

Norwich Credit Union Ltd

Policy Manual

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1. Management

The Structure of the Board

The responsibilities of the Board are set out in Rule 122 and in the responsibilities prescribed by the Financial Conduct Authority and the Prudential Regulation Authority. To ensure that the Board complies with the new regulatory processes concerning Senior Managers and with the Certification Regime for certain other employees and volunteers, the Board has:

- Notified to the PRA/FCA and designated as SMF8 (CU Senior Management Function) those existing Board Members who are currently Approved Persons
- Designated one such person as SMF17 to hold the Money Laundering reporting function
- Decided that new Board members will in the first instance be subject to the new certification regime and any decision for them to become regulatory "Senior Managers" will be taken on a case by case basis.

The Board believes that this approach reflects our cooperative way of working and is the simplest and most flexible way forward for a Credit Union of our size. The Board therefore works through collective oversight and management which due to our size means major decisions can be overseen by the Board rather than allocated to a single individual.

Policy Establishment, Implementation & Review [Rule 122 on Directors' responsibilities]

The establishment of policies is the responsibility of the Board of Directors. Credit Union staff, volunteers and members can propose changes or additions to policies as necessary. The implementation of policies will be by staff and volunteers as appropriate.

Each policy will be reviewed by the Board of Directors once a year (at the Board Meeting in the month indicated in the contents page of this document) and at other times if necessary. Progress towards our Business Plan objectives is monitored by regular reports to each Board Meeting. The Board will hold a strategy meeting at least once per year and will set out its strategic direction as part of a three year rolling business plan.

One Member is appointed as compliance officer to maintain a checklist of regulatory and legal requirements and to report regularly to the Board on any changes to the law or regulation and how these changes may be implemented.

Board of Directors Meetings [Rules 106-121]

The Board of Directors will meet at least once a month unless otherwise agreed. The Secretary is charged with arranging accommodation, minutes, agenda, reports and information required by the Board.

The quorum for the transaction of business constitutes a majority of the Board of Directors. The maximum number of Directors is determined by the AGM. If there is not a quorum the meeting may be adjourned between 2 & 30 days. At the subsequent meeting at least 3 directors should be present. Decisions are decided by a majority of votes. Each Director has one vote. In the event of an equality of votes the chairperson of the meeting has a second or casting vote.

Officers of the Supervisory and Credit Committees are welcome to attend any Board meetings as observers. The President may invite guest speakers to Board meetings. Directors who are unable to attend meetings should notify the Secretary as soon as possible.

Annual General Meetings [Rules 79-82, 89-105]

The Board will co-ordinate arrangements for the AGM including date, time & venue, guest speaker (if any), refreshments, budget requirements, publicity & constitutional requirements and will be held on or before 31 March each year.

Nominations for the Board of Directors, the supervisory committee and the credit committee should be received at the office at least 14 days before the date of the AGM. At least 42 days prior to the AGM the Board will consider appointing a nominating committee of 3 members to ensure there is at least one candidate for each officer vacancy. The nominating committee will automatically dissolve at the close of the AGM.

Between 28 and 14 days prior to the AGM notice of, and agenda for, the meeting will be sent to all members. If a member has provided us with an e-mail address, notice will be sent electronically.

10% of the membership or 15 members, whichever is the lesser number, constitutes a quorum at the AGM. If the meeting is not quorate it should be adjourned to a date within 30 days and at this meeting those members present will form a quorum.

Banking arrangements [Rule Book does not cover this topic directly]

The Board will determine, from time to time, the designated bank for the Credit Union's principal bank accounts. Transfer of funds from current to deposit accounts or vice versa, will be carried out by the Treasurer, or as delegated, following recommendation by the Board.

The Board will approve all bank mandates and mandate changes for the Credit Union, including setting the minimum level of transaction requiring two cheque signatories and authorising persons able to make payments by Bank Transfer. All payment requests must be properly documented and conform with laws affecting credit unions, rules, contracts entered into and Board Policy.

The Treasurer controls expenditure and has authorised Board Members to spend up to £100, without specific permission, subject to receipts and justification being provided.

Connected Persons & Conflicts of Interest [Rules 135 -136],

No member of the Board or committee of the Credit Union will be allowed to vote on an issue or, including employees, participate in discussions which affect their pecuniary interest or that of any person or body (other than the Credit Union) in which they are directly interested. In all other respects, Board and committee members will be treated in accordance with the policies of the Credit Union determined by the Board as 'ordinary' members of the Credit Union.

If a Director has a conflict of interest, it must be declared to the Board at the time the contract or agreement is discussed.

