

Darlington Credit Union Annual General Meeting 2017

Contents

Agenda

Minutes of Annual General Meeting 2016

Chairman's Report

Treasurer's Report

Board Nominee Summary

Darlington Credit Union
7th Annual General Meeting
Agenda

Wednesday 5th April 2017

6pm – 7:30pm

St. Augustine's Parish Centre

Doors open

5:30pm

1. Housekeeping BC
2. Register of attendance and ascertain quorum BC
3. Minutes from the last AGM AC
4. Chairman's Report AC
5. Treasurer's Report LL
 - a. 2016 Accounts
 - b. Auditor's Report
 - c. Treasurer's Report on 2016 Accounts
 - d. Declaration of Dividend and Vote
 - e. Appointment of Auditors
6. Supervisory Committee's Report TB
7. Motions (non-declared) AC
8. Elections to the Board BC
9. Any Other Business (to be notified to the secretary before meeting begins) AC
10. Chief Executive Officer's Report TB

Close

7:30pm

Minutes from the Annual General Meeting 2016

20th April 2016 at St. Augustine's Parish Centre, Larchfield Street, 6pm

1. Register of Attendance

Present

Directors: Alan Coultas (Chair), Liz Lyle (Treasurer), Bob Carson (Secretary), Graham Pilkington, Nick Millar, Nick White

Supervisory Committee: John Whitham

Chief Executive: Tony Brockley

Members: Jo Price, Thomas Brockley, Selina Tsang, Carole Trueman, Emma Wilson, Dave Harris, Shannon Moore, Pauline Huntley, John Wheeler, David Hall, Linda Chadd, Paul Harman, Ruth Samsom, Susan Holden, Mark Bryant, Leslie Banks, Marjory Knowles, Gisela Wheeler, Christine Dickinson, Phil Anwyll, Mary McArthur, William Kilgour, Brian Dixon, Eric King

Other attendees: Representative of Clive Owen

Apologies for absence

Jan Scott, Doug Knowles

The Secretary declared that the meeting was quorate and could continue.

Alan Coultas welcomed all members and gave a special welcome to Bishop Mark Bryant - Darlington Credit Union's patron.

2. Minutes of last AGM

Liz Lyle proposed that the minutes of last year's AGM be accepted as a true record seconded by Graham Pilkington.

Motion Carried

3. Chairman's Report

(A copy of the Chairman's Report can be found in the pack as distributed and posted on www.darlingtoncreditunion.co.uk for full details.)

Chairman, Alan Coultas, delivered his report. See the Report pack as distributed and posted on www.darlingtoncreditunion.co.uk for full details.

Alan Coultas highlighted that the Church Row office had served us well however the move to 41 Tubwell Row was the right move for the credit union. He then shares that Bishop Mark Bryant commented on how striking the new office at 41 Tubwell Row is.

Alan also commemorated Emma Wilson and her work on helping people turn their life around by helping their budgeting.

4. Treasurer's Report

Treasurer, Liz Lyle, delivered the Treasurer's Report. (A copy of the Treasurer's Report can be found in the pack as distributed and posted on www.darlingtoncreditunion.co.uk for full details.)

a. 2015 Accounts: Liz Lyle, referred the meeting to the Treasury Report, which had been circulated to attendees.

b. Auditor's report: Liz explained that this was the 2nd year Clive Owen were appointed auditors. Clive Owen accepted the accounts to be a true and fair view of income and expenditure and received a clean audit report. Liz then brought forward point 7 on the Agenda (Appointment of Auditors) and recommended the appointment of Clive Owen as our auditors, seconded by Bob Carson.

Motion Carried

c. Declaration of dividend: As a result of all of the above, we are reporting a surplus of £74,000 which includes £50,000 from Lloyds Grant which is going straight into reserves. A 1% dividend is recommended for both adult and junior members, which reflect the success despite the costs of the move and other services.'

Motion Carried

5. Loans Committee Report

Bob Carson presented the Loan Committee report and explained to the meeting the purpose of the loan committee and how the committee worked.

Bob then explained the changes in loan categories since 2011. The most popular type of loan was for Christmas back in 2011 but is now for car purchases. The main trends were that Christmas loans were declining, and that debt consolidation increased from 6% to 14%.

Bob explained that in 2016, a different approach was being taken to making loan decisions and that all were aware that Automated Lending Decisioning was a part of the future of DCU's future is assessing loans. In February 2016, the Loan Committee ceased current activities. As an interim and to assist the organisation transitioning to Automated Loan Decisions, a loans officer within DCU is now taking responsibility for assessing the loans.

