

Hastings & Rother Credit Union Ltd

Minutes of the Annual General Meeting for the year 1st October 2020–30th September 2021 held on Wednesday 12th January 2022 at 18:00 via Zoom

1. To ascertain that a quorum of members is present:

As the original meeting on 15th December was inquorate, a quorum was not required for this meeting but the President (Richard Street) and 11 other members were present with Dawn Poole (Senior Office Manager) in attendance.

2. To receive apologies for absence:

Apologies were received from Ian Gray.

3. To agree the Minutes of the AGM held in January 2021:

These were agreed as a correct record.

4. To appoint tellers:

DP was appointed.

5. Report of the President:

See below.

A vote of thanks to the staff, Dawn Poole, Tracy Cornwall and Elena Dan as well as our volunteers was agreed unanimously.

6. Report of the Senior Office Manager and acceptance of the annual accounts

See below

In addition to the above, DP thanked David Attwood who retired as an officer volunteers. The annual accounts were accepted unanimously.

7. Proposal not to pay a dividend to members

This was agreed unanimously given the current financial circumstances.

8. Report of the Credit Committee

See below

9. Report of the Supervisory Committee

The President explained that there has been no Supervisory Committee due to the difficulty in finding suitably qualified volunteers. This is a serious problem and needs to be rectified as soon as possible.

10. Election of Directors:

Julie Eason was elected unopposed for a further term (proposed Richard Street, seconded Graeme Clark)

Jacky Everard and David Drake were elected unopposed (proposed Julie Eason, seconded Karen Johnson)

11. Election of Credit Committee

Jacky Everard was elected unanimously.

Steve Manwaring (HVA) has agreed to work with the Committee to develop a new Loans Policy. Members were encouraged to put themselves forward and encourage others to do so.

12. Election of Supervisory Committee

Les Clark and Alan Matthews were elected unopposed (proposed Graeme Clark, seconded Karen Johnson). In order to fulfil this role, Alan stood down as a director pro tem.

13. Election of Lottery Committee

The President explained that the lottery had been in abeyance since the start of the pandemic and changes to the legislation mean it cannot continue in its present form. The Board will consider whether to take the actions necessary to re-establish it in due course as it has raised significant funds for the Credit Union.

14. Appointment of Auditor

It was agreed unanimously that the appointment of auditors be delegated to the Board of Directors following the outcome of competitive tendering following the conclusion of the 3-year contract with Ashdown Hurrey.

15. Any other business

There was no other business.

The meeting closed at 18:36

Item 5 Report of the President

It will come as no surprise to any of you to learn that Covid has played a significant part in the year under consideration. At the beginning of the year, our staff were working from home but, as the situation improved and rules were relaxed, the return to the office began once they had been vaccinated. It was also important that numbers in the office allowed for proper social distancing. This was made a lot easier when we moved into the larger room next door in May. We also made use of the furlough scheme to ensure staff were properly covered.

I'm pleased to say that none of this impacted on the services provided to our members. There was a period when Information Points did not take place due to Covid rules but services were always available in the usual way apart from this.

The Council invited us to start an Information Point at Muriel Matters House on Friday afternoons and we thank Georgiana for staffing this regularly. In May, when Ore Community Library opened, we started a second Information Point there on Saturday mornings. Even if we don't meet a large number of people at these, it is important that we continue give people the opportunity to meet us face-to-face as well as a requirement of the Prudential Regulation Authority.

In December 2020 we were granted half the amount needed to move to a modern IT system by Sussex Community Foundation. Unfortunately it took another 6 months before Magdalen & Lasher granted us the remainder. The system we decided to go with is called Incuto and it offers a host of options and opportunities for us to improve and expand our services including online access for members to their accounts. A small group of directors has been working hard to make this a reality – Graeme, Alan and Ken alongside Dawn. This is due to go live in April.

We have received funding from Big Local North-East Hastings and Heart of Sidley to provide interest-free loans to their residents. This has not been entirely successful but I'll let Dawn talk more about that. We have continued to work effectively with the housing departments of both Hastings and Rother councils to recoup loans they have made and other activities. In February we had a meeting with Cllr Colin Fitzgerald who was deputy leader of Hastings Council at the time. It seemed to be a very positive, wide-ranging discussion but unfortunately nothing came of it. We have had several such meetings in the past but they come to nought as the council's representative inevitably moves to other responsibilities soon after which is very frustrating as there is so much more we could do together for the benefit of local residents.

Unfortunately we have been operating without a Supervisory Committee throughout the year. This should provide the essential internal audit function to ensure that all processes and procedures are performed within the rules. It is vital that we recruit suitable people for this very soon. The difficulty is that they need to be experienced and qualified in this area of work and such people are few and far between as volunteers and very costly to employ.

In August, our long-standing director and leading light of the Credit Committee, Mike Richardson, decided to stand down. He has put in so much time and effort over so many years on behalf of our members for which we are very grateful. We wish him well in all his activities.

I would like to thank all my fellow directors who have made a significant contribution over the year.

Graeme and Alan have shared their experience and expertise in IT and HR matters willingly and to everybody's benefit. Julie's help and support in fund-raising has been immeasurable. Georgiana, Ian, Peter and Ken have continued to be reliable and dependable in their own areas. We were very pleased to co-opt Jacky Everard, CEO of HARC during the year. Her vast experience is already of benefit to us. We have also co-opted David Drake, a retired HSBC expert in compliance among other things. His input has already started to fill a serious skills gap.

