

## MINUTES

### Annual General Meeting

Saturday 29th February 2020

10:00 – 12:00

<b>Present:</b>	Melanie Lockey (ML), Pat Tennant (PT), Jackie Fahey (JF), Marilyn Dixon (MD), Richard Coulter (RC), Lorraine Moses-Copeman (LMC)
<b>Apologies:</b>	Farouq Mohammed (FM), Liam Kinsella (LK)
<b>In attendance:</b>	Phil Cole (CEO), Ken Agnew (Finance Adviser)
<b>ACU staff in attendance</b>	Faye Bailey (FB), Sam Bibb (SB), Emily Alexander (EA), Jenny Cunningham (JC), Nathan McNaught (NM), Teresa Green (TG), Glen Feld (GF), Emma Foskett (EF)
<b>No. of adult members in attendance</b>	33

	<b>Welcome and introductions</b>
	Welcome everyone, general statements of the financial year (positive), change of the agenda for Jack Dromey speaking first.
	<b>Jack Dromey MP</b>
	Started by congratulating ACU and our contribution to the credit union movement and generally how positive the credit union movement is as a whole; helping the local community. He stated Erdington is one of the poorest areas in the country with 42% of children living in poverty and struggling to make ends meet, turning to loan sharks, and ACU are trying to counteract this. Jack shares our aims and values for financial inclusion and fairer credit – dedicated staff are making this happen. Jack and ACU are proud of the 5500 members and the massive impact they're making on local living. Generally showing appreciation to ACU.
	<b>Agree minutes of last AGM (02/03/2020)</b>
	Hands-up method, <span style="color: green;">minutes approved.</span>
	<b>Report of Board Directors</b>
	ML – Highlighted the good turnout for the AGM and how much of a fabulous year it has been for ACU. The year saw significant growth with 15% new members with an increase in loans and savings too. The staff have been working hard to make this happen too. ACU have developed their governance, their systems in place to protect its members, ACU have renewed their cyber essentials certificate which ensures our IT systems are safe and secure and protect members data and there is minimal risk of intrusion; furthermore maintaining the service ACU provides. ACU accredited with Fairbanking 5 star award, which is the highest award showing we are a quality lender and this award makes us stand out within the credit union sector. The award also reiterates how ACU assists members with savings and loans, how we enable people to plan and manage debt. ACU saw a

	<p>common bond extension to all 'B' postcodes = 5500 members but with a 1.8 mil potential. ACU will continue to work on developing their operations, Barclays bank update vs Unity – easier and quicker to upload payments, members get money quicker and less manual work for staff so they can spend the time saved on other processes.</p>
	<p><b>Operations report</b></p>
	<p>FB conducted a presentation which focused on the operations of ACU. Barclays update – more automation allows more time to be spent on other processes within the office, less manual work. 60% of loan decisions made within 2 days. FB stated our prominent members are women but we cannot explain this. ACU's main loan purpose remains as Christmas, average loan value is £500, fairly small but remains consistent; this may be lower because we only lend when ethical to do so, we won't lend money if it will put the recipient in a worse off position. Cyber Essentials mean's members' records are protected and cannot be corrupted. FB summarised the Barclays member survey: sent to all members, 844 responses, could be better though; the majority of responses were positive about the service provided and our motivation for this is the community, recognised the improvement in customer service but the phone lines can sometimes be dreadful, but hopefully with the introduction of TG in this financial year the improvements should be consistent. FB mentioned self-serve via online banking and online applications would also help with this instead of calling the office. Members mentioned the application process was getting better and this could be because of the improvement in customer service and the increase in electronic applications. A lot of members come as a result of recommendations, the comments made or personal insights into what we are actually doing day-to-day, loan application forms can be quite daunting to some people and people will trust friends and family more than anyone, but ACU are here for support where banks may be less personal or willing to help with application forms. ACU put a lot of focus on good value loans and making saving easy and applicable for everyone. Christmas club in the last financial year was extremely positive with £90,000, this shows a differing and more positive mindset towards saving and focusing on the future, forward thinking and it is encouraging to see people can go from a borrower to a saver.</p>
	<p><b>Presentation of accounts</b></p>
	<p><u>a. Overview from Finance Manager and CEO</u> PC- ACU's active members are increasing year on year which is positive authentic growth. There was also growth with lending after a static (but profitable) 4 years. Presently focusing on growth, 13% growth -18-19, want to achieve £3,000,000 in lending by September; this would mean ACU have helped more people and with larger expenses. Generally, loan income is increasing (the amount of loan repayments coming into our accounts), this means more is being borrowed and approved in a time effective manner, arrears and credit control are good and reasonable and being chased as expected, which means more loan income which can be lent back out. Operating a credit union is expensive, income and expenditure are balanced and ACU is profitable, this has been maintained for 4 years which is positive.</p> <p>KA- Accounts, balance sheet are healthy; £2,700,00 - £3,200,000 increase, 17% increase of savings and capital within ACU which is 'lovely' in this economic climate, ACU have a lot of cash (£1,900,00), £1,400,000 loaned out, more borrowed at Christmas. ACU are liquid which is good and means shares can be paid quickly, and money which can be loaned ASAP.</p> <p>Capital ratio should be 5%, ACU = 10.2% better than the requirement.</p> <p>Liquidity ratio should be 10%, ACU = 63%.</p> <p>Liquidity vs payable assets should be 10%, ACU = 89%.</p> <p>Income has increased by 13%, loans have increased from £2,200,000 to £2,500,000 and expenses have increased accordingly, which means we still have a healthy profit. ACU received an OAK grant which is waiting to be spent; there are more expenditures to be expected such as staff training and new staff member which will</p>