Risk Management & Business Continuity

The Board will ensure a Risk Register is maintained focussing on specific risk events, their likelihood and potential impact and to consider actions needed to mitigate those risks. The Risk Register will be considered every six months.

Reviewed: January 2018

Next review: January 2019

2. Membership [Rules 7 – 34]

Qualification to membership

The qualification for admission to membership of the Credit Union shall be that of residing or being employed in the county of Norfolk or in those NR postcodes within Suffolk so that in consequence thereof there shall be a common bond between all the members.

Members who are no longer in the common bond become non-qualifying members.

Persons who live in the same household and are relatives of qualifying members may also join.

Membership also includes a corporate body, an individual in his/her capacity as a partner in a partnership, or an officer or member of the governing body of an unincorporated association if these organisations are within the county of Norfolk or in those NR postcodes within Suffolk or have a significant connection such as housing provider.

Only elected officers, administrators and collectors may sign up new members. An adult member (18+) becomes a co-shareholder in the Credit Union, which entitles him/her to vote at the Annual General Meeting and to stand for election to any of the officers' posts in the Credit Union. Persons under the age of 18 (junior savers) are not able to vote at the AGM or stand for election.

The Board will determine the Membership Fee from time to time. Junior Savers do not pay a Membership Fee. A small annual administration fee will be charged each June, deducted directly from each member's shares (except for Juniors and for those with less than 6 months' membership).

New Members: Acceptable proof of identification & address

A minimum of 2 separate items of ID are required

1) *To prove the name:*

Photo ID from a government issued document (central or local government). The document must provide either a date of birth or residential address.

Acceptable ID includes a Passport, Driving Licence, Student ID card, Bus Pass, Staff card, (public sector or major employer), EU ID card, Home Office Doc. Permission to remain in UK, Naturalisation papers, Birth Certificate, NHS medical card, Citizen's Card, National Probation Service Or, photo and address ID in one document (usually a hostel)

2) *To prove the address*

ID showing proof of permanent address, dated from no more than 3 months ago

Acceptable ID includes DWP letters, Utility bill, Bank statement, Council Tax bill, Benefit, Pension or Tax correspondence, P60 or Payslip, Rent card or Tenancy Agreement, Insurance Certificate, Voter Registration information.

The documents should be carefully checked to ensure their validity. Should any doubts arise then further enquiries must be made and additional information obtained.

If photo ID is not available then individual arrangements for providing ID can be discussed. Normally this will entail providing 3 documents - 2 to prove the new member's' name (without photo ID) and 1 to prove their address.

Photo ID may be required if a member wants a loan with exposure of over £500 or if the pattern of savings has triggered a report to the Money Laundering Officer.

Provisional Membership

It is recognised that potential members may wish to apply for Membership via the Website. However, they need to be seen in person for identification to be verified. Provisional membership allows people to join and to start saving immediately. They should be asked to attend with ID, ideally, within one month. If, after a reminder, they have not started saving or made contact, full Membership is not confirmed and any monies paid will be returned to them.

Joint Accounts

The Board has agreed to set up Joint Accounts on request. Both account holders must qualify as members and will need to decide whether either or both signatures are required for share withdrawals or loans. Separate individual accounts will not be permitted, where there is a joint account.

Accounts with little activity

Other than in exceptional circumstances, a minimum shareholding of £5 after the first six months is a requirement of membership and will follow the provisions under the Rules for expelling members who do not reach this level of saving after 2 years of membership.

The Board also intends to declare accounts dormant, if twelve months passes without any transactions being initiated by the member and the member does not respond to contact being made. E-mails, phone calls and letters to last known address will all be used to make contact. Special personal circumstances will be taken into account, before a final decision is made.

Reviewed: February 2018

Next review: February 2019

3. Services [Rules 35-55]

Location of Office & Service Points

The registered office of the Credit Union is:
60 London Street, Norwich, NR2 1JX
Tel: 01603 764904 / 07504 433758
Email: office@norwichcreditunion.org.uk
Website: www.norwichcreditunion.org.uk

Details of service points are available from the office or the Credit Union website. Some or all of the following services are available to members and potential members at collection points:

1. Provide information about the Credit Union and eligibility for membership
2. Process applications for membership
3. Receive payments from members for savings and loan repayments
4. Help with completion of standing order mandates if required
5. Receive requests for withdrawal of shares and Share to Loan transfers
6. Complete loan applications
7. Process account queries
8. Receive and activate requests for Allpay cards
9. Advise members on how to apply to inspect their account on-line.

Where the collector is unable to satisfy the member's requirements, the collector will refer the matter to Head Office and the team will ensure that the member receives a response within 3 working days.

