedures are embedded.

With kind regards



Kathy Cox  
Chair of Board

## Timeline – Key Background Events and Activities

Feb 2018	<ul style="list-style-type: none"> <li>• Previous General Manager retired from KSCU and remains a much respected support to the Board</li> </ul>
Mar 2018	<ul style="list-style-type: none"> <li>• Catherine Parker, who had been secretary since 2015, appointed as CEO</li> </ul>
Apr 2018	<ul style="list-style-type: none"> <li>• Major IT systems and security investment implementation</li> </ul>
May 2018	<ul style="list-style-type: none"> <li>• Wholesale upgrade to integrated banking/ accounting module</li> <li>• Fit for purpose data security/ protection products</li> </ul>
Jun 2018	<ul style="list-style-type: none"> <li>• Personnel transformation begins, with a focus on financial management and governance</li> </ul>
Jul 2018	<ul style="list-style-type: none"> <li>• Start of process to find new talent for Board and committees</li> </ul>
Aug 2018	<ul style="list-style-type: none"> <li>• Decision made to write off historic bad debts, to add clarity to balance sheet</li> </ul>
Sep 2018	<ul style="list-style-type: none"> <li>• Recruitment underway for new, higher skilled Head of Finance</li> <li>• Start of new Board applications review</li> </ul>
Oct 2018	<ul style="list-style-type: none"> <li>• Mary Anum appointed, full accounts review commences</li> <li>• First new Board Director appointed - specialist in credit risk decisioning</li> </ul>
Nov 2018	<ul style="list-style-type: none"> <li>• Chair announces he wishes to step down but remain as Director. Process to identify new chair commences</li> <li>• Annual audit process starts</li> </ul>
Dec 2018	<ul style="list-style-type: none"> <li>• Auditors confirmed accounting policy amendment for Bexley Council contract</li> </ul>
Jan 2019	<ul style="list-style-type: none"> <li>• Board strategy day held (output available in separate document). Further Board Directors are appointed - financial services backgrounds</li> </ul>
Feb 2019	<ul style="list-style-type: none"> <li>• New Chair appointment supported by Board. Review of arrears and bad debt management is commenced and is ongoing</li> <li>• Implementation of new Strategy gains momentum. Work continues to improve credit decisioning systems and processes</li> </ul>
Mar 2019	<ul style="list-style-type: none"> <li>• New Board completed with complementary skills in governance, risk management, credit risk, member engagement, operations, capital &amp; funding, AML, complaint management, business development, systems and marketing. Engagement with PRA regarding effect of accounting policy change and write off of historic bad loans on our year end Capital-Asset Ratio.</li> </ul>
Apr 2019	<ul style="list-style-type: none"> <li>• AGM to seek member support for go-forward business growth and improvement plan. including an updated Rulebook and a renewed approach for our branches</li> </ul>