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**Salford Credit Union Ltd Annual General Meeting**

**Thursday 25th February 2015 at 6:00pm, Brotherton House, Salford**

**List of confirmed attendees**

Board members: Alec McFadden (AM), Paul Whitehead (PW), Mike Thorpe (MT), Karen Burns (KB), Tom Togher (TT) Debbie Witton (DW), Jack Youd (JY)

SCU employees: Sheila Murtagh (SM), Mark Brazendale, Helena Price, Elsie Parkinson, Kelsey Smith

Other SCU volunteers and other CU members: *See list below*

Apologies: Jim King, Dean Whitehead, Alex Halligan, Frank Seenan, Paul Hart, Mary Carey, Lesley Dean, Kay Fairhurst, Paula Lawless

In attendance: Rebecca Long-Bailey MP (Guest Speaker)

 H Hinchy (minute taker)

**1.** **Quorum for AGM confirmed**

**2. Welcome by the Chair of the Board, Paul Whitehead, and approval of Agenda**

The Chair declared a quorum. Chair of the Board Paul Whitehead welcomed all attendees to the AGM. The agenda was approved.

**3.** **Minutes of AGM February 2015**

PW ran through the minutes of the last meeting, page by page and invited any questions, of which there were none. There were no matters arising.

The minutes were agreed by all present.

**4.Reports**

**(a) Chair’s report – Paul Whitehead**

We have continued to provide affordable loans- saving our members potentially between £3/4m and £2m a year compared to getting loans or goods from lenders such as Provident or Brighthouse.

Early on in the year we did a lot of work to make sure our new business model works effectively, working across two sites - Langworthy Cornerstone and main public branch at Brotherton House. This arrangement provides extra benefits as a result of the excellent relationship we have with Pendleton Together and Keepmoat Services at Brotherton- making their tenants more aware of our services.

An important milestone was the development of a new 3 year business plan. This plan has a focus on growth of membership and loans. The Business Plan highlights the need to modernise our services to that they continue to remain attractive and relevant to both existing and new members.

We have been researching how other successful Credit Unions work. This has included visits to Unify Credit Union, Hoot and Leeds. The Leeds visit included a large representation from Salford Credit Union, Salford Council, CAB and Salford University. All these visits were invaluable and lessons have been fed into our work.

There have been a number of back office improvements which the staff have achieved and which we believe have helped improve services to our members. Members have generally been very accommodating with changes over the year including moving away from cash.

We moved from the ABCUL Debit card to the Cred E Card, now the Engage card. This offers added benefits to members and also has a UK bank account number and sort code to members can have wages/benefits sent direct to their card.

We have made a number of funding bids this year so that we can make necessary investments in improvements. I am very pleased to announce that we have been successful with three bids which together allow us to modernise services, make them more attractive and enable us to go for growth without the risk of breaching regulations. The first bid was to Booth charities for funds to support the upgrade of the website and new marketing materials. The second bid was to the Council’s Community Committees. Their award has allowed us to work towards an upgrade in our member account systems and will be going live in spring and summer 2016. They will include online membership and online loan applications- making it easier for people to become active credit union members. The Third bid was to Lloyds Bank Foundation and we were awarded £63,360 – this money is specifically for our capital reserves.

In our business plan we have said that we want to work with local partners to achieve growth- working together will make us much more effective than being a single organisation. We have continued to be part of local partnership structures, such as the Salford Financial Inclusion Group. Housing Associations continue to support us and as well as Pendleton Together, we work with Salix and City West Housing. Great Places gives a range of support, including having recently agreed a special loan arrangement for their tenants.

We are very grateful that the Salford Unemployed & Community Resource Centre who made a further subordinated loan during the year to assist our capital position.

We have an enthusiastic group of volunteers who help at collection points and we now have a Volunteer Co-ordinator who worked with the staff team to review collection procedures. We have added a new collection point in the last year - New Park High School in Patricroft

I can confirm that our plans for this year are about delivering the growth in membership and loans that we have set out in the Business plan alongside modernisation of systems to improve service to members. I am proud to say that the work of the Credit Union was recognised by being given the award of Salford Social Enterprise of the Year 2015 in the Heart of Salford awards.

Finally some sincere thank you’s- to staff, volunteers, our Supervisory Committee, fellow Directors, partners and service providers and most importantly you our members, for your continued support for Salford Credit Union

**(b) Secretary’s report – Alec McFadden**

Without a shadow of a doubt, the last 12 months have been the easiest and most productive but also the most boring since I have been an officer of Salford Credit Union. There have been no disagreements, and no heckling at the AGM!

