

Minutes of the Annual General Meeting of Sheffield Credit Union (SCU), 17 March 2016

Held at The Circle, Rockingham Lane, Sheffield

Members Present: Maureen Aitken, Peter Armstrong, Emma Coldham, Fiona Greaves (chair), Jacqueline Hallewell, Simon Martin, Paul Mosley (minutes), Daniel Musson, Danny Roberts, Ailsa Rodgers, Brian Parfett, Julie Smikil, Maxine Stavrianakos, Claire Turner, Christine Ursell.

In attendance: Tom Aplin-Ward (ESP Projects), John Brierley (Sheffield University) Abdul Gooljar (Islamic Society of Britain), Liam MacNee (Univ. of Sheffield, Supervisory Committee Chair), Paul Oliver (Caroma Systems Ltd), Oliver Smith (Contis Group), Paul Sparshott (SCC, i/c Local Assistance Scheme),

1. The Chair *welcomed* delegates to the meeting.
2. *Apologies:* were received from Suzanne Allen, Jill Greenwood, Diane Grogan, Robin Storey, Carol Wainman, and Mark Yarwood.
3. *Minutes of previous meeting held on 26/3/15:* were approved as a true record.
4. *Matters arising:* none.
5. *Chair's report:* Fiona Greaves presented her report on another very successful year in which loans and savings deposits increased, bad debts were reduced, and the organisation had again achieved an operating surplus, larger than last year, from which it was proposed to pay a dividend. The main reason for this success was the dedicated work of the staff team headed by Jackie Hallewell and Simon Martin, and Fiona thanked them for their commitment to the organisation and their continuing hard work.

Tribute was paid to three directors, Howard Coussens, Mike Cameron and Maureen Aitken, who had retired from the board; the last two of these had been involved in the very early days of setting up the credit union and Moneyline and had given generously of their time over the following fifteen years. The Chair thanked all three for their committed service to the credit union. She praised Maureen as a stalwart of the Sheffield Credit Union, whose infectious enthusiasm had enabled the organisation to build up from small beginnings in Stocksbridge into the robust organisation of today. A small token of the credit union's appreciation was presented to Maureen and further tokens will be sent to Mike Cameron and Howard Coussens.

The Chair expressed appreciation of the support provided by Sheffield City Council to SCU and in particular of the ongoing partnership between the two organisations over Local Assistance Loans and the Repossession Prevention Scheme. She also told the meeting of the association with Sheffield Money acting as a loan broker and referring people to SCU. She also expressed appreciation of SCU's collaboration with the two universities, with Sheffield Hallam University providing a placement student to the Finance Department and the University of Sheffield providing students for SCU's Supervisory Committee (see further 8, *Supervisory Committee Report*, below). She thanked the two universities for their continuing support.

In conclusion, Fiona paid tribute to the staff and more particularly the volunteers who gave unstintingly of their time to SCU, and expressed the hope that 2016 would be another successful year.

6. *General Manager's Report:* Jackie Hallewell, presenting her report, stated that SCU offered clients a simple way to save and an affordable way to borrow, and that clients' awareness of this was reflected in both the growth of

the client base and also in impressive levels of client loyalty – a high proportion of new joiners had chosen to stay with the organisation, and 42% of new joiners via the Local Assistance Loans scheme, which SCU has been operating for three years in conjunction with the City Council, remain active members of the credit union. SCU, she argued, was keen to ensure that loans are available to all income groups, and was broadening its range of financial products to make sure that appropriate financial services were available both to small-scale, first-time borrowers (78% of SCU's loans are currently for amounts under £500) and to larger-scale clients, with the second group tending to subsidise the first. It was also improving its IT facilities to enhance and speed up the service offered to clients, and to make it easier for clients to transact with the credit union on-line. It was a matter of great pride to her that in 2015 SCU had received the Sheffield Chamber of Commerce Business in the Community Award, reflecting the credit union's commitment to provide quality, essential and ethical financial services for the whole community.

