

# The Board's Annual Report

for the financial year 1 October 2011 to 30 September 2012  
(as presented to the Annual General Meeting, 8 March 2013)

2011-12 proved to be an exciting and challenging year for us:

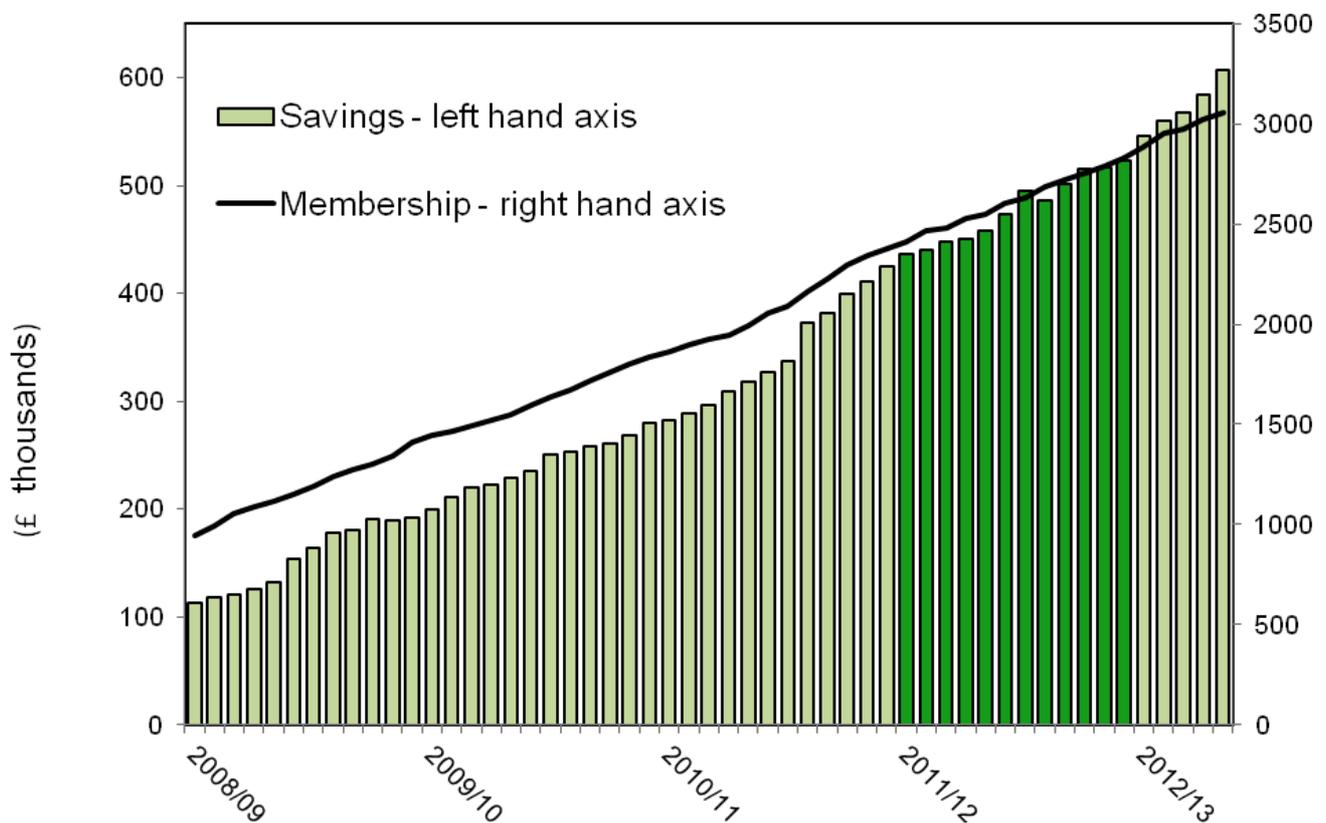
**Membership** numbers increased by 458 from 2,380 to 2,838, and is now 3,058.

**Savings** rose from £425,000 to £523,500, an increase of £98,500. They are now £607,500.

**Total loans** this year up £590,000 from £1.3million to £1.87million and are now at £2.2million.

Essex Savers continues to grow with a steady increase in membership and increasing demand for loans during the year. However, since October we have seen a marked growth in both membership and lending, signifying the lack of provision elsewhere. Given this opportunity, and with the necessary resources, we have the potential for rapid growth to reach a sustainable level.