But a recognition from the City council and many, many partners shows that Salford Credit Union is a serious player and an organisation here to work for the people in the community.

At last year’s AGM, I reported on Wonga making losses. In 2015 they announced losses of £37.3 million in 2014 with over £220 million in debt written off for over 330,000 people who could not afford to pay back their loans. We hope this encourages more people to use ethical Credit Unions.

It is great working in the same side as the great & good;

• Archbishop of Canterbury

• John McDonnell MP

• Ian Stewart

• Alex Halligan

• Rebecca Long Bailey MP

• Councillor Paul Dennett

All of a sudden, Credit Unions are cool!

With regards to membership, there is still so much to do! We have continued to attract new members over the last year with over 1500 new members joining in the last three years. Membership growth has slowed slightly compared to previous years when we were able to offer the Child Benefit loans to new members without savings.

As reported last year, following a Special General meeting in 2014, approval was given to change the Common Bond to include any members of Unite the Union living or working in the North West region. The necessary administrative work was done and we have finally received confirmation from the Prudential Regulation Authority that the Common Bond has been changed. This has been included in our updated rule book which also includes the details for our new head office and branch.

With regards to the Board of directors, Paula Lawless has had to step down because of work pressures but continues to be a strong advocate of the credit union. Directors and staff participated in activities hosted by the North West Forum of Credit Unions and helped to host a very interesting visit by Romanian Credit Unions.

We are grateful to long established and new volunteers who are crucial for SCU to run effectively.

We have managed to win some grant money to improve our communications, marketing and publicity. We have now upgraded the website, launched a Facebook page and started Tweeting! We also have posters, flyers and post cards. We would love you our members to help spread the word and get all these materials out across Salford and North Manchester. We are also always looking to hear your own good news stories about how the Credit Union has helped you. The more people who join and benefit from our services then the more we can invest in improvements. Please help spread the word and let us know if you would like to join our band of volunteers.

I would also like to give special thanks to Salford City Council for their support and to the Financial Inclusion Partnership for the fantastic progress made this last year. I would also encourage you to attend the Closing the Gap Financial Exclusion conference on 29th April 2016 at the A J Bell Stadium with speakers including John McDonnell MP, Rebecca Long Bailey MP, Paula Barker from Unison, Dame Pauline Green. The conference will look at creating a future alternative economic strategy and aspirations for a Minister for Credit Unions and leadership at local council level.

**(c) Treasurers report – Paul Whitehead on behalf of Dean Watson**

We are proud to report a surplus of £12,448; this is the second year that we have been able to make a surplus since writing off £150,000 of bad debt in 2013.

We have continued to meet the regulators’ financial targets, including the key target for 3% capital to asset ratio. Last year we had to sell the building to achieve this and ensure continued operation. The surplus this year was achieved through normal trading income.

Our main income comes from interest on loans. At £213,130 this was slightly down on last year, partly reflecting the fact that the Credit Union declined.

I am pleased to confirm that our members continue to save regularly with us and we still have a large number of shares: £2,256,347 adult shares and £101,915 junior shares.

Our liquidity remains high- we consistently achieve the regulators’ target for this and we still have plenty of funds to lend to members.

We aim to increase the income from lending, by offering more loans, and to new members, but in a responsible way, ensuring that members can afford it. We will continue our current approach to bad debts and aim to reduce the cost of these further by working closely with our members.

The Credit Union is financially in a much stronger position than this time last year and indeed than in previous years when losses of £49,209 and £102,979 were incurred for 2012 and 2013 respectively. The Credit Union has done well within the wider economic context to achieve a surplus. By this time next year, as a result of the investments planned, loan income should be substantially increased and the surplus increased accordingly. This will then provide the confidence to use some of this surplus as a dividend- to all our loyal members. This is certainly my sincere intention.

 **(d) Credit Committee report – Sheila Murtagh**

In total we advanced 1513 loans in 2014/15 totalling £933,153 lent.

We have had another busy year; there has been an overall decrease in numbers of loans given compared to the previous year which is line with some other credit unions and is likely to also reflect the fact that many of our members continue to experience economic difficulties, including local job losses, reduced hours at work, reduced benefit payments.

All loans are considered individually in the light of our policies and processes. The Credit

Committee meet regularly to review applications and our internal processes to ensure we continue to treat customers fairly and comply with regulations and good practice.

On some occasions we agree a reduced amount with members, on other occasions unfortunately we have to decline loan requests. The Credit Union always aim to be a responsible lender, putting our members’ interests before profit. Members may have seen that some for-profit lenders have had to pay back loans that were found to be unaffordable. For example in July 2015 Payday lender Cash Genie was found guilty by the FCA of unfair practices and told to offer refunds to 92,000 customers at a cost of £20million.