Savings

Every member accepted on the register of members must have a regular share account with a unique number. A member and their account are considered as provisional until the member has saved a minimum of £1 and has complied with the Money Laundering Policy, within one month of joining. Members will generally be able to inspect their statement during collection times and, if not, they can request details to be sent to them by Head Office. Members are expected to bring their savings up to £5 in the first three months. The overall limit on savings is £10,000. [Rule 47].

The Credit Union reserves the right to allow time to ensure a cleared balance before a member withdraws their shares.

If a member's loan balance exceeds their share balance, any request for share withdrawal must be referred to Head Office, where the wording of their Loan Agreement will be checked to see whether the request is a matter for the Board or the Credit Committee. For loans taken out prior to 01.05.2015, all shares are attached. For loans taken out from 01.05.2015, the level of attached shares is the minimum of 50% of loan balance or shares held at time of loan. The remaining shares are available for withdrawal; requests for withdrawal of attached shares should be referred to the Board. When the member is not fulfilling their loan commitment, the Treasurer (without the Member's authority) may authorise the transfer of shares to meet a member's liability.

Collection and banking

Except in special circumstances, receipts from members may only be handled by authorised collectors & officers at authorised collection points & times using correct documentation & procedure. Receipts from members will be recorded as determined from time to time. Collectors are responsible for accuracy and legibility and held accountable for correct end cash during their collection period. Collection sheet totals for each collection period should reconcile with monies received.

Receipts will be banked as soon as possible and kept secure in the meantime. Certain persons may be authorised to retain monies from cash receipts for petty cash disbursements, provided that the monies retained are fully recorded, and all petty cash disbursements are fully documented and supported wherever possible by invoices or receipts.

The Treasurer will handle receipts from others. Any discrepancies will be dealt with by the Treasurer and reported at Board meetings.

Payments to Members

Payments can be made in cash, by cheque, by bank transfer or onto prepaid card. In the first instance, pre-paid cards are sent direct to members for signature on receipt. [It is safer if the money is loaded subsequently.] Cash payments may require advance notice and the member must sign to acknowledge receipt. It is possible for payment to be made to a third party, if authorised by the member in writing.

The Board will determine the number and name of cheque signatories and those authorized to use the Credit Union debit card. It will also decide on the relevant documentation to be signed by members in relation to both the request for and receipt of payment. Unless a member is known to the collector, ID will be sought as part of the payment request and confirmation of telephone requests is needed, either by e-mail or in writing. Payments not cashed or lost in transit will be cancelled by telephone and confirmed in writing to the bank by an authorised person ie someone on the bank mandate.

Life Savings Insurance

Norwich Credit Union is a member of the Association of British Credit Unions limited (ABCUL) and has taken out a Life Savings Insurance Policy under the Cuna Mutual Credit Union Bond Scheme, underwritten by Sterling Life Limited. All individual members with savings balances are insured for savings deposited before their 80th birthday, up to £10,000. For joint accounts, only the member whose signature appears first on the savings account is covered. The amount of insurance received by the beneficiary is based on the member's insured balance at the date of death, at 100% where the age of deposit was 16 to 64 and 25% of the lowest balance of savings added from age 65 to 79.

Reviewed: February 2018

Next review: February 2019

4. Loan Policy

Loans are granted for “provident and productive purposes e.g. household repairs, furniture, car maintenance, bills, training, holidays etc.”

The Board has a Credit Committee to give due consideration in confidence to loan applications from members. Its procedures and levels of authority are agreed by the Board on a six-monthly basis when loan policy is reviewed. Certain applications will always be referred to the Board and the Board may in exceptional circumstances grant loans not meeting all of the requirements of this policy.

Interest rates

The standard interest rate charged is 1.5% per month.

A ‘half-price’ loan (0.75% per month) shall be available to any members where the loan value is less than the share balance throughout the duration of the loan.

Large loans (over £5000) attract a rate of 1% per month and are considered by the Board following a detailed risk analysis by the Credit Committee.

NB “Top up” loans where the total loan exceeds £5000 do not attract the 1% rate unless any new advance exceeds £5000.

The Board reserves the right to use an interest rate of up to 3% for any loan referred to them by Credit Committee which is judged to be high risk.

Helping Hand Loans are offered to members and non-members who have real emergencies and no other options open to them. These loans are fully secured by charitable funding and managed by a special sub-committee. The interest rate is 0.5% per month.

