

The Co-operative Family Credit Union Limited

**Annual General Meeting
Online, 12-2pm, 26 January 2022**



Agenda

1. Welcome & introductions – David Fawell (Chair)
2. Apologies – David Fawell
3. Minutes of the AGM held on 21 January 2021 – David Fawell
4. Chair's report – David Fawell
5. Financial reports:
 - a. Treasurer's report – Grant Mitchell (Treasurer)
 - b. Approval of dividend – Grant Mitchell
 - c. Auditor's report – Mark Heaton, KM Accountants
 - d. Appointment of auditor's – Grant Mitchell
6. Chief Executive's report – Matt Bland (Chief Executive)
7. Committee reports – Matt Bland & committee chairs
8. Motions:
 - a. Abolition of the Supervisory Committee – various rules – Matt Bland
9. Elections to board – David Fawell
10. Graham Southall Award – Chris Smith
11. Lifetime Presidency – Chris Smith
12. Friends of The Co-operative Family Credit Union (Lottery) report – Chris Smith
13. Defining our Purpose – concluding the Purpose Project – Chris Smith
14. Any other business – David Fawell

THE CO-OPERATIVE CREDIT UNION

Minutes of the Annual General Meeting held at 12.00 noon
on Thursday 21 January 2021 online



Attendance: David Fawell (Chair), Matt Bland (Chief Executive), Grant Mitchell (Treasurer), Chris Smith (Director), David Dickman (Director), Robin Webster (Director), John Rudd (Director), Rebecca Hamilton (Credit Committee Chair) and Charles Sim (Supervisory Committee Chair).

1. WELCOME AND APOLOGIES

The Chair welcomed all members and attendees to the meeting. Apologies had been received from the Secretary, Gordon Fraser.

2. MINUTES OF THE AGM – held 14 February 2019 were confirmed as a correct record.

3. MATTERS ARISING

All matters arising were covered on the agenda.

4. CHAIR'S REVIEW

The Chair presented his review of the year covering the following headlines:

- Despite the challenges of the Covid-19 pandemic, the credit union has performed well
- Transition to home working was achieved successfully and a surplus of £15k achieved despite an aspiration to break even only
- Loan book has grown 20% in the year
- It has been a year of renewal with comprehensive review of governance and strategy taking place for the first time in some years with a decisive move from a “hands on” board to a strategic, non-executive role
- New committee structures established and a successful round of board recruitment
- A new Purpose Project has been launched to conduct an in-depth review of the credit union’s role and values as an ethical, co-operative financial organisation – look forward to reporting back on the progress of this process in a year’s time

The Chair then took time to thank those that have contributed to the credit union’s success, including the staff and board teams and those that have left the credit union in the period. Special mention was given to outgoing Secretary, Claire Dalton, and servant on the credit union board for 20 years, Nick Money, who was made an honorary Lifetime President in recognition of his efforts.

The membership noted the update.

5. TREASURER’S REPORT AND CONSIDERATION OF ACCOUNTS

The Chair introduced Grant Mitchell to present his Treasurer’s Report which covered the following key items:

- Reasonable surplus for the year at £15k, having aspired only to break even for the year
- Growth on all financial measures – 20% loan book growth (after provisioning), 15% deposit growth and 14% balance sheet growth.
- Income growth with loan interest income up 30% in the year
- Prudent approach to provisioning adopted, with provisioning rates in excess of the Bank of England's minimum requirements
- Accounting decision taken in agreement with auditors, KM Accountants, to write off historic bad debts and release associated provisioning. This has no net effect on P&L position but creates a significant reduction in the bad debt account
- Financial plan is based on investment in pursuit of growth, supported by reductions in the Capital-Assets ratio requirements set by the Bank of England which were confirmed in March 2020.
- Capital-asset ratio stood at 8.65% at 30 September 2020.
- Strategic focus on growing our loan book as a proportion of total assets has led to proposal of 0.25% dividend and removal of all fees associated with accounts – i.e. joining, annual and dormancy fees.