The interest rate on loans between £1000 and £1999 was raised to 3% per month (42.6% APR) from November 2015 in line with some other Credit Unions. We will continue to keep interest rates under review- if we can achieve a high level of growth in membership and loan income we hope this may enable us to reduce interest rates in the future.

The Credit Union remains cash rich with £1 million to lend out.

Credit Control processes has continued to be strengthened during the year because of the critical need to address historic bad debts as well as prevent or reduce any new debts. During 2014/15 we had different staff working on credit control who have made a real effort to work with members as much as possible- recognising that where there is unforeseen change in circumstances it may become difficult for members to keep up their repayments. Unfortunately some members fail to contact us and do not respond to letters or phone calls. We have to chase them to get the money owed back because it is other members’ money they have borrowed. As a result of this hard work our key ratio for bad debts has improved significantly.

We are addressing existing and further losses by minimising the initial risk through improved loan assessment procedures, making it easier for members to repay, conserving rescheduling loans and when members choose not to pay, taking firm action to recover losses including the use of County Courts and passing debts to third parties for recovery. Thank you to all members who pay their loans promptly in line with the loan agreement.

Overall, the measures to improve lending decisions and put more focus on recovering delinquent loans has made an impact on the financial stability of the credit union and this will remain an important area for further improvements.

**(e) Supervisory Committee report – Diane Crowcroft**

Since the last report, the Supervisory Committee has continued to play its role of ‘eyes and ears’ of Credit Union members to make sure the right things are being done in the right way.

One of the important ways that we do this is to attend the Board meetings. We have attended the great majority of the monthly board meetings, including the annual meeting with the Accountants and also the Annual Awayday which focusses on business planning for the coming year. Attendance at these meetings and access to the reports presented allows us to monitor activities and progress very directly. We are also allowed to ask questions at these meetings and satisfactory answers have been supplied either on the night or at or before the next board meeting.

As part of this attendance we carried out our important duties to:

* Check the Board minutes
* Ensure the Treasurer makes monthly reports
* Ensure the Board is updated on new and closed accounts
* Check that the regulator’s targets and guidance are met, with particular reference to the critical Capital/asset ratio, and other targets including liquidity
* Ensure the annual audit is in hand and any queries related to end year accounts responded to appropriately
* Check that any conflicts of interest are consistently considered.

During the year we have also carried out a number of other checks on specific areas which we have judged to be critical to the credit union’s effective operations. The areas we have prioritised this year have related to the opening of new members’ accounts and the loans policy and process including review of random sample of loans.

In relation to new members’ accounts, a Supervisory Committee member has inspected new accounts set up to ensure that all correct procedures are followed and that information is input correctly with any errors rectified promptly. A series of inspections have been carried out during the year and specific feedback provided to management. Initially a number of these new accounts had various items of information missing or incomplete. The Supervisor helped devise a new checklist which management and staff have adopted leading to improvements in procedures. The Supervisor made a special effort to explain to staff involved that she was not out to get them in trouble but they had to ensure all information was recorded correctly.

The supervisor is now happy to advise that with the introduction of new IT software, the new checklist all the relevant information had been recorded correctly by the last inspection- a 100% recorded data check. This is also now recorded as a note on the relevant account.

**(f) Volunteers report – Marion**

Thanks to all Salford Credit Union Volunteers and Members – I would like to mention that the Board are also volunteers.

In 2015-2016 we want to provide a service and an increased presence and so we need more volunteers. Currently, up to 32 volunteers support the Credit Union including helping run 8 service points around Salford plus 5 schools. New service points are under review in Swinton & Walkden and we aim to recruit and train new volunteers to manage these.

We now have a dedicated mobile phone in the office, for volunteers to call staff directly.

We have put together new information folders for all volunteers which contains all relevant paperwork needed at each collection.

Anyone with time on their hands, please join us!

**5. Guest speaker – Rebecca Long-Bailey MP**

We are seeing a new dawn of credit unions and I get quite excited about talking about them.

I am a new MP for Salford and Eccles. I had a baptism of fire; going from being a new MP and finding my feet to being appointed to the shadow treasury and work with John McDonnell MP on the shadow treasury. I am on board with Alec McFadden to create a special minister for credit unions.

Talking about my excitement for the credit union movement, it doesn't take a rocket scientist to see that personal debt is a legacy affecting communities across the country. Stagnating wages and benefits and living costs is shocking. People in Salford, Eccles, Swinton and Pendlebury are borrowing money just to make ends meet, not to buy luxury purchases anymore like they did in the olden days; it is money to buy food and clothes for the kids.