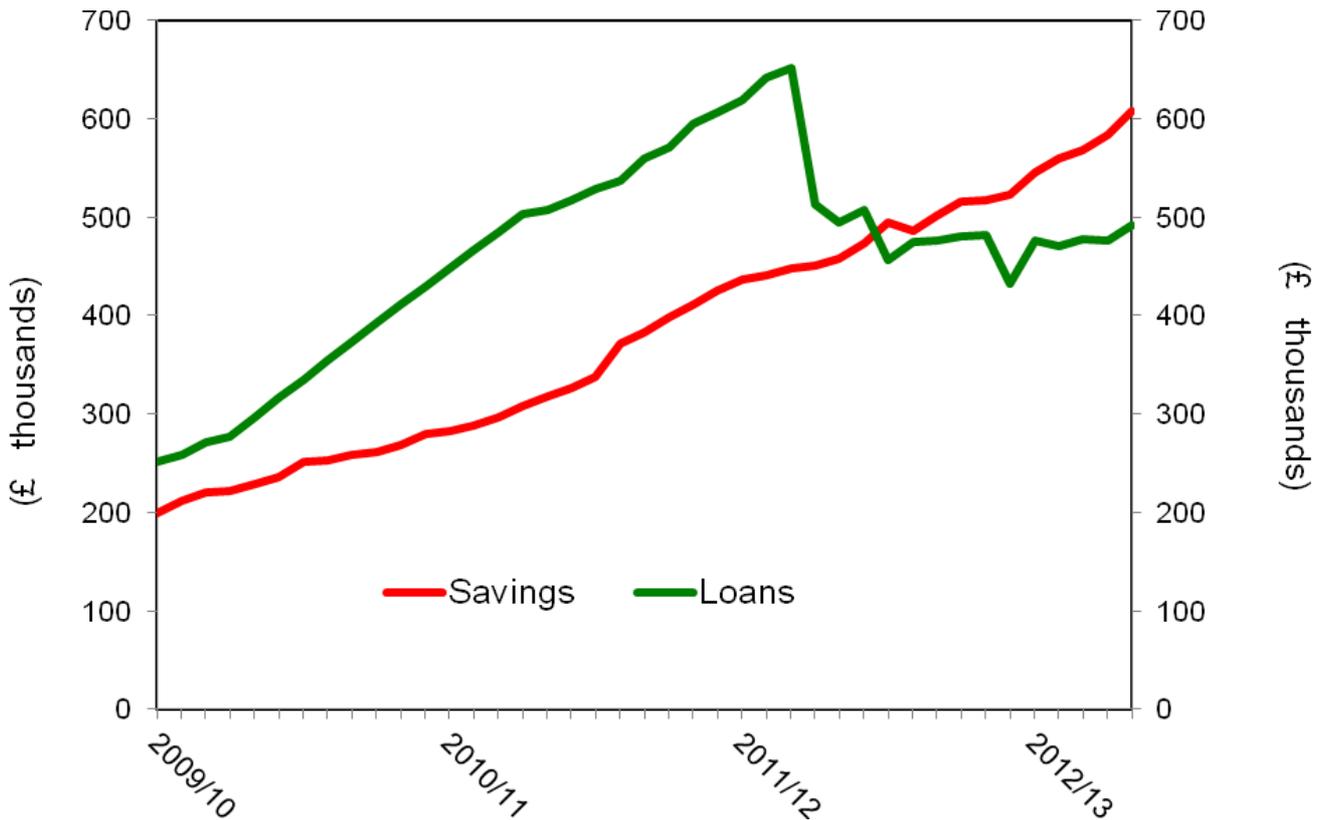
## Savings rose slowly but consistently through 2011/12



We have seen a noticeable change in our lending, being able to give larger loans (over £1,000) to our regular members. These are more profitable compared to the many small loans (under £500) which are known to be costly to service. We are encountering a growing number of people with payday loan problems, as well as our more traditional membership with doorstep loan problems. We do an enormous amount to help both these groups to pay off these high-interest predatory loans. Given the huge need for immediate 'payday-type' loans, we are exploring how Essex Savers can service this need more fully in the future.

Our lending has now reached well over £2 million in approximately 3,300 loans. This has not only helped our borrowers; but has prevented additional costs to the community such as those associated with repossession and re-housing, family breakdown, healthcare etc. In doing so, we have saved Essex many millions of pounds.

## 2011-12 Loan: savings averaged 85%, as we wrote off old debt



In January 2012, the long-awaited changes in credit union legislation came into force. Essex Savers was one of the first credit unions to apply to the FSA to take advantage of this new legislation. Since April we are able to include businesses and organisations in our membership. These changes also allow us to take on long-term investment and will eventually enable us to offer interest on our members' savings.