The membership approved the annual report and accounts for the year-ended 30 September 2020.

6. AUDITOR'S REPORT

Mark Heaton, KM Accountants, joined the meeting to provide the auditor's report. KM Accountants were appointed as auditors in the year following the resignation of Beever & Struthers mid-year. Mark explained that the credit union had been given a clean audit report and that he was satisfied that the accounts reflected a true and fair view of the credit union's financial position. He noted that there were some governance and financial management challenges that the board were made aware of to address in the coming year.

7. DECLARATION OF DIVIDEND

Following both the Treasurer's and Auditor's reports, the Treasurer recommended that a dividend of 0.25% be paid. The membership approved the dividend.

8. RE-APPOINTMENT OF AUDITORS

The membership approved the re-appointment of KM Accountants as CCU's auditor.

9. CEO'S REPORT

MB presented his report to the membership highlighting the following:

- Successful year despite the impact of the pandemic with a swift and effective move to home working enabled by some early investment in the credit union's IT infrastructure
- Introduction of the Nivo secure messaging app has been a great success providing a modern, secure and flexible communication channel which fit well with the home working necessitated by Covid
- The credit union was successful in being awarded a £10,000 Covid-19 Resilience Fund grant from Fair 4 All Finance which is a government-sponsored body investing in the expansion of affordable credit provided by the likes of credit unions
- Concerted efforts were put into maximising the value provided by our core system, Abacus Oneworld provided by Fern Software of Belfast
- Introduction of the Family Loan has provided a facility for the credit union to support low-income families with affordable borrowing options

- Strong member satisfaction levels with a member survey in July achieving 1,200 responses and a Net Promoter Score of +63.5
- Credit union proposes to continue to invest in growth and to underpin this process with our exciting Purpose Project which starts in earnest and will report back on its outcome to the AGM in January 2022.



10. COMMITTEE REPORTS

The written reports of the credit union's three primary committees were referred to and questions invited of which there were none. The committees reporting were:

- Risk & Compliance Committee
- Supervisory Committee
- Nominations & Reward Committee

11. MOTIONS

The membership was invited to vote on three motions for rule changes, as follows:

Motion 1 – Change to Rule 7 – Common bond qualifications for membership

It was proposed to amend the “Common bond qualifications for membership” under Rule 7 of the rulebook as follows (those words in red being added):

.7. Admission to membership of the Credit Union is restricted to:

a) An individual employed by the following employers:

- I. The Co-operative Group
- II. Southern Co-operative Society Ltd
- III. Mid Counties Co-operative Society Ltd
- IV. Radstock Co-operative Society Ltd
- V. Heart of England Co-operative Society Ltd
- VI. Tamworth Co-operative Society Ltd
- VII. Channel Islands Co-operative Society Ltd
- VIII. East of England Co-operative Society Ltd
- IX. The Association of British Credit Unions Ltd
- X. Co-operatives UK
- XI. The Co-operative Academy
- XII. The Co-operative College
- XIII. Unity Trust Bank Ltd
- XIV. The Co-operative Bank
- XV. The Phone Co-op
- XVI. Central England Co-operative
- XVII. The National Association of Co-operative Officials (NACO)
- XVIII. The Co-operative Academies Trust
- XIX. The Co-operative Party
- XX. The Charities Aid Foundation
- XXI. FC United of Manchester
- XXII. Lincolnshire Co-operative Society Ltd
- XXIII. The Co-operative News

- XXIV. The Woodcraft Folk
- XXV. SUMA Wholefoods
- XXVI. Unicorn Grocery, Manchester
- XXVII. Scotmid Co-operative Society Ltd
- XXVIII. 2 Sisters Food Group
- XXIX. McColl's Retail Group
- XXX. The Union of Shop, Distributive & Allied Workers (Usdaw)