Conditions of standard loans

To be eligible for a loan, applicants must have been a member of the credit union for at least three months (13 weeks) and must have demonstrated a regular savings pattern. First loans will be restricted to the lesser of 2 x savings or £1000 + shares, unless the applicant has been a member for over nine months and has a consistent savings pattern, where a ratio of 3 x savings will be considered.

Those members who joined online, and provide scanned or posted copies their identification and address, are required to attend a Service Point when taking out a first loan so that the ID can be verified.

Members who have successfully repaid their first loan or (as above) have saved regularly for over nine months are eligible to borrow up to three times the amount of shares up to a maximum of £10,000. [Under CRED rules, the maximum loan is limited to £7500 above savings.]

The Credit Committee may disregard an abnormal savings pattern, with large deposits made prior to an application for a loan, as this does not represent the member’s regular saving/repayment pattern. Previous repayment history will also be considered.

Members can apply to re-finance "top up" loans within the permitted ratio of shares to loan ie up to only twice savings, if this is the continuation of the first loan. However, a history of repeated top-ups, inconsistent repayments and recent share withdrawals are likely to lead to refusal by credit committee. Repayments should preferably be accompanied by regular, ongoing savings.

Length of Loans

The Credit Committee may approve loans without security up to a maximum of three years. Secured loans can be repaid over a period of up to five years. Loans with longer repayment periods may only be granted by the Board.

Documentation

All loans require completion of a Loan Application Form and the signing of a Loan Agreement, which (from May 1st 2015) will specify the Attached Shares. All applications shall be forwarded to a member of Credit Committee.

Credit Committee

The Credit Committee seeks to deal with loan applications as quickly as possible, from as many service points as possible and therefore uses the following guidelines for handling loans:

- A loan within policy and with an exposure of up to £1000 can be agreed by any one member of the Credit Committee (provided the loan is not for a relative or for a Board member, Committee member or employee). For exposure of up to £500, the Credit Committee will appoint additional experienced individuals, to agree such loans when no Credit Committee member is available.
- A loan within policy to an applicant with a previous good record but with higher exposure, up to £2000, can be agreed by two members of the Credit Committee.
- Other cases (higher exposure or outside policy) require the support of at least three members of the Credit Committee and applicants will be asked to provide additional information on income and expenditure, in the form of wage slips or accounts and bank statements.
- For high risk loans (over £5000) or with exposure of over £3000, the member should be invited to a meeting with at least two members of Credit Committee and a formal risk assessment should be made and the loan approved must be supported by at least three members of Credit Committee.
- The Credit Committee reserves the right to seek a guarantor in certain circumstances.

If a loan is refused the member is given reasons and options, and has the right to have their application reviewed by the Board.

Requests for share withdrawals, which involve attached shares, can be considered by the Credit Committee (on behalf of the Board) and express approval given where appropriate. Loans taken out after 1 May 2015 specify a level of attached shares such that some shares are generally available for withdrawal without recourse to Credit Committee.

Credit Committee also keeps loan policy and interest rates under review and recommends changes to the Board.

Loan Protection Insurance.

Norwich Credit Union Limited is a member of the Association of British Credit Unions Limited (ABCUL) and has taken out a Loan Protection Insurance policy under the Cuna Mutual Credit Union Bond Scheme, underwritten by Sterling Life Limited.

Eligibility

All members of the Credit Union who are over 16 and under 80 are covered under this policy. However, in the event of a member dying **from a pre-determined condition** within 6 months of taking out the loan, the loan is NOT covered by the CUNA insurance and any amount granted as a loan will be recoverable from the member's estate.

The Loan Application will set out the insurance conditions.

Acceptance of the Loan Agreement acknowledges acceptance of this insurance term and acceptance of the need for the family/beneficiary to submit a copy of the death certificate to the Credit Union so that the insurance can be claimed.

If the Member dies within six months of taking out a loan, CUNA may want to investigate the cause of death in more detail and will ask the Credit Union to contact the family/beneficiary to provide contact details of the GP so that they can assess whether in their view, the death was from a pre-determined condition.

Sum Insured

In the event of a member's death from any cause, a sum equal to the outstanding balance of a loan to the member (excluding any overdue scheduled repayments) will be paid off by the insurers.

The total amount payable for each member shall not exceed £10,000.

In the event of a terminal illness known to the member at the time of the loan, any loan granted to the member during the 6 months prior the member's death will be invalid. Any amount granted as a loan will be recoverable from the member's estate.

Terminal illness is defined as an advanced or rapidly progressing incurable illness where, in the opinion of an attending Consultant or the Insurer's Chief Medical Officer, the life expectancy is less than 12 months.