Finally, we could have done none of this without the dedication and hard work of Dawn, Tracy and Elena. I'm sure you will all support a massive vote of thanks to them.

Item 6 Report of the Senior Office Manager + acceptance of the annual accounts

A summary of the years accounts is shown below. A second year of operating with Covid restrictions has meant that we have continued to be limited in what we can offer, and this has meant that we have only made a small surplus. Whilst we were successful in obtaining the rest of the grant funding needed to replace our outdated banking system it has been more difficult to get any of the Covid support funds that were being offered as we are a mutual not a charity. We were successful in getting a grant from Hastings Borough Council but unable to get any support from Rother District Council. Despite this we have ended the year with a small surplus and whilst it is disappointing that there is not enough to pay a dividend to members.

To help achieve a healthy surplus each year the Board of Directors have agreed a strategic plan that will take us up to 2025 and encompass the upgrade to our IT systems. The headline objectives include increasing our membership by 1000%, to diversify the range of what we offer such as loan products and interest rates, increase the amount we lend by at least £100,000 in a responsible manner and identify new sources of funding. We are also going to be working with other local charities to ensure that our products and services are available to marginalised and vulnerable communities as too many people are not aware of our services and end up using inappropriate providers such as loan sharks of very high interest lenders. We continued to use the furlough system from February to September as one member of the team was shielding. However, as the situation improved staff were able to start a gradual return to the office in the summer and the whole team has now returned along with two volunteers. We were able to move to a

slightly larger office in Jackson Hall during the last lockdown and this has meant that we are able to have people working at a safe distance from each other, something that was not possible in our previous office. Seeing members face to face in a safe environment continues to be challenging but we do have an information point in Ore Community Library on Saturday mornings, and we hope to restart the information point in Muriel Matters House after the festive break.

The team continues to help members on the phone and by email where possible so that members do not lose out. We do appreciate all the support given to us by members; speaking to members during lockdown was a chance to offer support and reassurance we appreciated all the support members gave us as we worked from home.

Covid has also impacted on the change of computer system as many grant funders were inundated with requests and were unable to meet to make funding decisions. However, our applications to Magdalen & Lasher and the Sussex Community Foundation were successful and we have started the process of moving from a system called ConAccess to Incuto. We hope the change will be complete next summer and we will be able to offer a much better service to members. The system is secure and includes online banking and lending, but we will still be able to help members who would rather talk to someone on the phone or visit an information point. The system will enable lending to start to increase again which will generate an income and make the credit union much more sustainable. We will be able to sign up more local employers to our payroll savings scheme but also open more accounts for those who cannot access high street banking as well as setting up a banking service for community groups that meets their needs at an affordable price. There are lots of opportunities for us to make a real difference in the community but without a stable IT system we cannot begin to do this.

Whilst some of our volunteers moved onto pastures new during the last year, we have welcomed some new volunteers to the team. This is enabling us to catch up with work that couldn't be done during the pandemic and start new areas of work. We continue to look for volunteers to help us run the credit union, either in the office or by joining one of our committees. If you think this is something you might be able to do, please contact one of our board members or myself to find out more about what is involved. We are approaching a very exciting time as we grow and change, and our volunteers are an important part of the team delivering that.

SUMMARISED ACCOUNTS YEAR ENDED 30th SEPTEMBER 2021

Income / Expenditure		2021	2020
		£	£
Income:	Interest on members loans	6861	9265
	Fees and commissions receivable	52954	43792
	Fees and commissions payable	-5680	-5417
	Grants, donations and misc income	12814	13710
	Total Income	66949	61350
Expenditure :	Administration costs	57170	49752
	Other operating expenses	5239	4336
	Losses on loans to members	1388	5447
	Depreciation	954	665
Total expenditure		64751	60200
Surplus / (Deficit) for Year		4524	1150
Taxation		90	38
Proposed Dividend to Members		0	0
Other comprehensive loss		-3856	
Transfer to Reserves		668	1112

Item 8 Report of the Credit Committee

The credit committee was unable to meet once the covid pandemic hit because the majority of members were shielding and did not have any computer access. Loans continued to be made by the office using the loan policy. Advice was sought from committee members by telephone on higher risk loans and a record kept of credit control and loans made and shared with the credit committee.

Loans granted during 2020/21: £31,855 (2019/20: £35,680, 2018/19: £52,759)

Number of loans granted: 45 (2019/20: 56, 2018/19: 68)

Average loan amount: £707.89 (2019/20: 637.14, 2018/19: £775.86)

Lending has dropped during the last two years, and this is a pattern replicated in credit unions across the country. Members have often saved rather than borrowed either because their outgoings have reduced, they have been unable to go on holiday or they are cautious about spending during a period of uncertainty. Over half were for general financial assistance with the balance being for household equipment, school uniform, transport and a lucky few members managed to book a holiday. Bad debts in 2020/21 were almost all from historic loans. Our policy is to establish contact with members in arrears to offer support but ultimately, we have a responsibility to our members whose savings are used for loans to recover them and recovery through the courts or Department of Work and Pensions Eligible Loans Deduction Scheme (automatic recovery through benefits) are used as a last resort. With the change of IT system our loan policy is currently being reviewed and updated to encompass the changes the new system will bring. It will enable more detailed identity checking and credit checks through TransUnion and Open Banking will help make our lending decisions better informed. Loan applications will still be looked at by a member of the team rather than using a fully automated process so that members' full circumstances can be looked at to understand why they may have had difficulties in the past. It will also give

members an opportunity to improve their credit rating through regular repayment data shared back through TransUnion.