

## **1. Welcome and Introductions**

Directors present: Manju Shahul Hameed (Chair), Catherine Black, Philip Butlin (Treasurer), Dilly Dokubo, Naomi Martin, John Tooze, Steve Triner, Simon Wales

The Chair welcomed everyone to the meeting, which was being held in unprecedented circumstances. In normal times she would ask Board members to introduce themselves to the meeting, but a different approach was needed today.

She noted that about 40 members had joined the virtual AGM (and electronic records confirmed that in total 54 members were present at least some part of the meeting). She thanked ABCUL (the Association of British Credit Unions ) for their assistance in running the virtual AGM and in particular Jackie Littlewood and John Haslam who were present from ABCUL. They had confirmed that this was the biggest attendance of any AGM they had supported so far. Members present were invited to submit questions during the meeting via the Chat function and there would be opportunities to have questions for each main agenda item, plus a Q and A session would be held at the end. She reminded people that reports had been circulated (the Report of Directors and Audited Financial Statements, provided to each member attending the AGM) and could also be downloaded from the CMSCU website. Also, people were reminded that the meeting was being recorded.

The Chair spoke briefly about the history of the Credit Union and how far it had grown since its early days, reminding everyone that, having started in Croydon, the Credit Unions serves people in three boroughs; Croydon, Sutton and Merton.

So much had happened since last AGM, especially with the onset of the Covid 19 pandemic and lockdown in March 2020. The Credit Unit had planned to hold its conventional AGM at Crystal Palace Football Club on 19th March but this had to be postponed at the last minute.

## **2. Quorum**

The Chair confirmed that the AGM was quorate

## **3. Apologies for Absence**

Apologies were recorded in total from 41 members

## **4. Minutes of the previous AGM held on 20<sup>th</sup> March 2019**

These had been included in the circulated papers. They were moved as a true record of the previous AGM by Simon Wales and seconded by Phil Butlin. The meeting accepted the minutes by electronic voting -76% of those present voted; with 56% accepting the minutes and 44% saying they had not been at the previous AGM. There were no matters arising.

## **5. Guest Speaker**

The Chair welcomed John Haslam, ABCUL's Member Relationship Manager, as the guest speaker. John would be speaking about a Wider Perspective on the Credit Union movement in the UK.

John introduced himself and said he would welcome questions submitted via the Chat function. He congratulated the Credit Union on its record attendance at a virtual AGM. The main focus of his role in ABCUL was to support Credit Unions in the London Region

With the pandemic, he said it would be easy to focus on negative issues but there were good reasons to be positive about the Credit Union movement and how it had risen to the challenges of 2020. First, by way of context, John referred to the international profile of Credit Unions and to 2 prominent leaders where the Movement was especially strong: Edward Filene in the USA and John Hume in Northern Ireland. John Hume had stressed how, prior to Credit Unions, people in poverty in Ireland simply could not borrow as banks would not help them. Key to the movement was the mutual loyalty of Credit Unions to their members and vice versa, based on the values of co-operation

Internationally, there are about 85,000 Credit Unions, operating in across 6 continents, and in 118 countries; with about 274 million members (figures from the World Council of Credit Unions) . The role of Credit Unions in the UK is less advanced and they started here later than in other countries; ABCUL's mission is to promote a stronger, more high-profile Credit Union presence in the UK.

The experience of 2020 for Credit Unions has been that people are saving more and taking out fewer loans. There are obvious reasons for this trend (uncertainty, but also fewer opportunities to spend particularly during the most restrictive period of lockdown) which made sense for individual members. However, John reminded people that this meant less profitability for Credit Unions and thus fewer opportunities to grow and support more people, as interest on loans drives the ability of Credit Unions to offer more loans to more people. If Credit Unions have bigger reserves as a result of more members saving, and make fewer loans, reserves have to be invested in banks which offer much lower rates of interest, thus impacting on the Credit Union's profitability, though he reminded people that profitability was not an aim in itself for Credit Unions but instead the means to expand and offer more services to more people.

John mentioned several examples of how Credit Unions were responding the needs of their communities and members during the pandemic: these included

- extended opening hours.
- making more support calls to vulnerable members.
- services focussed on key workers, such as interest free loans.
- liaising with local food banks to support those in greatest need.
- grants to charities supporting the most vulnerable in communities

John suggested several ways in which individuals could in turn support their Credit Unions; including

- Word of mouth recommendation of Credit Unions to friends, family, colleagues etc. who are looking for loans

- Seeing the Credit Union as your lender of choice when borrowing money
  - Volunteering with the Credit Unions, e.g. by joining the Board, especially if you have specific skill sets, but also in a variety of other roles
- CUs are also able to offer services remotely where people unable/unwilling to go out.