Records

The Credit Union shall keep proper records showing the total shareholding and the outstanding balances pertaining to coverage under this policy at all times. The Credit Union shall, at all reasonable times, permit inspection of all books of accounts and other records of the Credit Union by any person duly authorised by the Insurers.

*Reviewed: March 2018
This section is reviewed every 6 months.*

Next review: September 2018

5. Money Laundering Prevention

New Members

Documents of identification to confirm identity and permanent address of new members must be witnessed – either on enrolling or taking out a first loan or share withdrawal. Acceptable ID are detailed in Section 2 (Membership). Training for volunteer collectors includes money laundering awareness and procedures.

Money Laundering Officer

The Money Laundering Prevention policy intends to create a regime which deters illegal use of the Credit Union for criminal purposes, including the financing of terrorism. All new members will be alerted to this policy. The Credit Union appoints a Money Laundering Officer (MLO) who is empowered to:

- Review bank statements at nil notice to other officers.
- Take note of exceptional changes to pattern of savings.
- Seek clarification from any member during investigation.
- Report promptly any issues of concern to the Board of Directors.
- Report issues of concern directly to the UK financial intelligence Unit located within the National Crime Agency if either:
 - (a) the Board has been informed about it and has not taken reasonable action, or
 - (b) the MLO reasonably believes that a member of the Board is in some way involved in the issue of concern or would hinder any investigation of it.
- The MLO will make an annual report at the AGM.

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Any member concerned about the legality of funds in the Credit Union should express this in writing to the MLO. Correspondence will be dealt with confidentially. The board expects any Collector or Head Office volunteer who becomes aware of unusual savings or loans. For any deposits or loan repayments of over £500 in cash then the source of the funds must be verified and, if the source cannot be verified, reported to the Money Laundering Officer.

Reviewed: April 2018

Next review: April 2019

6. Complaints Handling Policy & Procedure

The policy of the Credit Union is that any complaints are handled fairly, effectively and promptly, and are resolved at the earliest opportunity. Where it is clear that the person making contact is dissatisfied then we will class this as a complaint.

Procedure [Rules 157-159].

The Complaints Handling Policy & Procedure, is available at service points and on the website. A printed copy is available on request from the office and is sent automatically to a member when they make a complaint and it cannot be resolved there and then. The member is also supplied with a hard copy of *'Your complaint and the ombudsman'*. All officers and volunteers are made aware of the relevant Policy & Procedure and know what to do in the event of a complaint.

Complaints may be made by letter, telephone, email or in person during collection times and where possible will be resolved within 1 working day of the complaint being received. The process is then concluded by sending a 'summary resolution communication', using the Financial Ombudsman Service guidance as set out in DISP 1.5.6G.

If a complaint is made by someone who is not a member, potential member, former member (adult & juvenile), guarantor, nominated beneficiary or representative of the aforementioned, or does not relate to a matter regulated by the FSA, it will be responded to but the time limits, record keeping, reporting & co-operation with the Ombudsman do not apply.

Responding to complaints

- Where complaints are not resolved within 1 working day of receiving the complaint, then within 5 working days, a written acknowledgement will be sent (by an administrator), giving the name of the Officer handling the complaint and enclosing the Complaints Handling Policy & Procedure.
- The complaint will be logged and progress recorded.
- Complaints will be handled by the President (if s/he is directly involved in the matter responsibility will be referred to the Vice-President).
- Complaints will be reported and discussed at the following Board of Directors meeting.
- All complaints will be investigated carefully and if there is evidence that the problem is systemic, procedures will be put in place to prevent its reoccurrence.
- Written or verbal responses will adequately address the subject matter and, where a complaint is upheld, offer appropriate redress.
- Redress can mean a written apology but if compensation is appropriate the Credit Union will make a fair offer and seek the agreement of the complainant.
- Within 8 weeks the Credit Union will send a final response. (If this is not possible the Credit Union will send a letter explaining why there is a delay and informing the complainant that s/he may refer to the Financial Ombudsman Service (FOS) if they are dissatisfied with the delay and enclose the FOS explanatory leaflet.)
- The final response must inform the complainant that s/he may refer the FOS if dissatisfied, within six months. The FOS explanatory leaflet must be enclosed.
- The complaint is closed when the complainant positively indicates acceptance of the Credit Union's response or does not revert to the Credit Union within eight weeks of the final response.

Reporting requirements

Any complaint not resolved by the end of the next working day after receipt will be reported on the FCA annual complaints return in accordance with rules in CREDS 9.

All complaints will be logged and marked as appropriate as follows:-

- resolved by end of the next working day after receipt
- resolved within 8 weeks of receipt
- resolved after 8 weeks of receipt

Where the complaint is service related then an RFC (Recommendation following Complaint) is raised.

