

After the crash, the mutual benefits of building societies are clear to see



David Cutter

David Cutter is chairman of the chairman of the Building Societies Association and chief executive of Skipton Building Society.

ONE hundred and sixty years ago, they formed a movement which revolutionised ordinary lives.

Making the prospect of home ownership tangible for ordinary people for the first time, Yorkshire's building societies were among the flagbearers for mutuality – a concept and approach to business witnessed across the UK which proved an enduring alternative for consumers in a crowded financial services marketplace.

Initially established as "collectives" to enable people to club together and build their own homes, five societies remain in the Yorkshire region – Yorkshire Building Society being the largest, followed by Skipton, Leeds, Beverley and Ecology. Yorkshire is the second biggest society nationally, Skipton ranks fourth and Leeds fifth, in terms of asset size, and we all offer products and services to savers and borrowers right across the country, bringing important competition and diversity to the marketplace.

On a smaller scale, Beverley concentrates on offering a valued service on a local basis and Ecology has a special place amongst those looking for mortgages and projects that benefit the environment.

In recent days, we and our major peers all announced our annual results for 2013. Both as group chief executive of Skipton, and collectively, in terms of my role as chairman of the Building Societies Association, I am delighted to observe that these results show how all of the region's building societies continue to add as much value as ever to our local economy, and the lives of the area's consumers.

Despite five years of the worst global financial crisis in memory, Yorkshire's mutuals have continued to report strong profitability and capital – a vital safety net, the lack of which triggered the demise of many high profile banking casualties. This strength gives our members the peace of mind of knowing their savings are secure with us.

Skipton's profits increased to £102m in 2013, Yorkshire's to £199m and Leeds's to £64m. However, it is the virtuous circle which we create together which positively impacts the economic vibrancy of the region, as well as the financial wellbeing of families.

While profits and growth are important measure of success, we also plough some of the proceeds of success back into the communities in which we operate, to further enrich them. In terms of bare statistics, we



BRICKS AND MORTAR: Building societies continue to play a vital role in making home ownership a reality for many people. Yorkshire has always been at the forefront of the movement.

collectively employed over 14,000 people in the UK during 2013, almost half of whom are based in Yorkshire.

Head count increased by almost 600 to support the ongoing growth and development of our businesses. Combined, we lent £11.4bn of new residential mortgages to help homeowners achieve their aspirations in a challenging market environment.

More than 15,000 of these loans were to first-time buyers, who are so vital to fuelling a buoyant housing market which is so central to economic health.

Net lending, being the growth in our mortgage books, amounted to £4bn, accounting for 36 per cent of the growth in the UK market – well in excess of our combined natural market share. Our local building societies have therefore played a huge part in revitalising the country's residential mortgage

market. Much of this success was at the expense of the banks which, as a whole, contracted their market share during the year.

We also offered average savings rates well above the historically low Bank of England base rate of 0.5 per cent and average market rates, paying a weighted average rate of 2.11 per cent during the course of the year, much of which provides typical building society customers with a vital top up income into their retirement. The three societies are now entrusted with a combined £45bn of savers' balances.

We were able to punch above our weight in this way because we're free of some of the shackles that bind PLCs. We don't have shareholders to please, and take decisions which are in the long term interest of our members rather than being driven by the short-termism of the City.

While we need to make healthy and improving profits to boost our core capital base and invest in our businesses, we can use a proportion of what's left to balance this with consistent value for our members and continually develop our products and services for their benefit.

Taxes paid by the three societies amounted to in excess of £150m in 2013. And then there is the intangible "brand" capital that

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the region's building societies bring to the area. Over the past decade, the city of Leeds has taken on the mantle of the financial services capital of the North. The reputational benefit of this in terms of fuelling onward business investment in the region cannot be underestimated. Not only that, but the wage bill of these three societies within the region is estimated at nearly £200m per annum, with jobs centred in Leeds, Bradford, Skipton and elsewhere supporting the economic vibrancy of the region.