We are at a stage now where personal debt is now at pre-2007 levels; we can see where this is going and it is not going to end well. We need to make sure that as communities, we are making ourselves as financially resilient as possible. We can't rely on the current financial system or the banks to look after our interests so we need to create our own little revolution in local finance, with financial institutions run by the people for the people.

I have seen over the last few years how the vulnerable have been savagely targeted by the government; benefit sanctions to people being a few minutes late for an appointment, benefits being cut due to austerity as part of the government’s ideology to shrink state and public services. Bedroom tax doesn't make the media as much anymore but there are still lots of people being forced into pay day loans and loan sharks to make sure they make ends meet.

We have also seen a crisis in financial inclusion. In January, we launched the Financial Inclusion Survey for Salford which highlighted how difficult it was for people in Salford and Eccles to get access to any form of finance. Banks shutting down on the high street. In some communities, often the most deprived the only form of finance that they see is the likes of Wonga and pay day lenders and a whole generation of kids are growing up thinking that is normal and that is where you go to get a loan. In Salford alone, the overall number of banks and building societies has fallen from 30 in 2004 to 26 in 2014 and seven council wards now have no bank located in them at all. Some of these areas fall within the 10% most deprived areas in the whole of the country.

This is resulting in a lot of people turning to loans sharks and pay day lenders who charge exorbitant interest rates and that pushes people into a cycle of debt and despair which is difficult to get out of. It is catastrophic not just for the people borrowing the money but also for Salford as that money is being given to lending institutions not based in Salford, with money being drained from local economy, possibly even ending up in offshore bank accounts.

Research carried out by the University of Salford in 2008 estimated over 3 million pounds per year was leaving Salford in the form of interest payments alone to non-Salford companies such as pay day lenders; this is absolutely shocking and the crisis hadn't even hit yet. If we did the research again today what would that figure be now?

We need a revolution in local banking, a system that serves the interest of the people of Salford, not loan sharks and large financial institutions. I am delighted that Salford Credit Union is an alternative to high street banking. The website was re-launched in January, making it a lot easier for people to find out about the credit union.

It is not an easy road and we have a long way to go but I know we can revolutionise local finance because another world is possible, as John McDonnell MP has said. In 2000 there was 687 credit unions with 325,000 members with £175 million lent. In 2014 the number of credit unions fell to 370 but membership rose with over £690 million being lent. In less than 15 years, credit union membership has tripled.

Whilst that sounds fantastic in principle, I have Irish parents and when visiting family in Ireland, I have seen that over 70% of population members of credit union – it is seen as a way of life and way to save. In the UK not many people know about credit unions and it is stigmatised as a poor man’s bank. Is much more than that, offering finance to people struggling and financially including people. We need to shout this from the roof tops. I have seen credit unions being a real alternative to banks and I am hoping the Labour Party can put credit unions at heart of its policy agenda at the next general election.

I get excited speaking about regional banks and credit unions and have spoken to Alec McFadden and Cllr Paul Dennett about setting up local companies working in partnership with the credit union, so people can purchase white goods, etc. therefore not having to send people to these really high interest companies based on the high streets.

It is very exiting what we can do but a lot of work to do.

What have credit unions done around the world? In the USA, Canada Australia and Ireland, credit unions are much bigger on the financial landscape that in the UK. Why? Firstly, credit unions don't just see themselves as providing lending that no one else will provide. They provide a high quality low interest value for money service, a not for profit ethical bank if you like. I can see a future for these ethical banks, combining low interest mortgages and low interest loans for car payments for example; people can have luxury items but don’t have to resort to these high interest lenders that are basically fleecing people.

Secondly, collaboration with other public sector organisations, local authorities. Few local authorities have done this, although John McDonnell has said that when he was running a London council, they actually had their own finance arm where they lent mortgages to people, not many people know about it and it was financially sustainable and it worked. There is no reason why local authorities can't do that again.

The third factor is partnership with employers and there is a real scope for people to set up a charter – supported by the City Mayor and MPs. We could encourage industries and employers around Salford to sign up to a credit union charter and enrol employees on their first day of work, even just paying a pound a month. The best way to get people to sign up is to start off saving for Christmas, put £5, £10 a month, and get to Christmas and Christmas money is saved, rather than using one of the saving schemes that people have done historically. That gets them through the door and leads onto other services.

I am an extremely excited about credit unions and proud that we have a trailblazer of a credit union. The future is bright but we have to work hard. We won’t get any help from the government so we have to do things for ourselves, try and widen the net, cast far and wide to get other industries involved and get them excited about it and show the rest of the country what they can do if they go into partnership with the local and public sector and create their own financial banking system.