Financial Ombudsman Service

The Credit Union will co-operate fully with the FOS including producing requested documents, adhering to time limits, attending hearings and complying promptly with settlements or rewards.

Records

The Credit Union will report annually to the FCA on the total number of complaints received between 1st April and 31st March the previous year and will keep records of any complaints for a minimum of 3 years including the name of the complainant, the substance of the complaint, any correspondence between the Credit Union and the complainant and details of any redress offered.

Reviewed: April 2018

Next review: April 2019

7. Arrears Management & Provisioning

It is the responsibility of the Board to pursue any delinquent loans that arise. The Loan Recovery Officer presents a summary Delinquency Report at the monthly Board Meeting.

The main principles followed in the management of arrears are that:

- members in arrears are followed up as speedily as possible, with the initial contact usually informal (by phone or e-mail) and in the nature of a reminder.
- if there is a need for re-scheduling, this will be carried out before they are 13 weeks in arrears with the member advised accordingly.
- the Board endeavours in all cases to assist the member to repay the loan rather than seek legal action or other forms of recovery.

The process, as agreed by the Board, which we will endeavour to follow depending on the circumstances, is as follows:

- immediate informal contact with any member who has not set up their loan or top-up according to their agreement or who misses the previous month's payment (or two payments in the case of weekly payers)
- if there is no response (payment or explanation) within 14 days, a sequence of three letters has been approved by the Board, with the second and third letters including the inserts on arrears and default as required by the FCA. These are followed up by phone or e-mail if deemed necessary
- The second letter will offer further contact, including the offer of a home visit, to discuss problems with payment. The Loan Recovery team can instigate a share to loan transfer, re-scheduling of the loan and/or freezing interest for a fixed period. This last option will require Credit Committee approval.
- In some cases, the Board will action a transfer of all shares and will agree a small fixed payment, for an indefinite period, to enable the capital to be repaid
- The third letter sets out further possible consequence, such as potential Court action, the use of a Debt Collection Agency (which involves costs to the member of at least 35% of their outstanding debt) or referral to the DWP for deductions direct from benefit, if appropriate. Every attempt is made to interview members in this situation before passing their debt outside the Credit Union
- The Credit Union keeps in regular contact with delinquent members until agreed repayment is resumed and the member's account is then monitored monthly until the arrears are eliminated
- If the loan has a Guarantor, the Guarantor will be alerted after 2 months of delinquency and if there is no payment from the member within a further 2 months, the Guarantor may be asked to make payments – at the discretion of the Board.

In accordance with the PRA source book 3.10, 3.11 and 3.12 the Credit Union makes minimum provision of 35% for unsecured, delinquent loans (net of related members' share balances) over 3 months in arrears, 60% for unsecured, net delinquent loans over 6 months in arrears, 80% for unsecured net delinquent loans over 9 months in arrears and 100% for unsecured, net delinquent loans over a year in arrears. Currently, 2% of all other unsecured, net loans is retained as general provision. The need for this will be kept under review.

Reviewed: May 2018

Next review: May 2019

8. Liquidity management

The Credit Union must hold liquid assets of an amount and composition that is prudent and appropriate to the scale and nature of its business, having regard to material risks, including the risk of a sudden adverse cash flow, with a view to enabling it to meet its objectives.

Under the PRA Rulebook (rule 9.2) the Credit Union must at all times hold liquid assets of a value equal to at least 10% of its total relevant liabilities. A Credit Union must notify the PRA immediately if its liquid assets are below 10% of its total relevant liabilities for more than two consecutive business days.

NCU will hold, at all times, liquid assets of at least 20% of members' unattached share balances. The treasurer will monitor compliance on a quarterly basis and report to the Board. The treasurer will propose investment of surplus funds in institutions and for terms that he/she considers appropriate to the credit union's circumstances. All such proposals must be submitted to the board for approval.

Reviewed: June 2017

Next review: June 2018

9. Reserves & Dividend

Under the PRA Rulebook (rule 8.2), the credit union's capital is defined to comprise:

1. audited reserves
2. interim net profits
3. deferred shares
4. subordinated debt meeting the requirements detailed in 8.2
5. revaluation reserves

The credit union is required (PRA rule 8.5(1)), to establish and maintain a capital-to-total assets ratio of at least 3%. The minimum transfer to the general reserve each year is 20% of that year's surplus, until the general reserve reaches 10% of total assets.

Under Rules 72 and 74 the Board may at the AGM recommend a dividend to be paid to all members as at the date of the AGM. Any surplus after a transfer to the general reserve may also be used in any of the ways set out in Rule 71 (including for social, cultural or charitable purposes if a dividend or rebate of loan interest has been declared).

