

Meeting organisational understanding responsibilities
 Demonstrated management requirements
 plan Prudential **credit** control **Board**
 skills Authority internal
 certification community
 co-option candidate Willingness package agree all knowledge
 meetings time election safeguard function able take
 each new **Conduct** clear Co-operative **Rules** key
 form ensure overall governance meet once **ability**
 CEO elected compliance nomination good includes **director**
Directors duties before financial being trusteeship
 effectively Hoot three role culture member
 regulatory **any** specific sufficient effective minimum submitting
 services responsibility Commitment training contact
 Audit include Union's experience Annual
 statement Determination business
 General need information **union** members
 understand undergoing appropriate Regulation
 objectives including **Committee** membership
 strategic



Election or Co-option to the Hoot Board

Information for Candidates

Our Vision, Mission and Values

Vision

Our vision is to unite our community for a fairer financial future

Mission

Hoot's mission commits to serving members by:

- Providing you with a range of affordable loans and accessible savings
- Helping you to be wise with your money
- Providing information and services that help you to manage your money better
- Valuing and rewarding you by sharing our profits
- Listening to you – online, mobile or in person, treating you as an individual
- Considering your interests in every decision we make

Values

As a co-operative financial enterprise, Hoot Credit Union strives to be:

- Ethical
- Professional
- Honest
- Fair
- Innovative
- Inclusive

Introduction

Hoot Credit Union is a dynamic and developing community business offering ethical financial services to the people of Bolton and Bury.

As a co-operative that exists to serve the needs of its members, the strategic direction of the credit union falls to the Board of Directors elected by the membership.

The Board of Directors should have a clear view of its future direction. It plans targets and regularly evaluates progress towards achieving these targets. An effective Board encourages constructive debate in the Boardroom but presents a unified front to the membership once the Board have agreed their decision.

The credit union is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority. This means that the credit union is governed and operated under a system of regulation determined by these bodies. This includes overall responsibilities of credit union directors.

The desired outcome from a regulatory standpoint is an effective board, which is one that:

- establishes a sustainable business model and a clear strategy consistent with that model;
- articulates and oversees a clear and measurable statement of risk appetite against which major business options are actively assessed; and
- meets its regulatory obligations, is open with the regulators and sets a culture that supports prudent management.

*PRA Supervisory Statement
SS5/16 Corporate Governance: Board Responsibilities March 2016*

A cornerstone of best practice governance is for the Board to be able to hold management to account effectively and to ensure that Board members and management are discharging their responsibilities properly. The Board should include a sufficient number and quality of members who are independent and who between them have sufficient breadth of understanding of credit union to provide effective challenge to the executives.

This guide aims to give you the information you need to be confident that you are able to fulfil the role of credit union Director.

You should read this guide thoroughly before completing your nomination form. If you need any further information, you should contact the CEO of the credit union who will be happy to discuss any concerns you may have. It may also be useful to talk to an existing Director to find out about the commitment you would be expected to give to the role.

The Board of Directors of Hoot Credit Union

The Hoot Board has a minimum of 5 and a maximum of 11 directors elected by the membership by the members at the Annual General Meeting, normally for a term of three years.

All Directors are volunteers. Although directors do not receive any payment for their services to the credit union, reasonable travel expenses will be paid.

Each Director is asked to sign a Declaration of Confidentiality to safeguard the confidentiality of the credit union and the credit union's members.

On election and before undertaking their duties, Directors are subject to PRA and FCA rules contained in the Senior Managers Regime and Certification Regime, and must agree to be subject to a Disclosure and Barring Service (criminal record) check. The credit union is also required to take reasonable steps to obtain appropriate references from any financial firm that the candidate has been involved in, in a capacity of owner, employee or governing body, covering at least the last five years as part of its responsibility to ensure that all directors are fit and proper to perform their function.

Hoot Board Meetings are arranged a year in advance, usually taking place on Wednesday at the end of each month starting at 6pm at the credit union in Victoria Square.

Before each meeting, an agenda and other documents for discussion are circulated by email and hard copy to ensure that everyone has time to consider the items that will be discussed.

Individuals would be expected to commit a minimum of 4 hours per month to attend Board meetings plus training, occasional functions and events. Depending on skills and knowledge, directors may be assigned to a sub-committee such as the Audit or Nominating Committees. The Board also meets once per year to formulate the strategic business plan.

Candidates should be able to provide:

- Commitment to the organisation
- Willingness to devote the necessary time and effort
- Strategic vision
- Good, independent judgement
- Ability to think creatively
- Willingness to speak their mind
- Understanding and acceptance of the legal duties, responsibilities and liabilities of a credit union director
- Ability to work effectively as a member of a team
- Willingness to undertake training and development.

Role and Responsibilities

The Regulator requires all credit unions to robust governance arrangements, which include a clear organisational structure with well-defined, transparent and consistent lines of responsibility, effective processes to identify, manage, monitor and report the risks it is or might be exposed to, and internal control mechanisms, including sound administrative and accounting procedures and effective control and safeguard arrangements for information processing systems.

CREDS is the main source of FCA regulatory requirements of a credit union and gives guidance on the overall responsibilities of credit union directors while the PRA has issued a sourcebook to ensure that credit unions are run in a proper manner.

“The committee of management should be competent to control the affairs of a credit union, and have an appropriate range of skills and experience having regard to the activities carried on by the credit union. It is the responsibility of each member of the committee of management to understand, and ensure that the credit union complies with, the requirements of all the relevant Acts, Regulations and Rules.”