*Paul Whitehead warmly thanked Rebecca on behalf of all Credit Union members for her inspiring speech.*

**6. Confirming the size of the Board of Directors**

**Directors – proposed reduction in the number of elected officers**

It was explained that under Credit Union rules the number of Directors can be between 5 and 15, to be confirmed at the AGM. It was proposed that the number for the coming year be confirmed as 10. Previously it was 11 but Paula Lawless has now resigned. This will result in the quorum for Board meetings being 5 which has been consistently achieved for the Board’s monthly meeting.

VOTE: All present were in favour and the confirmed number of Directors of the Board is 10.

**7. Death benefits – proposed amendment to policy**

The board requested a change to the death benefits policy. It was explained that the Rules say that the Board of Directors has the discretion to arrange for insurance cover for shares or loans. Death benefits had been available previously and the Board reviewed the policy in 2012 when these benefits were reduced because of the major financial impact on paying out for these benefits. Since then the Board have continued to monitor the impact of the revised policy and over the past year used their discretion to not pay out benefits because of the potential damaging financial impact.

The Board are now recommending that ending the death benefits now would be in the wider interests of the whole of the credit union membership to avoid excessive future losses. Although the change of policy does not need a change of rule book the Board wanted to consult members on the proposal at the AGM. The proposed new policy would be as follows:

Proposed policy- from 1st March 2016

*Any existing loans taken out by members will be repayable at the time of death from any share balances available. Any residual balance outstanding will be written off by the Credit Union.*

*Any shares will be available to be passed to the nominated next of kin on our records at the time of death next of kin named in the Credit Union account subject to any legal considerations including probate. The claimant may be required to ensure that arrangements*

VOTE: This change in policy was agreed unanimously by members present.

**8. As per rules, delegation of power to the Board of Directors to grant interim dividends and set interest rates**

PW advised that there will not be a dividend paid this year.

PW stated that they will consult members before any dividends are paid.

VOTE: All in favour of delegation of powers to grant interim dividends and set interest rates.

**9.** **Elections**

There are 4 vacancies on the board. Four existing Directors had previously completed nomination forms circulated at the AGM. All these members confirmed they are willing to continue in these positions.

They are:

* Mike Thorpe
* Dean Watson
* Jim King
* Paul Whitehead

VOTE: All were re-elected.

**10. Close of AGM business**

AGM closed at 19.07

**11. Matters following the closure of the AGM business**

* How Salford Credit Union has helped me
	+ A document with Case studies was circulated and members welcomed these as good examples of how important the Credit Union has been to those people it has helped. More case studies are welcomed.
* Video: Promoting Salford Credit Union services
	+ This video, supported by Salford city council and featuring members of the Salford Financial Inclusion Partnership, Rebecca Long Bailey and Credit Union Directors and officers was shown. All were encouraged to share it with friends and colleagues.

**12. Members questions**

A member raised a concern with regards to statements relating to annual transactions up to beginning of October but not being received until January. The member suggested rather than all statements being sent out in one go, that they be issued on the anniversary date of the member’s account being opened. Management confirmed that the statements had started to be sent out shortly after the year end (all should have been received before Christmas). It was agreed to look at other approaches, including anniversary date, to help improve service.

**CLOSE OF BUSINESS OF SALFORD CREDIT UNION AGM & CELEBRATION**

LIST OF MEMBERS OF SALFORD CREDIT UNION ATTENDING THE 2016 AGM

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|  | MEMBER NAME | SALFORD CREDIT UNION NUMBER |
|  *1* | Paul Whitehead | 13004 |
| *2* | Elsie Parkinson | 1578 |
| *3* | Helena Price | 190 |
| *4* | Mark Brazendale | 1322 |
| *5* | Sheila Murtagh | 1500 |
| *6* | Alex McFadden | 1223 |
| *7* | Hayley Hinchey | N/A |
| *8* | Marilyn McCarthy | 12117 |
| *9* | Marvin Drage | 12574 |
| *10* | Debbie Witton | 12020 |
| *11* | Jack Youd | 12227 |
| *12* | Marian Kamanalagi | 9 |
| *13* | Mike Thorpe | 1519 |
| *14* | Diane Crowcroft | 12409 |
| *15* | Gerry Stone | 919 |
| *16* | Ross Garner | 1521 |
| *17* | Rebecca Long Bailey | 12667 |
| *18* | Karen Burns | 12017 |
| *19* | Kelsey Smith | 9764 |
| *20* | Tom Togher | 2723 |
| *21* | Mary Gbonjubola | 960 |