- b) A body corporate, an individual in his/her capacity as a partner in a partnership, an individual in his/her capacity as an officer of a member of the governing body of an unincorporated association, if the body corporate, partnership or unincorporated association:
 - I. Is one of the above employers
 - II. Provides services to the above employers
 - III. Is related to the above employers in the following way: is part of the same group of any one of the employers above; or is a provider of social welfare or co-operative membership; or is in receipt of a grant of regular financial assistance from the above employers.
- c) An individual who is associated with the employers in a) by being employed by a firm contracted to provide services to those employers provided that:
 - I. The firm is associated with the employers in a) through common management of shareholders, interchangeable or jointly employed staff or interdependent operations; and
 - II. The employee works on the premises of an employer in a); and
- d) An individual who is associated with other individuals through receiving a pension from any employer listed at a);
- e) An individual who is a member of the following bona fide organisations:
 - I. The National Association of Co-operative Officials (NACO)
 - II. The Phone Co-op
 - III. The Union of Shop, Distributive & Allied Workers (Usdaw)
 - IV. The Co-operative Group
 - V. The Co-operative Party
 - VI. Mid Counties Co-operative Society Ltd
 - VII. FC United of Manchester
 - VIII. FC United of Manchester Supporters Group
 - IX. The Woodcraft Folk
 - X. The Unicorn Grocery, Manchester
- f) an individual who follows an occupation in the following 'Minor' Group of the Office of National Statistics' Standard Occupational Classification:
 - I. 119: Managers and Distributors in Retail and Wholesale (115)
 - II. 124: Managers in Logistics, Warehousing and Transport
 - III. 125: Managers and Proprietors in Other Services
 - IV. 247: Media Professionals
 - V. 321: Health Associate Professionals
 - VI. 412: Administration
 - VII. 541: Textile and garment trades
 - VIII. 542: Other skilled trades
 - IX. 543: Food Preparation and Hospitality Trades
 - X. 544: Other skilled trades

- XI. 622: Hairdressing and related services
- XII. 711: Sales Assistants and Retail Cashiers
- XIII. 712: Sales Related Occupations
- XIV. 713: Sales Supervisors
- XV. 721: Customer Service Occupations
- XVI. 722: Customer Service Managers and Supervisors
- XVII. 821: Road Transport Drivers
- XVIII. 923: Elementary Cleaning Occupations
- XIX. 924: Elementary Security Occupations
- XX. 925: Elementary Sales Occupations



provided that they are employed in retail and manufacturing, wholesale distribution and support services for the purposes of retail.

The motion required a 2/3s majority and was carried with 94% voting in favour.

Motion 2 – Deletion & replacement of rules 126-128 (inclusive) – Credit Committee & Loan Officers / Board power to determine appropriate committee structures

It was proposed that rules 126-128 on the credit union’s committee structures be deleted and replaced as follows:

CREDIT COMMITTEE AND LOAN OFFICER

Roles and responsibilities

~~126. The Credit Union shall have a credit committee which shall remain in existence until a majority of the Members, at the annual general meeting, vote in favour of a proposal from the Board of Directors to disband it.~~

~~127. The Board of Directors shall set the terms of reference of the credit committee. The credit committee may include one member of the Board of Directors of the Credit Union appointed by the Board; the remaining number shall be elected in accordance with the provisions of these Rules.~~

~~128. The credit committee shall be responsible for monitoring the Credit Union’s loan business, loan assessment and making recommendations on policy changes to the loan and credit control policies for agreement by the Board. The credit committee, with the permission of the Board of Directors, shall have the power to delegate operational aspects of their work to one or more loan officer(s). Any delegations shall clearly outline the specific limits which the loan officer(s) can operate.~~

BOARD SUB-COMMITTEES

~~126. The Board of Directors shall determine any sub-committees of the Board which it feels are required to best oversee and determine policy in relation to all aspects of the Credit Union’s affairs. The Board of Directors will determine the terms of reference of its sub-committees, including but not limited to: their membership, frequency of meetings, duties, accountability and quorum.~~

~~127. The Board of Directors will review its sub-committee structures and balance of responsibilities including their terms of reference at least annually and make recommendations for change.~~

~~128. The Board of Directors will disclose to members the current composition of its sub-committee structures, including a written report from the Chair of each committee and a full list of committee memberships at its Annual General Meeting each year. The requirement for a report to members annually will be included in the terms of reference of each committee.~~

The motion was carried with 94% voting in favour.