Bob sincerely thanked the Loan Committee on behalf of the Board. A special thanks to Ann Coultas, Phil Anwyll, and Marjory Knowles provided over 75 year of volunteering combined between them. Bob also thanked Keith Bowran who was a committed volunteer and added that part of DCU's success is due to the commitment and energy of all the volunteers.

Alan Coultas then took this opportunity to thank the Loan Committee for their service, all the members, the staff – Tony Brockley, Jo Price, the staff at the Desk – Tom and Carole, and Emma, the volunteers, trustees, sub-committees such as the Finance & Business Development Committee which is chaired by Karen Johnston, and a final recognition to David Hall and Andrea Glenton who we are in debt to.

6. Supervisor's Report

John Whitham presented the Supervisory Committee report. He began by outlining the main objectives to the committee to act as internal auditors to the credit union and then explained some of the work that had been carried out during the year. This included:

- A passbook/member balance audit
- Review of major debt write offs
- A review of loans to directors, staff and volunteers
- A review of bank reconciliations
- A review of loan policy

From these checks a number of procedural changes were recommended and implemented and no significant problems were identified.

John thanked Tony Brockley, Jo Price, and the staff for the help they have given him.

8. Motions

'To extend our common bond to include all the remaining North East Post Codes: SR, NE, TS, DH'

Proposed by Bob Carson and seconded by Nick White.

Bishop Mark Bryant noted that the reports have been positive and showing that DCU are heading in the right direction but questions whether they should worry that the organisation is expanding too quickly.

David Hall also expressed similar concerns and requested for the rationale behind this proposal and the implications.

Another member presented a question on the prospect of being competition to other credit unions.

Tony Brockley explained that there were several reasons for this decision. The main reason was for future tenders and negotiations. He explained that one bid that was submitted recently was a consortium of credit unions, also answering the last question DCU was working with other CUs rather than competing with them. The recent bid was payroll scheme on a national level and one condition of submitting the bid was that DCU would propose this motion at the AGM. Though the contract went to another bidder, it made it clear that if DCU was to ever tender for larger contracts, it must cover a larger geographical location. DCU would be working with other credit unions but to do that, collectively they must cover all areas. With regards to competition, there are two other credit unions that have DL in their common bond. Furthermore, DCU is the only credit union in this region that is part of the CUPEP, and though we wouldn't go actively marketing in other areas, we will be able to serve members in the North East with these services if they wanted. Board members are conscious of expanding too quickly and always assess decisions comprehensively. DCU has gotten to where it is now because we have managed risk well till now.

A question was raised to whether there are any gaps in the common bond or does this cover the whole region. It is confirmed that this extension of the common bond would cover all areas in the North East region but not via physical presence. Nick White commented about rural areas and that this is motion is a way to extend our services to those areas and making sure that there are no gaps of credit union services to those in the rural areas. Tony furthered that this would offer credit union services in areas where banks are not and that rural areas are financially excluded and that we are currently working with the Plunkett Foundation and extend the invites to members to become involved.

Dave Hall commented that this was a helpful explanation and that for future reference it would be useful for members to have an explanation before in order to make an informed decision.

Motion Carried

9. Elections to Office

In line with Board regulations, three members of the current Board, Alan Coultas, Bob Carson, and Graham Pilkington, had stood down and presented themselves for re-election. A pen portrait of each candidate was circulated to the meeting. Under Rule 103 of the Darlington Credit Union Rulebook, it states 'if for any election the number of nominees does not exceed the number of vacancies to be filled, a proposal to dispense with the election procedure and to declare that all nominees are duly elected may be proposed to the Annual General Meeting.'. As this was the case, such proposal was recommended and duly accepted. The Chairperson therefore declared that the nominees for that election were all duly elected.

Motion Carried

10. Any other business

There were no items under any other business.

11. Questions and Answers

Attendees had submitted questions to the meeting.

Q: Is a surplus or deficit expected in 2016 and 2017?

A: We are constantly reviewing our budget. You can access our medium term financial plan that projects up to 2020 – if you can enquire at the office. At the last meeting, a small surplus has been projected in 2016. We must take into account that we have no grant income but we are on track to at least breaking even as we are investing in the future. 2017 we have projected a surplus. So far, results of 2016 have been close to what we expect to our budget.

Q: How does ALD square with dealing with people as individuals?