7. Complaints Officer's report: Brian Parfett presented the report of the compliance sub-group and reported that in 2015 there had been eighteen complaints, which were a combination of complaints about the lending decision or process used to reach this (8), issues with processing (5), complaints about credit control actions (3) and two more complex issues. Some of these complaints were not upheld, and in these cases an explanation was given to the complainant. Two of them resulted in redress to the complainant, and seven helped SCU to resolve its internal processes. One went to the Financial Ombudsman, who found in SCU's favour, and stated that SCU had gone beyond the call of duty to support the complainant. Two complainants whose grounds for complaint arose from their own mistakes were given support to resolve the issues to which they had drawn attention by the staff team. Brian was satisfied, he reported, that in all reported cases members have been dealt with sensitively and, where appropriate, procedures have been adopted to avoid any repetition.

8. Supervisory Committee report: The report was presented by Liam MacNee of Sheffield University as chair of the supervisory group. The group's reports had been shared with the management team, who responded to the findings. Although no significant causes for concern were found, the audits have helped to shape improvements and refinements in areas and systems where slight weaknesses existed or which could benefit from system changes. The students have been able to gain practical experience which should help them should they wish to go on and pursue a career in auditing or in the wider financial field.

Brian Parfett, on behalf of the Board, expressed appreciation of the Supervisory Committee's work. He noted that, in the light of regulatory changes from both the Financial Conduct Authority (FCA), the Board had agreed that from May 2016 SCU should replace its supervisory committee with internal auditors who can advise on compliance with the regulations that impact on the credit union's business (*see further 'Rule changes', item 14(iii) below*). He thanked the Supervisory Committee, and John Brierley of Sheffield University who had overseen their work, for their excellent efforts on behalf of SCU in this and previous years, which had greatly improved its effectiveness.

9. Treasurer's report: Peter Armstrong reported on a positive financial outcome for the year (with income up by £34,000, and an operating surplus of £127,700), which was the consequence of making more loans and more effective recovery of bad debts: this positive outcome had been approved and confirmed by the auditors.

Within the income category, grants from external sponsors had declined; but this, Peter explained, was a positive development, as it enabled SCU to become more self-sufficient. Some expenditures had risen, but this was counterbalanced by a large fall (£78,000) in losses due to bad debt, which in turn was due to effective credit control and good lending decisions, both of which had enabled a larger proportion of loans to be repaid on time.

From the post-tax operating surplus of £127,700, last year's dividend (£22,500) needs to be subtracted, and regulations require us to put at least 20% (£25,500) into reserves. But this still leaves SCU with enough to pay a healthy dividend this year (see item 11 below).

On the balance sheet, over £1 million is now out on loan to members, and a further £1,994,000 is held as cash at the bank and in hand. Corresponding to these liabilities, SCU holds £2,974,000 of assets, of which more than half (£1.66 million) is members' shares or savings and £80,000 is junior savings, both of which have grown substantially in the past year. SCU's total reserves have risen in 2015, by £127,000 net, because the credit union made a surplus during the year.

In summary, partly because of a better economic climate and partly because of good lending decisions and credit-control practices by SCU, the credit union has become a more viable and a more stable business. Peter congratulated all the staff for their part in this achievement.

From the floor, Danny Roberts congratulated the SCU team on their achievement, particularly in respect of savings mobilisation and credit control.

10. Adoption of accounts: It was proposed by Maxine Stavrianakos, and seconded by Maureen Aitken, that the Treasurer's financial statement and the accounts for 2015 be approved. This motion was approved *nem. con.*

11. Motions:

(a) It was proposed in the light of the Treasurer's report to pay 1% interest on junior savings accounts. This motion was proposed by Maureen Aitken, seconded by Danny Roberts, and approved *nem. con.*

(b) It was proposed to pay a 2% dividend on adult member shares (as last year). This motion was proposed by Danny Roberts, seconded by Maureen Aitken, and approved *nem.con.*

12. Auditors: Jacksons Chartered Accountants completed their first year of work as our auditors last year. It was agreed that SCU was happy with what they have done, and it was proposed by Daniel Musson, seconded by Claire Turner, that they be reappointed for the coming year. This motion was carried *nem. con.*

13. Reappointment of directors: Maxine Stavrianakos, Christine Ursell and Paul Mosley, whose terms of office had expired, resigned and, being eligible, offered themselves for re-election to the board. Following a secret ballot, all three were re-elected for three years by majority vote.