12. BOARD ELECTIONS

The Chair of the Nominations & Reward Committee, Chris Smith, explained that the board had undergone a significant recruitment exercise in the year and had sought to use the opportunity to add to the board's diversity as well as securing skilled individuals to serve as directors. As such the following individuals were proposed for election to the AGM, each having provided in advance a short election address:

Re-election

- Grant Mitchell, Treasurer

First election

- Peter Harris
- Nisha Ravat
- Lisa Parry
- Samuel Hale
- Gordon Fraser

The meeting duly elected all 6 candidate directors.

13. GRAHAM SOUTHALL AWARD

The Chair of the Nominations & Reward Committee, Chris Smith, explained that, the credit union established the Graham Southall Award upon his retirement from the credit union's service in recognition of his huge contribution to the credit union's development over many years and that it was awarded annually to individuals who have gone above and beyond in support of the credit union.

The credit union was delighted to award the Graham Southall Award to Rebecca Hamilton, long-serving director and member of the Credit Committee.

14. FRIENDS OF THE CREDIT UNION LOTTERY COMMITTEE REPORT

The Friends of the Credit Union Lottery Committee Report was received and noted. CS presented the report advising members that this committee ran the lottery independently from the CCU and as FCA regulations did not allow its accounts to be included on the balance sheet but did allow the CCU to benefit from proceeds donated to it.

15. GUEST SPEAKER – RICHARD CHAVASSE, YOUR CO-OP ENERGY

Richard Chavasse of Your Co-op Energy was invited to speak as a key partner and supporter of Co-op Credit Union and he provided an overview of Your Co-op Energy's distinct proposition in partnership with market-leaders, Octopus Energy.

16. ANY OTHER BUSINESS

The board invited questions from the membership which were answered by the Chair and Chief Executive.

17. CLOSE OF MEETING

The Chair expressed thanks to the members, the Board and the office team for their support of the CCU and closed the meeting.

Chair's report

In all the years that I've been involved with the Credit Union, today's report is perhaps the most satisfying that I have been able to deliver on behalf of my Board and staff colleagues.



When we met a year ago we had experienced one of the most challenging years in everyone's memory as we came up to one year of life with Covid-19. As we reflected on a successful year for the Credit Union despite the pandemic, we were in the grip of the second national lockdown with the awful human impact at its peak.

That meeting took place early in the second quarter of the Credit Union financial year that we are reporting to you today: our financial year from 1 October 2020 to 30 September 2021. While by that time the world had at least started to come to terms with our new reality, it made little difference to the acute uncertainty about the future, the tough trading conditions for businesses, and with the headwinds pushing against our own growth aspirations.

But, on the other hand, the need for our person-centred, ethical and compassionate approach to providing savings and loans services to those most vulnerable to being ripped off and exploited had never been greater. The combination of the health risks we all faced, and the economic restrictions imposed in order to mitigate those risks, meant that many low- and middle-income households were, and still are, under serious pressure and in need of our crucial services. Some statistics:

Data from the Department of Work and Pensions reveals:

- over 6.5m people in families where at least one person was working had no savings
- 22.5m had savings of less than £1500
- with 26.7m having savings of less than £3000.