Added to this is the "softer" aspect of what we do – giving something back to the communities in which we operate through charitable giving of over £1m during 2013. At Skipton, in addition to our Charitable Foundation, we do this through a Grassroots Giving programme which provides small donations

of £500 to salt-of-the-earth clubs and societies which make a big difference to local lives, but are too often overlooked for mainstream funding.

In this way, we are continuing to reflect that founding mutual ethos of "helping people to help themselves" and last year saw tens of thousands of people engaging with this programme to vote for the organisations dear to their hearts.

Throughout the challenging events of recent years, we have always maintained our mutual difference, and it is pleasing to see it really coming into its own as Yorkshire's societies emerge from the financial crisis stronger than ever. This year and beyond look similarly bright despite ongoing market challenges and we look forward to continuing to contribute strongly in the years ahead.

Little the West can do as Putin flexes muscles in Crimea



Edward Spiers

Edward M Spiers is Professor of Strategic Studies at the University of Leeds.

INEVITABLY, the sight of Russian forces responding to the revolution in Kiev by holding military manoeuvres on Ukraine's borders, and then smoothly occupying key positions in the Crimea without firing a shot, has sent reverberations through the international community.

This was an "incredible act of aggression, really a stunning, wilful choice to invade another country", said John Kerry, the US Secretary of State. "We don't want to return to the Cold War," he warned. He then threatened Russia with economic sanctions and possible diplomatic isolation by exclusion from the G8.

Despite comparisons in Washington with the Soviet

invasion of Czechoslovakia in 1968, all the evidence suggested that Putin's actions had caught the Western allies off guard.

Neither David Cameron's threat of a Ministerial boycott of the Paralympics in Sochi nor William Hague's readiness to shun the preparatory talks for the next G8 summit halted the movement of Russian forces. Just as ineffectual was the extraordinary 90-minute phone call between President Obama and Vladimir Putin on Saturday night. Obama reportedly threatened "serious repercussions" unless Moscow halted its military operations, which were a "clear violation of Ukrainian sovereignty and territorial integrity".

He also urged "direct engagement with the government of Ukraine", but Putin's reply was all too blunt. The US-backed interim administration in Kiev was "threatening the lives and health of Russian citizens and the many compatriots" in the Crimea, and in case the crisis spread to the eastern Ukraine, "Russia retains the right to protect its interests and the Russian-speaking population in those areas".

Obama, by choosing not to attend a high-level meeting at the White House, involving his defence secretary, the director of the CIA, and chairman of the joint chiefs of staff, effectively admitted that there was little that the United States could do.

Putin appears unruffled. He clearly felt that Russia could not stand by while a revolution overthrew an elected, pro-Russian president, Viktor Yanukovich, and was unconcerned that Yanukovich had provoked the protests in Kiev by reneging on a European Union association agreement, and then by authorising the use of lethal force against the demonstrators in Independence Square.

Putin was prepared to use force decisively, just as he did in Georgia in 2008, and gambled on the likelihood that the West would not react to a military crisis in Russia's "Near Abroad". He gained the backing of the Russian Parliament on Saturday,

reflecting Russia's longstanding relations with the Crimea, which was Russian until 1954. The Crimea not only hosts the Russian Black Sea Fleet but it also has a legendary appeal by virtue of the two wars fought on its soil against invaders in the nineteenth and twentieth centuries. Nearly sixty per cent of the Crimean population is Russian.

So far the Ukraine has responded with restraint but its position in the Crimea has weakened after the defection of the newly appointed naval chief, Rear Admiral Denis Berezovsky, the surrounding of two military bases, and the severance of key communication links. Putin is clearly holding the

threat of further intervention over the interim regime in Kiev. He may wish to shape the formation of a new Ukrainian government and gain a power of veto over any decision affecting Russian interests.

Escalation, including armed confrontation, remains a risk but will depend upon how the two regional powers react, with the military balance, at least in numbers and weaponry, heavily favouring the Russians.