The Board recognise that it is desirable to achieve the capital requirements introduced by the PRA and to ultimately achieve reserves of 10% of total assets. Transfers to the general reserve over and above the minimum 20% of each year's surplus will be balanced against members' expectations of dividends.

Reviewed: June 2017

Next review: June 2018

10. Data Protection and IT

This section covers both compliance with Data Protection legislation and the arrangements for overseeing IT and its management and development.

Data Protection Act

The Credit Union will notify the Information Commissioner of data held under the Data Protection Act, and renew notification as required.

Individuals have the right to:

- Be informed, upon request, of information held about them, as soon as possible, while being aware of the 40 day maximum.
- Prevent their data being used for direct marketing without their consent – the Credit Union will not normally give their data to another organisation for marketing purposes.
- Remove or correct incorrect data held about them.

Information will be:

- Obtained fairly & lawfully
- Held only for the specific lawful purposes
- Relevant, adequate and not excessive for those purposes
- Accurate and kept up to date
- Not kept for longer than necessary

Training

Understanding of data protection principles and their application to Credit Union practices will be covered both in the induction programme for staff and volunteers and in subsequent training for specific roles. All new volunteers sign a confidentiality agreement.

Adequate security precautions will be in place to prevent the loss, destruction or unauthorised disclosure of the data, as detailed below:

- All computers are password protected
- Members' paper files are kept in a lockable cabinet
- The offices at the YMCA are kept locked if they are not in use
- To avoid access to software, Conaccess, Microsoft documents and e-mail systems must be closed down if not in use.
- Particular care must be taken over items in transit, especially PCs, notebooks and paperwork.
- e-mail is the preferred method for transmission of documents
- e-mail discussion involving members and their accounts, loan requests etc should use only initials and not full names.

Access to the Conaccess database

The three levels of password available will be used as follows

- Level One (read only) for new volunteers
- Level Two (amendments involving members' transactions) for Service Advisors
- Level Three (full access to all data and transactions) for the Treasurer, the Supervisory Committee, the Loan Recovery Team and as many Back Office staff/volunteers as are

needed to enable a full service to members to be provided.

The Board has set up an IT Committee to develop the IT systems and to advise the Board on managing the systems. Among their duties are:

- Maintaining a list of those people allocated to each Conaccess password level
- Determining the frequency of password changes and whether a person ceasing to be a member of staff or volunteer should trigger a password change
- Advising on back-up systems, in relation to Conaccess and to key document folders

Back-up

- The system and the remotes are updated at least three times per week
- One copy of the full Bacus database is kept off the premises and backed-up weekly

In the event of Computer Failure

- Copies of the Conaccess installation files are stored on the Front Office, with a second copy retained by a member of the IT Committee. Several members of the Committee are able to re-instate the system, ensuring that this could be done within 24 hours.

Reviewed: July 2017

Next review: July 2018

11. Training & Succession Policy

Recruiting volunteers

- Members will be updated on the benefits and importance of volunteering and given current opportunities available, through the newsletter and at any time on the website or by email.
- Volunteers such as Board members, Supervisory, Compliance and Credit Committee members, will be required to be approved by the FSA.
- All volunteers will be required to complete a Confidentiality Agreement and volunteer information form.
- References will be required from all volunteers, on previous experience and character

Training volunteers & staff

- The Credit Union will endeavour at all times to have a volunteer acting as Volunteer Coordinator, with responsibility for arranging training.
- Initial training will introduce volunteers to the basic legislation relating to Data Protection, Health and Safety and Equalities and will explore how this impacts on roles and procedures at service points and in the back office.
- Each area of volunteering will have a checklist that will be completed by the volunteer and trainer for that area to ensure that each volunteer is competent and confident to proceed.
- At service points and in the back office, detailed instructions on the relevant procedures will be produced and kept up to date, together with a contact list, so that help is available for volunteers at all times.
- Training will primarily be done in house, rather than through external courses.
- The Board will assess attendance by volunteers and staff at conferences and regional meetings on an individual basis, basing their decision on cost and relevance.

Succession

- Volunteers should give as much notice as possible when leaving. This should be pointed out during training. Staff will be required to give notice as arranged in their contract.
- The volunteer coordinator should inform the Board when a volunteer leaves and if there has been any problem filling their role. Replacements will be sought by expanding the role of existing volunteers, ongoing appeals to the members and through Voluntary Norfolk.
- For the Board and committees. Replacements can be co-opted in the short-term, to be subject to elections at the following AGM.