	<p>increase the office costs also. Incuto is charged per member so as membership increases, office running costs increase as well as operations such as Incuto. FCA, ABCUL and credit checking fees have increased too. To be expected with the increase in membership, bad loan write off has increased however lending has increased by £300,000, a lot more than the bad write-offs Bank fees have decreased as ACU do not use Unity.</p> <p><u>b. Appointment of Auditors-</u> PC- ACU have used Halliday's as auditors for numerous years, they are a critical eye, aiding the response of issues and ACU propose to continue to use Halliday's as auditors.</p> <p><u>c. Declaration and recommendation of dividend</u> PC- 1% dividend paid for numerous years, proposed 1% dividend for this financial year, which is better than some banks. Vote = <b>approved</b>. £25,408 paying out = £50k in surplus, continuing lending and growth.</p> <p><u>d. Approval of accounts</u> PC- <b>approved</b>.</p>
	<p><b>Advance Credit Union in 2019 and beyond</b></p>
	<p>ML- highlighted to steady growth over the last financial year, profit margin is similar to previous years which is authentic and consistent. ML described the situation similar to 'what came first, the Chicken of the Egg?' the staff need to do more work to increase profits, but this needs more loans and more advertising which ultimately costs; from here ACU could employ more staff but again this is costly so will dip into profits. The Oak funding has been used on staff members (EA), and for the 2<sup>nd</sup> location in Birmingham City Centre where more staff will be needed too; Oak will assist with the dip in profit as a result of opening 2<sup>nd</sup> location and running costs, thus in 3 years without the Oak funding we will be fully self-sufficient with similar % of growth. This gave reassurance to members that we can afford a 2<sup>nd</sup> location but the Oak funding is acting as a safety net. The 2<sup>nd</sup> location will also be well researched with no risk to members. Erdington is great and we want to replicate this in Birmingham City Centre to be more accessible to more people as it is easy to travel, with this we want more like 25% growth while keeping the community feel. Citysave, a payroll deduction credit union, has an office in Birmingham however this is not accessible to members. Furthest member comes from Redditch, Tamworth or Solihull (with a bad debtor in the Philippines), and there are direct trains from Birmingham New Street, rather than difficult travelling to Erdington. We want this to increase the number of applications from South Birmingham. Acknowledged recommendations and word of mouth are priceless to us, child benefit loans had been recommended within a community group in Quinton and ACU saw a small pocket of popularity from this. ACU recognises the cost of city centre locations but the extension is well researched, and ACU are keeping Erdington branch for those who cannot travel or prefer Erdington over city centre; this will enable the service to smaller communities and be easily accessible to those communities further away and more payroll deductions from city centre businesses will enable us to serve those in working poverty. Advertising is a catch 22 – we need to be sure we can handle demand which can come from advertising (Welsh CU). Going forward, ACU will continue to focus on improving individuals financial wellbeing via only lending to those who can afford repayments and not be in a worse financial position than when they applied.</p>
	<p><b>Election of officers</b></p>
	<p>PC- 1/3 of directors should be replaced every year. Chris(supervisory) – stepping down, we need to find a replacement, ML asked if any members would be able to help. ML, PT, JF standing for re-election <b>approved</b>. MD stepping down. PC stated ACU is growing so needs a diverse board to cope with challenges faced and be fully competent.</p>
	<p><b>Close</b></p>

<p>PC- thanking members for attending and their support for ACU, asked people to keep recommending us, like us on social media and keep talking about us generally.</p>
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