This seems a distinctly local crisis and not a return to the global divisions of the Cold War. The Western powers, despite siding with Kiev, will confine themselves to public posturing and possibly sanctions.

Real life pain of online tirade of hate by 'trolls'



Andrew Vine

EVERY TUESDAY

IT WAS the sound of sobbing that drew my friend to his teenage daughter's bedroom door. Inside, she was inconsolable. Red-eyed, distraught, she'd plainly been crying since going up to her room ostensibly to do homework a couple of hours before.

He and his wife had noticed that she hadn't been herself over the previous few weeks. She'd been quiet, preoccupied, even slightly withdrawn. All attempts to get to the bottom of what was troubling her had failed.

They'd been through the teenage years once already with their elder daughter, so knew perfectly well that it was not unusual for a 14-year-old girl to be moody. They decided the best approach was softly-softly, keeping a close eye on her and waiting for the right opportunity to find out what was on her mind. But they hadn't expected this. Through the tears, it all came tumbling out. And what she said shocked them to the core.

She was the victim of internet trolls, who had been tormenting and abusing her via a social networking site for weeks. The story was there on her mobile phone, a stream of vile and cruel insults that had reached its climax that evening with a wish that she was dead.

It had been merciless. Over and over again, they had called her "ugly bitch". No aspect of her appearance was off limits. Her hair, clothes, shoes, even the bag she carried to school were derided and jeered at.



PRESSURE: Olympic swimmer Rebecca Adlington also suffered online abuse.

Her self-confidence and self-esteem were being shredded by these unremitting attacks. The victimisation had left her isolated, helpless, even ashamed, to the extent of feeling unable to tell her parents what was happening.

Almost as if the trolls sensed that the more isolated she became, the more their attacks would wound, their malice increased. With every passing week, the pack circled more menacingly until its victim felt hemmed in with nowhere to turn for help.

What made it even worse was that the ringleader of the group of girls who had been tormenting her lived nearby. The children had grown up together, and both sets of parents were on friendly terms. When the two girls were at primary school, their mothers had often

walked home together after leaving them at the gates.

This only deepened my friend's sense of disbelief. How could this be happening here, in an affluent Yorkshire suburb, to two decent families and a group of children doing well at a successful state school?

There was little sleep for anyone in the house that night, not least because of what the following day held. My friend and his wife decided to divide up what had to be done. He would go to school to talk to the headteacher, and she would go to see the ringleader's mother.

Hers was the harder task. Over coffee, the other mother went from outrage to incredulity to bewilderment before, in the face of the indisputable story told by the messages on the phone, tears came.

As the two mothers hugged, both knew that their families' relationship could never be the same again. And as the victim's mother took her leave, she left behind a woman wondering how well she really knew her daughter if she was capable of plumbing such depths of cruelty. It had all begun as a result of some trivial spat which would usually have resulted in a few days of not speaking to one another until it all blew over. But somehow, it had got out of hand and developed into something much darker.

How many other families out there have been plunged into turmoil by trolling? Certainly there are nine whose lives have been blown apart, because

that is the number of young people whose suicides last year were linked to cyberbullying.

Some figures have suggested that as many as seven out of 10 young people using social networking sites have been subjected to bullying.

Trolling is an insidious and especially hurtful form of psychological warfare because it eats into its victims' souls, sowing self-doubt and despair. And when it is directed at children growing through the fragile and complicated emotions of the teenage years, it can be especially harmful.

Even those grown to adulthood are not immune from its effects, as shown by the public breakdown of the Olympic gold medal-winning swimmer Rebecca Adlington, who was subjected to disgraceful abuse about her looks via social media.

The consequences for my friend's daughter and her tormentors are still playing themselves out. The only certain thing is that there will be no quick fix. She is only gradually returning to her old happy and outgoing self, and there is a question over whether the ringleader of her abusers can return to the same school.

How twisted it is that a form of communication intended to bring people together and foster friendships can be perverted into a means of torture. And how sad that the word "troll" should have become a hateful part of so many children's lives.

TOMORROW: Bernard Ingham

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