14. Rule changes: Brian Parfett recommended the following changes in SCU's rulebook:

(i) *Suspension or exclusion of members* – it was proposed to amend Rules 23, 25 and 26 so that, instead of members having a right of appeal to demand a special general meeting, the directors may now make the final decision on a member's suspension or exclusion. The new Rule 23 would now read:

'Subject to the receipt of notice of expulsion in accordance with these rules, a Member shall be suspended from participation in the Credit Union pending the completion of an investigation. The investigation may recommend the Member's subsequent expulsion from membership of the Credit Union. Any recommendation for expulsion shall be voted upon by passing a resolution carried by a majority present at a joint meeting of the Board of Directors and of the supervisory committee.'

Proposed by Julie Smikil, seconded by Ailsa Rodgers, this motion was carried *nem.con.* and approved.

(ii) *Procedure for appointment of directors* – as the credit union grows in size and complexity, and as the regulators have introduced more stringent rules concerning the skills, competence and appropriateness of credit union directors, the Board believes that it is no longer appropriate for AGMs to make directorial nominations from the floor, and proposes to amend Rule 100 accordingly. Specifically, it would wish to invite directors to board meetings so that each party can get to know the other before any nominations are made to membership of the Board.

Proposed by Simon Martin, seconded by Christine Ursell, this motion was carried *nem.con.* and approved.

(iii) *Procedure for appointment of a Supervisory Committee* – following from the increasing complexity of the regulatory process, it was proposed to amend rules 83, 87, 90, 91, 122, 123, 129, 130, 131, 133, 134 and 146 so as to dissolve the existing supervisory committee and replace its functions in future, as other credit unions have recently done, by means of an independent firm of auditors.

In response to this proposal, Julie Smikil asked whether auditors would now have the right to convene a special general meeting now that the supervisory committee had been wound up. Fiona Greaves replied that she (Julie) could have confidence that if the auditors found anything requiring a special general meeting to be called, the board would call one.

Proposed by Maxine Stavrianakos, seconded by Claire Turner, this motion was carried *nem.con.* and approved.

(iv) *Procedure for granting loans to officers and employees of the credit union*: the board wishes to recommend (in amendment of rule 63) that officers, employees and board members of the credit union may be granted loans subject to the approval of the compliance sub-group (not, as before, the supervisory committee) as well as by a loan officer of SCU.

Proposed by Maxine Stavrianakos, seconded by Claire Turner, this motion was carried *nem.con.* and approved.

(v) *Procedure to update the arrangements for the management of the credit union's lending policies*: it was proposed to formally approve the policy of appointing selected individuals from the Board to the Credit Committee as required to support Simon Martin as finance manager, a procedure which had in fact been implemented ever since 2013 but never incorporated into the rulebook (Rule 126).

Proposed by Peter Armstrong, seconded by Maxine Stavrianakos, this motion was carried *nem.con.* and approved.

(vi) *Procedure for suspending and/or expelling an officer of the credit union*: it is proposed, in amendment of rule 132, that decisions to suspend an officer of the credit union should in future be taken by a meeting of the Compliance Sub-Group (rather than a meeting of the Supervisory Committee or a special general meeting) following which a meeting of the board of directors would be called to determine whether the suspension should be rescinded, or confirmed, or whether the officer should be expelled from the credit union. In either of the last two cases, the officer who had been suspended would have the right of appeal.

Proposed by Peter Armstrong, seconded by Ailsa Rodgers, this proposal was carried *nem.con.* and approved.

15: *Any other business:* There was no other business. The meeting finished at 7.50pm.