Minutes of fifth Annual General Meeting of Churches Mutual Credit Union held at 12.00 noon on Friday 31 January 2020 at Church House, Westminster

Present:	Antony MacRow-Wood (AM-W) – chair
	Nigel Bourne
	Sarah Crombie
	Uell Kennedy
	Nick Mottershead
	Sheila Nicoll
	Jeremy Oakes (JO)
	Jeremy Palmer (JP)
	John Rowland
	Geoffrey Roper
	Hilary Sams (HS)
	Charles Sim
	Dave Thomson (DT)
	Jane Turner (JT)
	David White
	Alan Yates
Apologies	David Atkinson
	Rosamia Brown
	John Ellis
	Michael Hopkins
	Peter Ostli-East
	Timothy Pitt
	Peter Selby
	John Thackray
	Jean Wyber

Introductions and welcome

AMW welcomed everyone, reflecting, through scripture, on how we had been called on a journey and had obeyed the call. He constituted the meeting with prayer.

Apologies for absence

See list above

Minutes of AGM held on 1 February 2019.

The minutes were unanimously accepted as a true and fair record of the meeting. There were no matters arising.

Board report

AMW presented the attached report. He noted how Churches Mutual had reached a very good loan to share ratio of 70%, which compared to the average for credit unions, of 53%, with the "sweet spot" being considered to be 75%.

HS noted the diversity of the common bond, and how Churches Mutual was showing how a credit union was not just a means of having the money to cover the cost of a failed washing machine. In particular, there were further opportunities to work with the social care divisions of some of the churches which supported Churches Mutual and there was a wide range of church charities which did not necessarily know that they or their employees could be members.

She noted how, in the last year, a number of process had been improved, including a move to Azure/teams which meant that security was stronger and efficiency greater.

She also, in particular noted the personal approach that Churches Mutual was able to take, being able to make its own decisions about lending, but not lending where we did not think that applicants would be able to pay the money back.

There were no questions

Treasurer's report

1. 2018-19 accounts. JO gave his report, about which there were no questions.
2. Auditors' Report and approval of accounts: JO noted that the accounts had been given a very clean bill of health. He proposed approval of the accounts, seconded by Jeremy Palmer and they were approved unanimously.
3. Treasurer's report – see above
4. Declaration of dividend. A dividend of 0.25% on deferred shared; 0.25% for regular savers; 0.5% for corporate members; and 0.4% for premier accounts was proposed by Jeremy Oakes and seconded by Sheila Nicoll, and approved unanimously.

Credit Committee report

JP introduced the members of the Credit and Risk Committee: himself, Antony MacRow-Wood, Jeremy Oakes and Nick Mottershead. He expressed appreciation of the work of Jane Turner and the confidence of the Committee and the Board in her work going forward. Most lending decisions were made by JT, within the policy laid down by the Board with less than 1% (10 cases in the last year) being referred to the Credit and Risk Committee. JP noted the Board's low appetite for credit risk, but they were equally aware that the loan book was "lumpy": it was quite small, but had some large loans. A review of the policy around restructuring loans had taken place as a result of delinquency and a limit of £1m had been applied to such loans.

JP showed the range of ratios which had been set by the regulator, and which were reviewed regularly by the Board.

There was some discussion about the pattern of defaults which had not generally followed the traditional path, but had gone straight to Individual Voluntary Arrangements (or, in Scotland Protected Trust). Because of the proportion of the debt due to us, we had objected to one arrangement and had been successful – the individual was now paying a certain amount per month over an extended period. We did not wish to gain a reputation for being too much of a "soft touch", although with other IVAs we had accounted for too small a proportion of the total debt to be successful.

In relation to lending activity, we declined few applications, which might otherwise have been refused through traditional automated means. People who came to us often had complex financial backgrounds, and there was little doubt that our personalised approach was servicing a clear need.

Supervisory committee report

Dave Thomson explained the nature of the Supervisory Committee, and introduced its members – himself, John Ellis and Charles Sim, noting that they were not members of the Board and were elected direct by the members, providing an independent watchdog. The members of the committee had extensive relevant experience. They attended board meetings and were able to contribute to them. They:

- Reviewed the adequacy of risks and controls, following a standard testing programme recommended by APCUL;
- Undertook additional reviews – e.g. around the single customer view report (an obligation applied by the Financial Services Compensation Scheme)

Recent work had been undertaken, together with HS, on identifying politically exposed persons – most were self-evident but there was a slight risk that we might miss some, so a form had been sent to all members.

The Committee had found nothing of significance during the year. They reported regularly to HS and to the Board and there was nothing to report to members.

He thanked HS and JT for their cooperation and forbearance.