A: Before confirming the decision of ALD, it is challenged internally. The Loan Committee asked the same question and we emphasise that we must continue to have the same concern for people and focused to helping people in need. We can look at the software and override it if necessary. As a credit union, we get to know our members, and though we aim to use it alongside our knowledge, as the credit union grows bigger, it is harder to know all the members. ALD is impersonal, but it is all about seeking the right balance. Secondly, the majority of big credit unions use ALD and it helps to reduce bad debt significantly. Bad debt has increased in the last few years and we must get it under control as we must protect ourselves. This is a risk business meaning it is about measuring risk and protecting our credit union. Furthermore, with the number of transactions we now receive, ALD offers a quick turnover as all loan applications are dealt with immediately which is important for customer service. Also, now members with a good track record with us can now improve their credit score which is vitally important. Lastly, 70% of the applications are referrals, which means that we make the ultimate decision. And we can still override declines if we felt it was an exception. The best way to operate ALD is to honour the decision but make exceptions but importantly, as specified – it's a tool. Therefore, it is a tool to help members.

Q: North Yorkshire Credit Union was the biggest credit union but it went bust – what is keeping DCU safe from the common vulnerable dependence on short term grants?

A: North Yorkshire Credit Union wasn't the largest credit union. The grants are used to invest in the future and DCU are not dependent on grants. Most credit unions depend on their local authorities but we are not. We do not look at Darlington Borough Council for ongoing funding as it is not sustainable. The business model focuses on sustainability, and we are in a positive place and intend to stay there. One example being that we rejected a takeover proposal as it put DCU at risk by trying to help them out. Of course, DCU do still bid for grants if the opportunity arises for investing in the future, but it is not to underpin DCU. We are in a different place to other credit unions like North Yorkshire and would reassess our strategy if we were not.

Q: *What are the clearing banks we use?*

A: Co-Operative is our main bank. We also have deposit with Unity, Scottish Widows which Barclays took over, Handelsbanken, Darlington Building Society.

Q: *How much did the building cost?*

A: £90,000 at the auction. £220,000 for the renovation which included the £50,000 grant. We did need to take out a mortgage so technically, members own the building.

Q: *What are our interest rates on loans?*

A: They range from 0.5% - 2.5%

Q: *Do we have an emergency loan fund?*

A: Yes, a very small fund. Some churches contribute towards this but we use it very rarely.

Q: *What income are you getting from grants in 2016?*

A: MoneyWorks ends this year but have another £5,000 from them. Northern Rock has £4,000 left to release. From CUEP we do have £35,000 growth payments but we have already received £20,000. We have no other grant income due in but we have put it for bids.

Q: *For those who are struggling and haven't heard about us – what are we doing to inform and reach people in need?*

A: Our marketing efforts – there have been many articles in the newspaper. We are heavily involved with the schools and encourage them to start saving with us from a young age. We are looking into options of a pre-paid debit card without an overdraft for older children and app facilities.

Q: *Why are the interest rates smaller for long term loans?*

A: These rates are to be competitive with the banks. Also, they are more secure. As these larger loans are over a longer period, we actually make more surplus off them

12. Chief Executive Officers Report

Tony Brockley presented the key target statistics for 2016, which included earned income of £239,580, deposit growth of £2.36m, and loan book growth of £1.81m. Tony goes on to say that the credit union was running on target for quarter one.

Tony gave a massive thank you to all his staff. He highlighted that Darlington Credit Union have a young workforce who are all bought into the ethos of Darlington Credit Union.

Tony then goes on to describe that six years ago when he was working alone in the Church Row and needed someone to help him, Phil Anwyll was always there to help and expressed his gratitude to Phil. Tony continues by expressing thanks to Marjory Knowles who guided him over the rules and governance. He furthers that the credit union movement in Darlington and everything that Darlington Credit Union does now is based on the work of these two individuals.

12. Close

The Chair closed the meeting by thanking everyone for their attendance.

The official meeting closed at 7.50 pm and was followed by drinks with the opportunity to talk to staff, volunteers and directors.

Chairman's Report

Alan Coultas

On behalf of the Trustees it gives me great pleasure to submit my seventh annual report on what has been another successful year for Darlington Credit Union. We have again achieved significant growth as summarised by:

- Members total share value reached £ 2,409,739 an increase of 47% on 2015
- Total deposits made in the financial year were £2,159,339
- The loan book at the end of the year was £1,588,412 an increase of 38% on 2015
- Budgeting support was given to 187 people
- Membership grew to 6867 an in-year growth of 1118 members
- Corporate membership has grown and we are proud to be serving 13 schools and encouraging 1584 young people to save
- A surplus was generated and a dividend is recommended

2016 was the first full year of operation in the new Tubwell Row headquarters. This investment has been a major success and a big driver in pushing the business forward. Providing a banking hall and customer service facilities as good as, and better than most high-street banks, it has been welcomed enthusiastically by Darlington Credit Union members and been a big factor in attracting new members across the community. As I said in my last report the Tubwell Row building, equipped with advanced telecommunications and providing friendly face-to-face services, is an investment for the future and gives a platform to grow.