And data from the Money Charity shows:

- average unsecured debt (credit card and loans) per adult is over £3700
- 40% of Buy Now Pay Later users are struggling to pay their bills
- a credit card at the average interest rate would take 25 years to repay if making only the minimum repayment
- and that 15m people have experienced at least one life event in the last 2 years which has left them struggling financially.

These pressures are increasing with the rise in the rate of inflation to over 5% driven by fuel and energy costs which are expected to rise even further in the coming months along with increases on National Insurance.

Having the resolve to take on those circumstances boldly and to stick to our plan to invest for growth was no mean feat but I'm glad to say that our credit union has risen to that challenge impressively. Our Treasurer's report provides more details on our performance, but highlights include:

- Welcoming over 1700 new members – 27% more than last year, with overall membership growing by 8%
- Granting over 3200 loans to our members – a record and 28% more than last year
- The amount loaned was also a record and overall the active loan book grew by 28%
- And resulting in a surplus of more than £65,000

And all this achieved despite the operational and personal challenges from working at home. These are fantastic achievements of which we are rightly proud.

The process of renewal and investment that I reported to you last year has continued this year unabated and it has provided the bedrock upon which our results are grounded. Our refreshed and overhauled governance arrangements are providing us with the clarity and structure we need to ensure that we provide clear strategic direction to our management

team as well as closely managing our key risks and ensuring we are compliant with the key regulatory and legislative requirements we are subject to.



That said, we do not rest on our laurels and following the appointment of a new external auditor in 2020, we are also asking for your support today in rule changes, given the planned retirement of our longstanding supervisory team, designed to allow the move to an externally sourced Internal Audit service provided by Alexander Sloan LLP following a rigorous tender process. In addition, we intend to commission an independent review of our compliance standards from a partner supplied by our trade body, the Association of British Credit Unions. These steps will provide us all with the independent assurance that our governance, risk management and compliance frameworks – into which so much effort and energy has been invested over the last two years – are fit for purpose and ready to sustain the levels of growth ambition we intend to heap upon them over our 5-year strategic plan.

Before moving on to the customary thank you's and tributes, I wanted finally to touch upon something that we will be hearing about in much more detail later in today's agenda: The Purpose Project.

Those of you that joined us last year will have heard us talk about this process of reflection and consultation which we were about to embark upon a year ago and indeed many of you may well have read about the process in our regular blog, responded to the survey we ran on it or even got involved in the focus groups and financial management app trials which took place in the autumn. Well today we are publishing the output from that work and we are all hugely proud of what has been achieved.

What emerges from the process is a much clearer understanding of what we are all about and need to deliver as an organisation owned by its members and run for its members than we have ever had before. This provides us with a touchstone from which we can go forward in thinking about the kind of growth we want to achieve and sets a framework within which we can ensure that we are meeting both our commercial ambitions and, more importantly, our social ones and of course our responsibility to members. More on this to come later in the meeting.

Finally, I would like to offer some big thank you's to those that have contributed to the progress we've made this year:

- To our staff team: Matt, Andy, Joel, Nicole, Matthew, Veronica, Joan & Katie. Your fantastic team ethic and commitment to providing a quality service are what the credit union is all about and without you our success would not be possible.
- To our outgoing Supervisory Committee: Charles Sim & Ken Jackson. We owe you both a huge debt of gratitude in tirelessly acting as the membership's eyes and ears for so many years.
- To our marketing & communications associate, Mel Philips, without whom not half as many people would know who we are or what we do – or that we're so nice!
- To the board of directors, old and new: David, Chris, Grant, Robin, John, Rebecca, Claire, Nisha, Peter, Lisa, Sam & Tracey whose commitment and generous giving of their time is fundamental to our continued success.
- And finally, to all of our many partners and supporters, not least of which The Co-operative Group our primary employer partner and sponsor, whose recognition of our value and the support we offer to their people makes everything we do possible.

I end with one special thank you – Rebecca Hamilton come to the end of her term of office after over 20 years of service. She has been a fantastic supporter of the credit union – leading and supporting the development of our credit policy and exploiting her involvement in Group's Members' Council to promote the credit union. There will be more on this later in the meeting.