FCA Credit Union Sourcebook

Hoot Credit Union has a Delegated Authorities and Executive Limitations policy which reserves the following key responsibilities to the Board of Directors:

- The overall system of governance in Hoot Credit Union
- Determination of the vision, mission and values of Hoot Credit Union
- Determination of the common bond of Hoot Credit Union
- Determination of the operations of the board and its committees
- Determination of matters and documents of board policy
- The job description, appointment and termination of employment of the CEO
- The remuneration and terms and conditions of service of the CEO
- The appointment of an internal auditor, on recommendation of the Audit Committee
- Decisions on the attendance of directors at events outside the business of the board, e.g. at conferences or with commercial partners
- Approval of the rolling strategic plan and annual budget
- The policy setting the authority and executive limitations of the CEO

You must ensure that you can commit to these responsibilities before submitting a nomination. A full and detailed assessment of the overall responsibilities of a credit union director is outlined in the Director’s Handbook, which would become available on election to the Board.

You may also wish to conduct your own due diligence by finding out more about the financial performance of the credit union. Annual accounts are available on request to members of the credit union, and any questions about credit union performance should be directed to the CEO.

Certification and Conduct Rules

The credit union must ensure that Board directors are fit and proper to perform that function and issue a certificate before that person can carry out the function of director:

- has the personal characteristics (including being of good repute and integrity);
- possesses the level of competence, knowledge and experience;
- has the qualifications; and
- has undergone or is undergoing all training

If the successful candidate is unable to immediately demonstrate sufficient ability to meet the following Conduct Rules, they must agree to take part in training before taking up the responsibilities of being a credit union director:

1. You must act with integrity
2. You must act with due skill, care and diligence
3. You must be open and cooperative with the FCA, PRA and the other regulators
4. You must pay due regard to the interests of customers and treat them fairly
5. You must observe proper standards of market conduct

The credit union is also required to take reasonable steps to obtain appropriate references from any financial firm that the candidate has been involved in, in a capacity of owner, employee or governing body, covering at least the last five years.

The credit union has an obligation any breach of the Conduct Rules within seven days of the breach occurring.

Training

Each new director is offered a new officer induction package and training programme to enable them to become effective as soon as possible. Training may be undertaken by the following methods: face to face, online or self-study, and on election directors agree, as a minimum, to take part in any training identified as necessary.

The induction package includes the same basic tools of each member of the Board of Directors and will include:

- A statement of responsibilities
- The Credit Union's Rulebook
- A Directors' Handbook
- The Credit Union's policy manual
- The Credit Union's business plan
- Access to PRA and FCA regulatory rules
- The Board Meeting Schedule
- A contact list for all Board members and senior staff
- Also, a new officer could usefully be supplied with copies of the minutes of the last two or three Board meetings.

New directors may also undertake to train on Conduct Rules to meet the requirements of the certification regime, plus any training identified in the nomination submission and/or annual skills audit.

The credit union strives to have a broad and balanced range of skills and knowledge on the Board of Directors and encourages those with specific skills and experience in any of the operating areas such as finance, lending and credit control or compliance. The four key competencies that all candidates should be able to meet are:

1. **Strategic thinking:** the ability to visualise near and distant future conditions and develop an appropriate organisational response.
Demonstrated by an ability to focus on policy not operational issues; being able to contribute to the formulation of a strategic business plan and helping to establish key goals and objectives; ability to appraise the adequacy of services and facilities of the credit union and to analyse proposed changes and their implications for long-term financing and profitability; interpretation and analysis of financial statements and financial information and to assess the financial viability of the credit union.
2. **Leadership:** the ability to take responsibility for accomplishing the desired objectives.
Demonstrated by an understanding and commitment to the aims and objectives of the credit union; a willingness to ensure that behaviour reflects the culture and values of the credit union; knowing and understanding the democratic, organisational and regulatory nature of credit unions; actively seeking information needed to carry out duties, roles and responsibilities; understanding the concept of collective responsibility and the necessity of diversity in skills and culture on the Board.
3. **Governance skills:** the ability to effectively perform the function of a credit union director.
Demonstrated by an understanding of the nature of trusteeship in a Co-operative and Community Benefit Society; ability to plan, prepare and participate in board decisions; understanding and following basic meeting procedures; recognising the roles of the board and manager and to work within this; participating openly at meetings by asking appropriate questions and offering constructive comments; ability to represent the credit union at public functions when asked.

4. **Business skills:** the ability to bring specific skills and knowledge to the credit union contributing to the success of the strategic business plan.

Demonstrated by previous experience or qualification in one or more of the following key areas: financial control, compliance and law; governance and trusteeship; lending and credit control; people and management; or community and membership development.

Submitting your nomination

You may be submitting a nomination for election at the Annual General Meeting or co-option to a vacancy on the Board.

You should complete all parts of the nomination form before submitting it to the credit union. The form includes a declaration, a section on how you meet the skills, competency and Conduct Rules requirements needed to be a credit union director; and a statement that will be made available to members at the Annual General Meeting.

If you are standing for election, your form must be signed by two nominating members of the credit union.

The form will then be submitted to the Nominations Committee, which may ask for additional information. The Nomination Committee will then present its recommendations as to whether to support your nomination at the Annual General Meeting or to accept your co-option to the Board, whichever is appropriate.

If you have any questions about any aspect of being a member of the Board or need more information on the business performance of the credit union you should contact the CEO of the credit union.



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