John answered the following questions

- Do Credit Unions offer Mortgage products?

Only a handful do in UK; even the largest Credit Union has assets of just £150m so only a limited number of mortgages could be offered based on an average value of about £300,000. Also, the rules under which CUs operate in UK are rather restrictive, but it could be an area to develop in future

- Could the Credit Union movement become as big in the UK as it is in the USA?

USA CUs began in 1920s/30 whereas in UK the first Credit Union was created in the 1960s, so a long way to catch up. US CUs can offer more services e.g. bank accounts; not currently possible in UK, but ABCUL is promoting the idea of Bank accounts, and this could be significant area of growth if permitted in future. More effective marketing for CUs would help but difficult to do nationally, as CUs have a very wide range of products, varying from area to area, whereas the banking sector has a few large players that can advertise standardised products. In Eire, CUs offered bank accounts before these were widely available to less prosperous people, so the presence /profile of CUs got well established

- How has the Pandemic affected bad debts for CUs?

So far impact, less than feared, but problems could escalate over the next year with the impact of greater unemployment

The Chair thanked John for his presentation and his answers, and thanked members for raising these issues.

## 6. Reports

- Chair's report

- The Chair reminded people that her report had been circulated with papers. She spoke about the Board's priorities which are to:
  - Increase presence across all three boroughs
  - Maintain financial stability
  - Promote the importance of "saving for future". Attracting younger members
  - Deliver a high standard of customer service to members
  - Extend digital capabilities
  - Further strengthen the Board and Supervisory Committee

The Chair:

- Introduced all current Board members and thanked 2 members who had stood down in the course of last year – Martin Groombridge and Belinda Letby.

- Referred to the dramatic growth in membership since she first took up the Chair in 2015/2016; from around 3,000 to around 7,400; over the same period, share capital had increased from £2.4m, to £3.87m
- Gave a breakdown of the main purposes for which people seek loans – 29% for urgent bills, 23% for holidays, 23% for home improvement and furniture
- Gave a breakdown of where members live - 66% in Croydon, and 11% in each of Merton and Sutton; the other 12% being either ex residents or people who work in one of the boroughs

The Chair named and thanked every member of staff and all volunteers. She expressed the Board's appreciation for the leadership and support provided over a very challenging period by Peter Robinson, Operations Manager, and Michael Wilson, Chief Executive Officer. She also thanked Ruby Begum and team at Croydon Council

<u>Staff</u>	<u>Volunteers 2018-2019</u>
<ul style="list-style-type: none"> <li>• Michael Wilson - Chief Executive Officer</li> <li>• Peter Robinson - Operations Manager</li> <li>• Kavitha Kumaresan - Customer service team leader</li> <li>• Eniola Akinosho - Loans team leader</li> <li>• Niyi Osilaja</li> <li>• Annie Basse</li> <li>• Steph Rees</li> <li>• Steven Obigbesan</li> <li>• Robert Crofts</li> <li>• Chelsea Dash</li> <li>• Emma Duncanson</li> </ul>	<ul style="list-style-type: none"> <li>• Vilma Couthino</li> <li>• Jentine Nelson</li> <li>• Russell Makin</li> <li>• Mercedes Charles</li> <li>• Jon Head</li> <li>• Michael Jennett</li> </ul>

The Chair also mentioned several examples of positive feedback given by members about the way they had been helped by the Credit Union.

**b. Treasurer's report**

The Treasurer said 2018/19 was another good year from a financial perspective, with a higher than budgeted surplus of £87.6k. The surplus was lower than last year (£152.5k) as in 2017/18 we received a generous one-off grant from the Lloyds Banking Group/Credit Union Foundation. Adjusting for this the underlying surplus is up 6%, continuing the recent trend.

2018/19 Accounts Headlines:

- In year surplus of £87.6k (2017/18 £152.5k)
- Total assets of £4.3m (up 23%)
- Subordinated loans of £105k (unchanged)
- Loans to members £2.86m (up 15%)
- Reserves £353.0k (2017/18 £264.9k)
- Capital to total assets ratio:

- At the end of the 2018/19 Financial Year the minimum ratio of 5% was achieved with an actual ratio of 7.7% at the year end. The Treasurer reminded members that, under present regulations, the required ratio will increase to 10% if the number of members exceeds 15,000 or total assets £10m, although the government is currently consulting on changes to these rules. Any required increases in reserves will be taken into account in medium/long-term planning.

The performance in 2018/2019 meant the Board was able to make a recommendation to pay a dividend (see item 7)

c. Acceptance of the Financial Statement and Auditor's Report

The Treasurer confirmed that the Auditors had made an unqualified report, which was contained within the papers circulated. In response to a question he said that further detail was not published but if members had specific queries, he would try to give the information requested.