Our new budget account with debit card, which functions as a simple current account helps members with their money management. It has had a good take-up this year and we see this continuing. Members with rent direct accounts continue to increase, as are the numbers of local authorities using this facility. We are also beginning to see people take advantage of our family funeral plan.

Access to our services is now increasingly via the internet, both through use of our website and email correspondence. We are increasing the proportion of banking transactions for members which are done electronically, and many more members are making payments to us by standing order or direct internet payment from their own bank account. We continue to develop our network of service points to provide face-to-face contact throughout Essex.

Regarding our sustainability, we earned £52K from our loans last year; but unfortunately this still falls far short of the figure needed to cover our core costs, so we will need to gain grant funding to meet the shortfall for the next few years.

Despite our good record on delivery and the money we are saving Essex, the County Council, the local authorities and housing providers, we still struggle both for funding and for recognition of the cost benefit of our services and the boost they give to the wellbeing of the community.

Our membership growth has not met our expectations, so we need to address the wider promotion of our services. As we have already heard from Dr Peter Fenwick, we need a strong marketing campaign for our brand to become well-known and for us to be

recognised as a real alternative banking service relevant to everyone. We do need to be much more visible.

Now that we can service businesses, we can encourage them to promote us to their staff and offer payroll deduction. This will enable us to offer their staff loans at a very competitive rate, as these are considered low-risk loans, which will in turn positively impact the quality of our loan book. We can also provide loans to these businesses themselves, as well as to those starting businesses, building on the loans we have given to many sole traders for start-up and development.

We are developing our working partnerships and have seen some exciting developments during the year. The following are some examples:

**Thurrock Council** has led the way too in becoming a corporate member, making a substantial long-term investment, and continuing to help us in delivering our services throughout Thurrock. Our success in Thurrock, including the increase in corporate members, has shown what can be achieved with the whole-hearted support of the local authority in the area. We would hope that this will prove an encouragement to other authorities to come on board in a similar way.

**Essex County Council's** SLA ended during the year, March 2012. We then requested a subordinated loan from their reserves, as they lacked funding to offer us, to support the running of our services for residents across the county and enable us to offer business loans, while improving our capital adequacy.

**Southend CAB** hosts our Southend branch and also provides some promotional support for us. This again is something which we hope to replicate in other areas, with Clacton CAB already interested.

The increased prominence of the **Stop Loan Sharks Campaign** is giving us a platform to highlight Essex Savers as an ethical and affordable alternative, as it moves its campaign around Essex.

**Brentwood Roman Catholic Diocese**, as you have already heard, has launched "Project 250" as a commitment to recruiting 250 new members, who will each deposit £1000 in savings into Essex Savers. This is a wonderful example of how a group within Essex is able to promote us, not only to their membership, but also to the wider community.

**Housing providers**, who have always been supportive of us and assisted in the promotion of our services, are now re-engaging with us as the expected welfare reforms loom closer. This is with a view to us providing their tenants with relevant services to assist them to budget once their benefits are paid monthly, so helping to avoid an increase in losses to the housing providers.

- **Chelmer Housing Partnership (CHP)** has recently become a corporate member and is looking to again support us to provide their tenants and staff with services, including those services related to welfare reform. We hope this relationship will be a model for other housing associations.
- **Thurrock Borough Council (Housing Department)** are also supporting our development to provide service to their tenants.

**Welfare reforms** coming in this year, particularly Universal Credit (a single monthly benefit payment to a household), is causing concern to welfare recipients, local authorities and housing providers. Essex Savers is developing its systems to enhance its Budget Account with debit card. This account will then be suitable for welfare benefit recipients to assist them with money management. This can be achieved by receiving their full benefit and dispersing it to pay their priority bills, leaving the remainder to be loaded onto their debit

card on a weekly or fortnightly basis, so that they still have money available for food and other essentials at the end of the month.

**Volunteers.** Essex Savers relies on its long-term volunteers in our office, at our service points and on our Board, who have the knowledge and experience, to provide professional quality service to our members. We continue to take on new volunteers with requisite skills and are now looking for Essex Savers advocates across Essex to promote us and to oversee the delivery of our services in each area or particular sector. Our Board continues to be enhanced by professionals with the skills we need to meet the requirements of a highly regulated organisation involved in delivering banking services.

We say a huge **'THANK YOU' to our volunteers** – without you it would not be possible to have Essex Savers.

*ALISON DAVIES*  
*President*  
*March 2013*