Operationally, 2016 was challenging due to a second year of delay in the delivery of the Credit Union Expansion Project (CUEP) computer system, managed by Cornerstone, upon which we were relying to provide a new on-line banking platform. To mitigate this, an investment was made in an IT system to improve efficiency and provide a step towards on-line banking pending the implementation of the CUEP system later in 2017. To further improve services to members a new Darlington Credit Union website was launched at the end of the year. Our Chief Executive will report more fully on progress.

It is our goal to position your credit union to serve all our community with the very best savings and loan products, giving personal face-to-face service complemented by extensive on-line capability for the increasing numbers of people who wish to transact their financial affairs in this way. We intend to make further progress towards this goal in the coming year.

Beyond the strategic issues, Darlington Credit Union continued to make substantial progress in furthering financial inclusion helping scores of people from all walks of life learn about budgeting. Over the last four years over 1200 people have been helped in this way. Financial inclusion is very much our business and the Board and staff are proud that your credit union is encouraging more and more people to save and then getting a greater proportion of its funds into loans than almost any other credit union. During the year, the Money Smart and Money Works programmes, which provide these services, secured new funding from RBS and The Big Lottery.

We have again been successful in developing business with corporate members in a variety of ways. Small companies and charities are depositing funds. Some are using us for business transactions whilst others, inspired by the mutual ethos, of Darlington Credit Union are placing maximum level savings deposits with us. We now have 36 Corporate members. The Credit Union payroll savings and loan programme is gathering strength. The development of the corporate sector is a target for further development in 2017.

Our work to serve the remoter parts of our region, including the northern Dales, continued as did the development of collection points in village communities such as Middleton St. George and Sadberge.

In my last report, I referred to the major grant funding we secured from Northern Rock and others reaching a conclusion and the need to achieve profitable growth to sustain our development. Darlington Credit Union finished the year strongly with a high level of monthly deposits and loan application conversion which has been maintained into 2017.

During the year, Sam Johnson joined the Board and has played a vital part in the Finance and Business Development Committee. Liz Lyle, Treasurer, after more than 4 years service, originally as part of the Supervisory team and later as our Treasurer, is resigning. Nick White, after 5 years of service is also stepping down as is John Whitham, Chair of the Supervisory Committee. John has performed this important role for the last 3 years. We are very grateful to them all and thank them for their efforts given voluntarily on behalf of DCU.

It is the Chairman's role to steer things, to bring a capable team together, to help inspire and encourage people and to say thank you. Darlington Credit Union is an easy place in which to express appreciation. There is a team ethos which is quite special. The team comprising the Board, the staff and valued volunteers work hard together for the membership. So a big collective thank you again.

The Board and staff know that members place enormous trust in us. Thank you for doing this - we hope you feel that this has been rewarded by our service and the provision of new facilities for you.

Junior members in our schools are special to us. Learning to save and becoming wedded to this discipline is important and going into schools to encourage this is a special privilege.

Elected by the members, the Board of Directors have a responsibility for the governance of the organisation and for choosing the Officers who have a special responsibility. They are all volunteers, and as a Board have worked collectively and with commitment throughout another demanding year. Liz Lyle our Treasurer has overseen the finances and is owed special thanks. Our gratitude to each and every one of you for your commitment and support. Karen Johnson, our Vice Treasurer chairs the Finance and Business Development Committee which meets at least monthly. This committee is responsible for producing our medium term financial plans and for modelling and monitoring the business flowing through the organisation. Its work is invaluable.

The results of funding from the Big Lottery, the Northern Rock Foundation and the Lloyds Bank funded Credit Union Foundation Fund can be seen having effect every day and we are highly appreciative.

We are fortunate to have support from a number of Darlington companies and organisations. The Northern Echo have made their publicity resources available. Partnership working makes sense from every direction and we have no better partner than The Morrison Trust with whom we secured renewed funding for the Money Works project.

Darlington Credit Union is driven with great energy by Tony Brockley, our Chief Executive. It is known about in many quarters nationally, regionally and locally - in government, in the public sector, in business, in schools and colleges, in the churches and by more and more communities and individuals. This platform for the future is a testimony to Tony and his team and the Board says a big thank you.

