

Kent Savers Credit Union: Seventh Annual General Meeting
Maidstone Community Support Centre, Marsham Street, Maidstone, Kent
6.30pm Tuesday 25th April 2017

Members Present: Becky Atkinson, Keith Berry, Dorothy Devan, Peter Cox, Phil Davies, Mark Faithful, Russell Heppleston, Chris Hunt, Lesley Jones, Martin Kingman, Catherine Parker, Pauline Philips, Karen Richardson, Paul Spain, Cara Thorpe, Dave Wilson.

Visitors Present: Liam Clarke

1. Apologies for absence

The following apologies were recorded: Robert Ball, Claire Boxall, Henry Edwards, Loraine Fagg, Patrick Sinker, Sharon Turner-Fry, Nick Vickers.

Martin Kingman, Chairman commenced the meeting by acknowledging that the low number of members attending tonight's meeting meant the session was not quorate. He offered to reschedule the AGM to another date, but on a show of hands the members voted unanimously to continue. Approximately 12 minutes later the late arrival of another member subsequently ensured sufficient quorum attended all key decisions.

2. Minutes of 2016 AGM

No comments or amendments were raised regarding the minutes of the 2016 AGM, which were therefore proposed by Dave Wilson, seconded by Mark Faithful and approved by all members attending. On one matter arising, observations from Mr Blackburn on seeking support from KCC Pensions team, MK confirmed direct dialogue has been established and is continuing to be progressed.

3. Directors' Report

Martin Kingman, Chairman, referred to the KSCU Financial Statements to 30-09-2016. He gave a brief summary of the growth in membership numbers, savings and loans and confirmed this is on track with the current business strategy ambitions, including in terms of branch network growth and increasing levels of awareness across the common bond area.

Keith Berry noted that the date in the letter associated with the Directors Report was earlier than the deadline for nominations – MK apologised and thanked him for his observation.

General Manager's Report

Chris Hunt, General Manager said that at the previous AGM he had talked about Kent Savers being part of a consortium of credit unions implementing a new system. He said the implementation date for the new system would have been summer 2016, but this had slipped first to May 2017 and now to November 2017.

Chris gave a summary of the last year, a year of growth with more members, increased members' savings and in the last 12 months the issue of 421 new loans. He said that Kent Savers has partnered with Bexley council to issue housing loans, and was working with CU Loans - a new national service to promote loans to people who weren't aware of credit unions.

He talked about the monthly newsletter which had not been issued recently owing to lack of time, but thanked Catherine Parker for using social media to keep members aware of some of the changes and issues in the credit union sector.

He thanked staff Karen Richardson and Becky Atkinson for their work in this busy year and said that with the recent growth Kent Savers now had the resources to increase staffing. He said that there would be a recruitment campaign during the coming months, including for a new Chief Executive as Chris was planning to retire from his role as General Manager at the end of 2017.

4. Treasurer's Report

Phil Davies presented his Treasurer's Report – a summary is attached.

A question was asked from the floor relating to the value attributed to non-recurring grants – PD clarified the distinction between one-off and loan interest income, and confirmed the current mid-year management accounts reflect a break-even position, based on interest earned excluding grant receipts.

Another member commented that branches are seeing an increasing number of people with debt problems – various observations were made on the worsening environment in terms of average personal debt levels and declining (in real terms) earnings.

A question was raised about the use of some marketing expenditure for promotional materials – it was confirmed that a small budget is available, including for branches, to pay for posters, leaflets etc if there are considered effective in bringing new members.

5. Auditors' Report

Chris Hunt confirmed the Auditors are satisfied with the accounts and KSCU's management and governance. Keith Berry proposed the accounts, Mark Faithful seconded them and they were unanimously approved without comment.

6. Appointment of Auditors

Russel Heppleston of the Supervisory Committee explained the process of tendering for new accountants, following which process he recommended the appointment of a new firm, Alexander Sloan. A member asked if this firm is a non-profit "community interest company". Russel confirmed they are not, that he was not aware of any co-operative auditors in the market, and that the financial regulations particular to Credit Unions means there's a small number of firms eligible to undertake the audit process. The Board proposed the appointment of Alexander Sloan, this was seconded by Cara Thorpe and was unanimously approved.

7. Supervisory Committee Report

In Nick Vickers' absence Russel Heppleston gave a brief report confirming the Supervisory Committee's attendance at board meetings, outline audit plans and observations on risk management. He confirmed there were no concerns with the Board's Governance and no further issues to raise.

8. Motions

9a "This AGM permits the board to declare interim dividends and to establish differentiated dividend rates as it sees fit".

Chris Hunt explained that this Motion is required every year. Keith Berry proposed the Motion on behalf of the Board, Leslie Jones seconded it and the Motion was unanimously agreed by all present.

9b “This AGM agrees to the payment of the dividend for 2015-2016 recommend by the Board of Directors”

The dividend rate proposed by the Board was 0.5%, being the same as last year. This Motion was proposed by Keith Berry, seconded by Leslie Jones and unanimously approved by all present.

9. Elections

Martin Kingman confirmed there were three Directors for election this year, Mark Faithful, Paula Spain and Dave Wilson. Everyone present agreed to Martin’s proposal to not using a secret ballot, and on a show of hands all three were elected to the Board unanimously.

10. Any Other Business

There was no AOB noted prior to the meeting. Martin Kingman thanked all the staff, volunteers and Directors for their continued support and for attending tonight, and closed the meeting at 19.12.

Treasurers Report - Year to 30 September 2016

Over the last year interest rates fell again with base rate moving to an all time low and global interest rates also declining with some interest rates even moving into negative territory.

Turning to the Kent Savers Accounts the Revenue Account - page 5 - shows that for the year a surplus was recorded which is encouraging. However it must be stressed that this surplus included grants which were one off and non recurring - Note 4 - of the accounts.

Loans to members rose by 28% whilst savings by members rose 11.0%

Looking at page 5 I would highlight

Income

- Interest from loans rose 54% which reflected increased lending, better margins and a more balanced loan book

- bank deposit interest fell reflecting low interest rates. We were able to reduce our cash with banks but still have more cash held this way than we would wish. Our options here are however limited

Expenses

- expenses have again fallen which is encouraging although we are now at the stage where these will now start to rise to meet business expansion and the transition to the new technology platform

- a disappointment is the rise in bad debts to £56,000. We have taken steps to tighten our credit control process and also to reinforce our debt recovery measures from members who owe money. However as members will appreciate we have to strike a balance between our mission and commercial reality.

Prospects

US interest rates have now started to move up and further increases seem likely as we move to a more conventional interest rate cycle.

In the UK given the rise in inflation we would normally have expected interest rates to rise this year but concerns over the impact of BREXIT may stop this happening.

As regards the prospects for Kent Savers at this stage the management accounts indicate that it is trading at break even, although the outcome for the full year may be different.

In the light of this the Directors recommend paying the same dividend as for the last two years 0.5% at a cost of £5,562. It is appreciated that this is low but members will be only too well aware of the level of interest rates on cash deposits and the Directors consider that this dividend strikes a fair balance.

PD 25 April 2017