



## CHESHIRE NEIGHBOURS CREDIT UNION

### ANNUAL GENERAL MEETING

Held on Wednesday 11 March 2020

at Jubilee House, St Pauls Street, Crewe commencing 6.15pm

**Present:** Sandra Link, Angus Morrison, Lesley Morgan, Kath Cliffe, Sam Corcoran, Jill Rhodes, Sarah Polese, Rachel Cullen, Pamela Taylor, Isobel Jeffrey, Stella Beech, Kerryn Hudson, Peter Murray, Mark Thompson, Sudipta Chandra, Vivienne Gorst, David Spall, Michael Hassall, Ken Sambrook, Peter Wilson, Kevin Warburton, Deirdre Meredith, Gayle Callwood, Alison Hiscock, Mick Roberts.

**Apologies:** Linda Kellet, Richard Kellett, Elizabeth Meehan, Keith Fraser-Smith, Michael Melville, Joseph O'Toole, Christine McCabe, Roger Power, David McCormick, Sue Johnson, Mrs Spall.

1	<p><b>Welcome and introductions:</b> Sam Corcoran welcomed everyone to the meeting and introduced the board and staff members. It was confirmed that the meeting was quorate.</p>
2	<p><b>Apologies for absence:</b> Linda Kellet, Richard Kellett, Elizabeth Meehan, Keith Fraser-Smith, Michael Melville, Joseph O'Toole, Christine McCabe, Roger Power, David McCormick, Sue Johnson, Mrs Spall.</p>
3	<p><b>Approval of AGM Notes from 2019:</b> The notes were approved as an accurate record of the meeting held on 06 March 2019.</p>
4	<p><b>Report of the Board of Directors:</b> SC described key aspects of the recovery plan that was endorsed by the SGM in 2018 when an expansion plan was agreed, supported by a forecast to increase loan interest (to have doubled by March 2020) and to increase jam jar budget accounts to raise £25k per year. SC reported that jam jar accounts have not taken off with 17 accounts currently.</p> <p>The good news is that loan interest has increased but not as much as was forecast. The 2019 accounts show a total income of £58k, which is an increase on 2018 but not having reached the income aimed for. CNCU increased staff from 2 to 4 staff, which increased costs, so CNCU is still making losses of £20k per year.</p> <p>Board members have instigated discussions with three credit unions in an effort to effect a merger. Despite months of detailed discussions, there has been no success. Board members are looking at closure of the credit union and this can happen in one of two ways. Firstly, an immediate closure where the FSA is called upon and no funds are at risk. The FSA would repay all depositors. David Spall recounted the experience in Staffordshire explaining that the FSA will wind everything up and within a month the CU will be closed, everyone will be paid and subsidiary loans are repaid from assets /or not depending on the value of assets. The alternative route is a solvent closure i.e. closing in a managed way, where no new loans applications would be accepted and offers of assistance to members to find alternative banking would be possible.</p> <p>Sandra Link reported on staffing issues, commenting upon the resilience of staff and the efforts made by Board members to keep the staff up to date with recent developments and setting out the challenges to be faced by the staff by changes in their contracts of employment.</p>

	Kath Cliffe gave an account of activities to recruit volunteers and thanked the volunteers for their positive engagement. The difficulties of relying on volunteers was also reflected upon.
5	<b>Report of the Credit Committee:</b> One member of the credit committee was present who reported that there had been no credit committee meetings for some time, certainly not since October 2019. SC confirmed that he does get reports back from Richard Kellett who continues to review loan applications.
6	<b>Report of the Auditor and consideration of Accounts:</b> SC offered copies of the accounts to those present and confirmed that the accounts had been uploaded to the website. SC gave credit to Pamela Taylor, stating that the auditors have made no changes to the accounts. The detailed trading and income account was circulated to those present. Mark Thompson asked where the subordinated loans showed in the accounts. SC described the net reserves and reflected how low these were (£3k). SC confirmed the £14k increase in bad debt provision in 2019 relates mainly to loans made before 2019. Two things to note (1) the auditor has given CNCU a clean bill of health. (2) Auditors have drawn attention to the net deficit of £22k also noting a deficit in the previous year, posing the question of whether the credit union is a going concern. The accounts were approved unanimously by a show of hands.
7	<b>Appointment of Auditor:</b> SC recommended that McLintocks be reappointed as they were only appointed last year following a competitive tendering process. Proposed by SC and seconded by David Spall.
8	<b>Election of Directors:</b> a notice was included in the AGM papers inviting new nominations to the board, none had been received. SC confirmed that existing directors were willing to seek election. Re-election of directors was done collectively with a proposal by Angus Morrison and seconded by Rachel Cullen.
9	<b>To authorise the board to co-opt new board members upto a maximum size of nine:</b> proposed by David Spall and seconded by and Angus Morrison. Carried.
10	<b>Election of Credit Committee and Supervisory Committee:</b> David Spall and Vivienne Gorst had previously been elected for the supervisory committee but the role had never really developed. Peter Murray confirmed that he would be willing to join the supervisory committee and described his experience as a retired accountant. Vivienne and David were asked if they would be prepared to remain on the committee. Proposed by Sarah Polese and seconded by Kerryn Hudson. Carried unanimously. Peter, Vivienne and David will now be the Supervisory Committee  SP described the original work of the credit committee, formed to set up rules for the loan book. SC commented that if the CNCU scales down, then loans would not be issued and a lot less work for the credit committee. Rachel Cullen and Sarah Polese agreed to be part of the credit committee alongside Richard Kellett. SC proposed SP, RC and RK for the credit committee and this was carried unanimously.
11	<b>Options for the future:</b> SC described 3 options <ul style="list-style-type: none"> <li>• Merger with another credit union – as discussed, this is no longer an option because all credit unions approached have declined a merger</li> <li>• Solvent Closure/managed closure</li> <li>• Close immediately.</li> </ul> RC suggested that the vulnerable members would need help through a transitional period in order to transfer them to bank accounts where their income could be deposited. After a detailed discussion, the members were asked if anyone was in favour of an immediate closure. No one was in favour.  SC described some positive aspects of a 'managed closure' e.g. West Cheshire (covers the whole of Cheshire) had agreed to accept applications from CNCU members. MT raised the possibility of Halton credit union taking on some links. A managed closure will mean a gradual

	<p>closure in operational hours and in staffing. Not an easy option but now absolutely necessary.</p> <p>SC proposed "This AGM</p> <ul style="list-style-type: none"><li>-notes that despite remedial action, CNCU continues to experience ongoing financial losses</li><li>-notes that discussions to merge with neighbouring credit unions have not produced a positive outcome</li><li>-does not support an immediate closure of the credit union but does agree to a managed closure of the credit union</li><li>-asks the Board to take action to reduce the losses, including reducing the operational activities, staffing costs and hours of CNCU</li><li>-supports the repayment of savings to members and the offset of loans and savings</li><li>-supports closer working with and referrals to West Cheshire Credit Union."</li></ul> <p>The proposal was seconded by Angus Morrison. Members were invited to speak against the proposal and no one wished to speak against. There was a show of hands with 16 for, 2 against and 1 abstention. The proposal was carried.</p>
12	<p><b>Any other business:</b> Angus Morrison took the opportunity to thank the staff for their commitment and loyalty. Everyone expressed sadness about the closure but acknowledged that significant efforts had been made over the last few years and closure was inevitable.</p> <p>Everyone was thanked for their attendance. The meeting closed at 7.40pm.</p>