Appointment of auditors

JO noted that the audit had gone smoothly, and had been thorough. He proposed the reappointment of Haines Watts. This was seconded by Nigel Bourne and approved unanimously.

Elections

Board: AMW noted that Uell Kennedy and Nick Mottershead were willing to put themselves forward to be re-elected and had been proposed and seconded. Alan Yates had also been proposed and seconded.

There being no other nominations, Uell Kennedy, Nick Mottershead and Alan Yates were automatically elected.

Supervisory Committee: John Ellis had been duly proposed and seconded, and was automatically elected.

Motion

AMW introduced the motion, proposed by the Board, "That this meeting of members of the Churches' Mutual Credit Union Ltd hereby resolves to amend the terms and conditions of its savings products so that it may levy a reasonable charge for all share withdrawals over and above six per financial year". He explained that, given that this was a change to terms and conditions, it needed to be agreed by the AGM. He noted that a small minority of members put money in and took it out in small amounts over a short period. This was not how it was intended that such accounts should be used and was costly in terms of systems and staff time. The proposal was to introduce a penalty (less than cost) for such activity. HS noted that the cost was about £5 a time and that the intention of the credit union was to encourage people to save for the longer term. Not to charge something penalised those who did save. NB noted that the motion gave the option to levy a "reasonable charge", noting that this provided flexibility, including to increase it until it covered costs. Geoffrey Roper noted that that some local credit unions might allow for frequent transactions, but this was not the approach of Churches Mutual and he accepted that we could not be "all things to all people".

The motion was passed unanimously.

Any other business

AMW concluded by noting that in our first 5 years we had lent £6.5m and our net loan book stood currently at £3m. This week we had hit the "sweet spot" of 75% loan to share ratio. We were roughly where we expected to be in year 5: we had fewer members, but overall had reached the expected level of lending because loans had been larger than anticipated.

He thanked Church House for their support.

In terms of future development, he noted Churches Mutual's desire not just to be seen as a "poor person's bank". There had been a shaking out of the credit union movement, with the regulator letting weaker credit unions go and letting the stronger ones survive. He noted a recent community development financial institution (CDFI) which had been steered towards the credit union model. The regulator seemed to be recognising how difficult it was to start up a bank, and that credit unions were easier to control – they might become more mainstream across society.

Going forward, he noted how operating costs were rising, and how we might get more bad debts. We needed to develop more income sources and keep the loan to share ratio in the sweet spot.

The main issue would be penetrating the common bond. A video was being produced which would support a push among church Multi-Academy Trusts (in particular, discussions were taking place with the Diocese of Ely).

AMW noted that after this year, he hoped that someone else would take over the chair of Churches Mutual – going forward we needed to build greater diversity within the board, so he appealed to all to help develop the appropriate skills set.

He thanked everyone for coming, and declared the meeting closed.

President's Report 2019

I'm delighted, as President, to present the annual report of the Churches' Mutual Credit Union (CMCU) for the year 2018-19. Once again I am pleased to be able to report, despite the continuing difficult economic and political climate, we have seen a year of slow but steady growth in all areas of the credit union's business.

Having entered our fifth year of trading, the emphasis in this past year has been to review our brand, our unique selling points and the way Churches Mutual markets itself. We were fortunate towards the end of 2018 to be successful in two applications for external funding and received grants from Lloyds Banking Group and Unity Trust Bank that covered the cost of a marketing workshop, a rebrand including the logo and most importantly a new website, to make the processes of the credit union simpler to understand and easier to access.

Both the value of savings and the loan book have increased steadily although perhaps not as greatly as might have been the case in more settled times. The Credit Committee pays careful attention to the affordability of loans for members in the current financial climate, to ensure that we are helping people manage their finances effectively and not encouraging excessive debt. Unfortunately, after over four years of lending, 2019 saw a small amount of default in loans with three members seeking some form of debt management, however the level of bad debt remains comparatively low at 0.3%.

Encouraging employers to address issues of financial resilience in their workforce continues to be a priority for Churches' Mutual, and this year we have added The St Vincent de Paul Society, The Aletheia Anglican Academies Trust (Rochester Diocese), The Good Shepherd Multi Academy Trust (Carlisle Diocese) and The Springfield Project (Birmingham Diocese) to the growing number of employers who offer access to regular savings and affordable loans through direct deduction from salary. However there remains plenty of capacity to offer this facility to other employers within our common bond.

We go into 2020 knowing that we will be facing a number of challenges in the need to maintain strong governance of the credit union through recruiting members to serve as directors and other key volunteers, the need to maintain key ratios in the areas of lending, income and arrears, and on a more practical note, the need to relocate premises in the early summer. However we believe we face these challenges from a position of strength, building on the success of the past five years.