Investment in people is vital and all of our staff are being encouraged to continue their development and training.

It has been a pleasure to work with Clive Owen & Partners our auditors for the reported year.

In closing I would make some final remarks.

Local communities face enormous challenges with the public realm under great stress and global forces often damaging local people and communities. There is a strong sense of disconnectedness, of communities changing for the worse and of poor access to vital services. Local communities need to find ways to build resilience, to start from where they are actually at and build some foundational strength. There is an opportunity to re-claim swathes of public life where the community can work in a mutually beneficial way for the common good. The development of a strong mutually owned regional credit union is powerful way of building financial resilience - to provide a financial foundation for local people and to invest in the future. There are signs that initiatives are emerging to achieve this and Darlington Credit Union wish to and intend to play a part in creating this foundation.

I commend this report to you.

Alan Coultas
Chairman
Darlington Credit Union

Treasurer's Report

Liz Lyle

Good evening, I am reporting to you tonight on the financial results for the year ended 31st December 2016. You will have a copy of the statutory accounts in your AGM pack so I do not intend to do more than give you an overview and then answer any questions you may have.

Our Auditors for the year were, again, Clive Owen & Co of Darlington. This is the third year that they have done our audit.

Their opinion is that the accounts give a true and fair view of the state of the credit union's affairs as at 31st December 2016 and of its income and expenditure for the year then ended. And have been properly prepared in accordance with UK accepted accounting standards and Credit Union legislation.

I would just like to comment on a couple of figures from the accounts:

- Loan book has increased from £1,077,000 at the start of the year to £1,541,000 and our interest earned from those loans has grown from £166,000 last year to £238,000 this year – both an increase of 43%.
- If you recall, we introduced tiered interest rates at the end of 2015 which might have led to a falling off of lending – this has not happened as the figures demonstrate.
- Our revenue expenditure for the year has increased by only 14%. The depreciation cost of our new facilities, which is the largest area of increase in expenditure, being offset by the reduction in running costs.
- Finally, to grants and other income, we have also benefited from growth payments from the Credit Union Expansion project again this year – £29,000 in the year – but these particular payments have now ceased. We have received grant funding for a Money Smart project and in 2017 are benefiting from further Big Lottery grant for the second project under the Money Works scheme. Both of these projects provide financial education to adults and children in Darlington. Other grants in the accounts have been received in previous years but have been released in 2016 to match expenditure in that year.

You may notice that despite ending the year with a surplus after tax of £8261, the income and expenditure account on the Balance Sheet (also known as General Reserves) has reduced at the year end. This is a result of the payment of dividend declared in 2015 which is shown in the final note to the accounts. Following a change in reporting practice for statutory accounts, the dividend declared but not paid in one year will be shown as a reduction of reserves in the following year.

To Balance Sheet items:

- Despite the increase in lending activity we have maintained the liquidity ratio at a level comfortably above that required by regulation of credit unions. The liquidity ratio is the total of bank and investment accounts as a proportion of members' share accounts. Ours was 29% at the year end.
- Members' share account balances also increased this year – up by 47%. And you can see in the notes to the accounts, the number of members has also increased in the year by a net 1200.
- The overall increase in net assets is £770,000 – 43% - in the year 2016.

Does anyone have any questions?

Auditors

I would like to propose the re-appointment of Clive Owen and Company as auditors for the financial year 2017.

Dividends

Given the surplus of £8261 for the year, I am proposing a dividend of 0.25% for both adult and junior members to reflect the success achieved in 2016 with the balance of the surplus being transferred to reserves.

Board Nominee Summary

Joe Hannon

Retired from Amec Foster Wheeler just over a year ago where he was Global Head of Real Estate for over 20 years. Prior to this Joe held a post for nearly 15 years at Lloyds bank as Regional Estate Manager. With over 40 years' commercial experience with strategic decision-making, he is now keen to undertake a role which enables him to contribute to the local community. Joe is attracted to the DCU because of its proven track record as a responsible and affordable lender that encourages saving.



Sam Johnson

Chartered Accountant with 13 years' post qualified experience and 20 years' experience working in International Subsea, Retail, Manufacturing and Media business sectors.

Karen Johnston

I have been a member of the board for several years, through times of huge growth and change for the credit union. It has been a very interesting and rewarding experience and I look forward to a further term with relish. My background is in accounting and finance as a practitioner and teacher, which has been useful in my role as chair of the Finance and Business Development Committee of the board. In addition to my credit union role I am an adviser with the CAB, treasurer of the local MS Society and I teach yoga, so am rarely bored.

