

Chair's Report 2019/2020

Introduction

On behalf of the Board of Directors, I would like to welcome all Scotwest Credit Union members to our 30th Annual General Meeting which is taking place online due to the current pandemic situation and the restrictions that prevent us meeting face to face.

Governance

Scotwest Credit Union is governed on behalf of its members by a voluntary Board of up to nine directors.

As it has done with many things, COVID19 and lockdown has delayed our progress in training potential directors. This has resulted in us operating with eight directors for most of the year, until recently, when we co-opted one of the candidates (in accordance with rule 40.7), Jackie King, to the Board.

This year there are potentially three Director vacancies to be filled:

- I am due to stand down this year having served two terms of three years. However, in accordance with rule 60.1, the Board has asked that I complete one more year, given the exceptional circumstances that we all find ourselves living in at the moment and I am glad to do so.
- Also, having served for two terms of three years, our Vice Chair, Stephen Woods will be standing down this year. Unfortunately he's unable to stay for an additional year, therefore on behalf of myself, the staff, the members and directors, I offer my sincere thanks to Stephen for his service to Scotwest and wish him all the best for the future.
- The position that we recently filled by co-opting Jackie King will revert to a vacancy again in accordance with the rule book and therefore needs to be filled.

Scotwest is owned by its members and its governance is strengthened by new Directors coming through the Directors' Academy. I would therefore encourage members to consider joining the Director's Training programme scotwest.co.uk/about/scotwest-director-training-academy

Dividend

The Board of Directors reluctantly made the decision not to pay a member dividend in the last quarter of the financial year (Jul-Sep) and the first quarter of the new year (Oct-Dec).

Dividends, unlike interest, are not guaranteed. Because our members are owners of the credit union, they receive a share of surplus funds after payment of costs and maintenance of our financial regulatory requirements.

Unfortunately, the pandemic and prevailing restrictions, have had a significant impact on our income over the last six months, meaning the Directors had to make the prudent decision to stop paying Dividend for a period of time.

The member dividend is considered ahead of every quarter and it is the aim of the Board to return to paying a dividend as soon as possible. The next review of the dividend is due at the end of the year.

Strategy and Business Plan

The medium to long term Business Plan is to continue to maintain the prudential balance between savings, loans and dividends, with the additional objectives of investing in our Social Responsibility Promise, continuing to develop our IT and digital services and ongoing activities to encourage members to build their 'rainy day' savings.

Given the prevailing pandemic situation, the strategic plan also incorporates a flexible approach for the next 6-9 months as the economic environment remains extremely fluid.

The Board recognises that despite seeing signs of recovery since July, the economic situation is still very volatile and therefore has implemented an ongoing review strategy to closely monitor financial forecasting and key performance indicators. This allows the Board to adapt its strategic activities where necessary to continue to maintain the prudential balance necessary to ensure Scotwest's continued sustainability.

Social Responsibility Promise

The Board was really proud to launch its Social Responsibility Promise last year to enable us to focus on and articulate Scotwest's impact on the environment, the community and its people.

The Board remains as committed as ever to its social responsibility aims and is looking forward to continuing to work with the Social Responsibility Committee in support of their concepts and initiatives.

Regulatory Compliance

Scotwest, like all credit unions in the UK, is dual regulated by the Financial Conduct Authority and the Prudential Regulation Authority (PRA). The PRA requires that each credit union's governing body will report to the members at the annual general meeting in respect of compliance as follows:

Depositor Protection

Scotwest members are protected by the Financial Services Compensation Scheme. This means we are required to comply with various regulatory requirements in respect of the deposits we hold. In accordance with the PRA Credit Union Rule Book Part 10.1 we can confirm that we are compliant with the requirements of Depositor Protection 11 and 49 to 51.

Policy of Insurance

The PRA Credit Union Rule Book Part 2.10 requires us to maintain insurance to protect against any loss suffered or liability incurred by reason of the fraud or other dishonesty of any of our officers or employees. In accordance with the PRA Credit Union Rule Book Part 10.1, we can confirm that we have complied with those requirements.

Additional Activities



The PRA Credit Union Rule Book Part 4 allows a credit union to carry out “additional activities” and provides additional compliance requirements. In accordance with the PRA Credit Union Rule Book Part 10.1, we can confirm that we have carried out the additional activities of

“additional investments”, “additional lending” and “mortgages” and that we are compliant with the additional requirements thereon.

Summary

As the political landscape continues to breed so much uncertainty, I believe that Scotwest is strongly positioned to continue to provide excellent financial services to its members both now and in the future. I would therefore encourage all of our members to actively engage with their credit union and to spread the word to family, friends and colleagues.

I would like to thank everyone at Scotwest; the staff and the Directors, for their open and honest hard work and commitment and for the care and respect that they show to our members every day.

Last, but not least, I would like to thank you, the members, for your continued engagement and support of Scotwest Credit Union.

David McRiner, Chair

November 2020