Naomi Martin moved that the Financial Statement and Auditors report be accepted; seconded by Steve Triner

An electronic vote followed- 97% in favour, 3% against, so motion carried

The Chair thanked the Treasurer for his report

Several questions were raised by members:

- Can the Credit Union make funds available for company start-ups?  
The Chair said this is not current policy. John Haslam from ABCUL added that very few CUs offer this as it is highly risky area of the lending market, and not generally seen as an appropriate use of members' deposits
- What was the Lloyds grant which was given in 2017/2018?  
The Treasurer confirmed the grant was from the Lloyds Banking Group/Credit Union Foundation, a charitable body which supports building Credit Unions' capacity. The grant had helped us to finance improvements in governance and financial control.
- What is the expected trend in Bad Debts?  
The Treasurer confirmed that the level of bad debt needed to be kept under close review in the current climate; this had been the case even pre-Covid. Some bad debt is always recovered in the end, but this tends to be a relatively small proportion .
- What are the possible implications for the Credit Union of Croydon Council's financial situation, e.g. will free use of the office space continue?  
The Chair said no decisions had yet been made. She added that the Credit Union was always looking at the possibility of high street location, possibly in the north of the borough (though rent levels would be challenging) and was exploring options for outreach services in the other 2 boroughs, plus areas like New Addington.
- How are current student placements progressing?  
Michael Wilson said there was very useful work being done by a marketing student currently on placement with the Credit Union, and a full report plus recommendations would be made to an early Board meeting
- Does ABCUL charge a fee?

The Treasurer said yes, and confirmed it represented very good value for money, given the support and resources provided by ABCUL

**d. Supervisory Committee**

Michael Jennet spoke. He said that the work of the Committee had been affected by the Covid pandemic as he had been unable to visit the office since February. However up to that date he had only found very minor discrepancies in records which had been quickly rectified. Michal Wilson said that different ways of working, i.e. more remote working from home would require a different approach. A full report would be made to the next AGM.

**7. Proposed dividend**

The Board was recommending a 0.50% dividend this year which would be payable on the average balances held in share accounts between 1st October 2018 & 30th September 2019. The Treasurer said he would have liked to recommend a larger dividend but 0.50% was appropriate in the current situation.

The dividend was proposed by Naomi Martin and seconded by Steve Triner

An electronic vote followed- all in favour, 3% against

The Treasurer confirmed that the dividend would be paid to members' accounts ASAP.

**8. Appointment of Auditor 2018/ 2019**

The Board was recommending the reappointment of the existing auditors Hartley Fowler LLP. The Treasurer referred to the support offered to the Credit Union as one of the company's partners sits on and provides free advice to the Credit Union's Finance Committee. The re-appointment was proposed by Naomi Martin and seconded by Steve Triner

An electronic vote followed- 94% in favour, 6% against, so carried.

**9. Elections**

**a. Election of Board of Directors**

The Chair said that 2 Directors (Naomi Martin and Phil Butlin) were standing down and both wished to be re-elected. There were also two vacancies, and Carlla Kennedy and Ranil Perera were standing for election. She proposed that all 4 posts be voted on en bloc and asked each to give brief verbal statement to the meeting about their experience and why they wished to stand /re-stand.

The Chair then proposed their election; this was seconded by Simon Wales

An electronic vote followed- 92% voted to elect the foregoing Directors, 8% against, so their election was carried. The Chair congratulated the new and re-elected members and looked forward to working with them.

**b. Supervisory Committee**

Michael Jennett, Alexandra Lacerda and Lucidia Rodrigues were standing for election. Proposed by the Chair and seconded by Clive Fraser

An electronic vote followed- 97% voted for the members of the Supervisory Committee, 3% against, so their election was carried. The Chair congratulated the elected members and looked forward to working with them.

### **10. Any Other Business**

None had been notified in advance, but the Chair invited any other comments/issues - the following were raised:

- Can people donate their dividend to the Credit Union?- Yes
- Can the newly elected Directors appear on screen before the end of the meeting?- Yes, this was arranged
- What are the roles undertaken by volunteers in the Credit Union during the pandemic? - Michael Wilson gave examples of the roles undertaken by people who are not in the office, such as calls to members and checking on-line records. He invited anyone else wishing to volunteer to get in touch
- Is there an online newsletter? Yes, it is produced quarterly (was monthly pre pandemic) It can be seen on the website

### **11. Closing Comments**

The Chair thanked everyone for what had been very successful meeting in unusual circumstances – staff, volunteers, members, and Jackie and John from ABCUL; and thanked John for being Guest Speaker

She then closed the Meeting