Reviewed: September 2017

Next review: September 2018

12. Whistleblowing Policy

The Credit Union is committed to conducting our business to the highest standards of honesty and integrity. However, all organisations run the risk that things will go wrong from time to time. A culture of openness is essential to ensure that any issues are addressed should they occur.

Any volunteer or member of staff should follow this approach to raise any concern:

- A. With any Credit Union Board Member directly. This may be done either in person or in writing. The board Member may be able to resolve the issue quickly and effectively. If required, the Board member may raise the matter with the full Board to discuss the best way to resolve any problem.
- B. With the Credit Union President. In all circumstances the volunteer may raise their concern directly with the President either in person or in writing.

Once a concern has been raised a meeting will be arranged by the President to discuss the concern. If the concern is with regard to the President then the Vice President will convene the meeting. The Credit Union will make every effort to keep the identity of the whistleblower confidential where they do not wish to be identified.

All concerns in writing should be addressed to
The President/ (or Board Member)
Norwich Credit Union
60 London Street
Norwich
NR2 1JX

Reviewed: September 2017

Next review: September 2018

13. Equal Opportunities Policy

The Credit Union endeavours to treat all members, volunteers, staff and other contacts with respect and to act fairly. This policy will be implemented in particular when dealing with applications for membership or loans, access to services, employment & training or opportunity to stand for election.

The Credit Union will not discriminate against any individual on the basis of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex and sexual orientation. In these respects the Credit Union will meet the requirements of current legislation.

Induction of new volunteers and staff will explain the importance of adhering to this policy.

Although not all our venues can provide disabled access, the majority are suitable. We will also make home visits on occasions to enable new or existing members to access our services.

If users of our service make us aware of any disability when contacting the credit union by letter, telephone, email or in person, we will make the necessary arrangements to ensure they are treated fairly.

Where members believe that discrimination has occurred, they should make their claim in writing to the President of the Board of Directors and a response will be made as per the Complaints policy in this manual. The volunteer manager will investigate and act on any issues involving volunteers and it is expected that all volunteers will play their part in ensuring an environment of mutual respect.

Reviewed: September 2017

Next review: October 2018

14. Health & Safety

It is the NCU's policy (in conjunction with its landlords) to provide and maintain safe and healthy working conditions, equipment and procedures for all employees and/or volunteers, and visitors, and to provide such information and training as they need for this purpose.

An effective health and safety policy requires the full collaboration and co-operation of management and all employees/volunteers; everybody is asked to read this policy and accept their own personal responsibility for health and safety at work.

Company's responsibilities:

It is the duty of management to:

- provide and maintain procedures and safe systems of work
- provide a safe working environment by maintaining all places of work in a safe condition
- consult with and involve employees in matters relating to their own health and safety
- identify hazards and conduct formal risk assessment, where appropriate, to minimize risk
- ensure that control measures and emergency procedures are in place, effective and properly used, monitored and maintained
- provide information, instruction, training and supervision
- comply with all relevant legislation and authoritative guidance
- monitor safety performance and compliance

Recognising that NCU has service points operating from a range of premises, the Board will satisfy itself that all such premises provide a safe working environment and are covered by proper H&S procedures.

Your responsibilities:

All employees/volunteers have a duty in law to act responsibly and to take reasonable care for the health and safety at work for themselves and their colleagues. This duty can be carried out by:

- working safely and complying with all health and safety requirements
- seeking guidance if there is a belief that any working practice is unsafe
- reporting and sharing information about emergencies, accidents and near miss incidents

Reviewed: October 2017

Next review: October 2018

15. Internal Audit: Supervisory Committee

The Supervisor/Supervisory Committee will operate in accordance with Rules number 129-131 and follow the requirements set out in CREDS – the FCA Credit Unions Source Book, sections 2.2.40 – 2.2.50, as appropriate for scale of operations of this Credit Union.

All references to Supervisory Committee are interchangeable with Supervisor if there is only one person fulfilling this function for the Credit Union.

The Supervisory Committee will meet at least quarterly and will report to the Board of Directors on both the work carried out in the previous quarter and the programme for the next quarter. They will examine the adherence to and effectiveness of internal systems and controls, procedures and policies, using relevant documentation or interviews with staff, volunteers or members. Training will be provided as necessary.

At the AGM the Supervisory Committee will report to members (in writing) reflecting the work carried out during the financial year to check that all systems and controls have been properly carried out as required by the FSCA.

If the Supervisory Committee require outside assistance in fulfilling their duties, then Board approval will be sought for any necessary expenditure proposed.

Reviewed: December 2017

Next review: November 2018