It only remains to thank you, our members and owners, for your ongoing loyalty to the credit union. We are honoured and humbled to serve the co-operative sector with its many key workers who continue to serve the public in such difficult times – thank you for all you do.



Two very special awards will be given as part of the meeting's agenda:

Graham Southall Award – Claire Dalton served as secretary and director from 2014 to 2020. She provided first rate advice and guidance to the board in the role of Secretary at a time of some real challenge and stress for the credit union. As a recognition for the fantastic contribution Claire made over 6 years, we are delighted to award her the Graham Southall Award which we give once a year to someone who has made an outstanding contribution to the credit union in a voluntary capacity. The award takes its name from the late Graham Southall who was a driving force behind the credit union for many years and is given in his memory.

Lifetime President – Rebecca Hamilton has been involved with the credit union for over 20 years, serving both on the credit committee and the board. She has been steadfast and unwavering in her commitment to the credit union, giving more of her precious time than we had any right to expect. Last year we were proud to award Rebecca the Graham Southall Award for services to the credit union but this year we go one further and we are delighted to award her the honorary position of Lifetime President (only the fourth such award in our history following Graham Southall, Andy Oldale and Nick Money). It's hard to put into words how grateful we are for Rebecca's work – thank you Rebecca.

David Fawell
Chair of the Board

Treasurer's report

The financial results for 2020-21 can be found in the accounts which were distributed to members along with the AGM notice and are published on the credit union website.



As the Chair notes in his report, the Profit / Loss results with a £65k overall surplus achieved are very strong given the ongoing challenges we have faced as an organisation during the second year of Covid-19 pandemic.

Our balance sheet, too, much as I was glad to report last year, has also continued on the robust growth path that we as a board are very consciously pursuing. Key balance sheet figures include a 28% growth in the active loan book (after provisioning for bad debt), a 12% increase in member deposits and total balance sheet size.

Loan book growth in particular is our key strategic focus given its centrality to our ability to generate income and our purpose as an organisation – i.e. to extend affordable credit. This is especially the case in the extremely low interest rate environment within which we operate which sees our deposit investments earn a tiny rate of return. Therefore to have beaten last year's annualised growth, lending more in a single year than any previous year in the credit union's history, and outstripping our balance sheet growth at double the rate of the latter so that our loan-asset ratio – the proportion of our total balance sheet represented by loans – rose from 39% to 45% in the year and loan interest income increasing 36% in the year is a testament to the financial success of the strategy we are pursuing. This more than offset the reduction in income as a result of our decision, announced at last year's AGM, to discontinue the annual fee, joining fee and dormant account fee.

As I reminded you last year, however, loan book growth alone is not the measure of our success. It is also crucial that we maintain the quality of that loan book so that the assets we have created continue to provide an income to the credit union and do not become a cost. But on this measure too we have reason to feel positive as the rate of impairment costs as a proportion of our active loan book at year end remained steady at 3% and as a proportion of our annual loan interest income remained steady at around 19%.

Bad debt charges are the credit union's primary cost after staff salaries and are the primary driver of volatility in our monthly profit and loss performance so holding down bad debt costs as the credit union grows is a key strategic priority. Some degree of bad debt is an inevitable consequence of our business model and our mission to provide borrowing to those who may struggle to access it elsewhere, but we continue to pursue a strategy of investment in credit control to mitigate this key risk.

We have made no significant accounting policy decisions in the year and so our accounts provide a clear like-for-like comparison to the preceding year 2019/20. We continue to adopt a provisioning policy which is more generous than the minimum requirements imposed upon us by the Bank of England as this remains a prudent approach consistent with sound financial risk management.

In line with our business plan, we continue to invest in our team, in technology and in marketing activity which we believe are all critical elements of achieving our ambitions to grow and develop as an organisation. We are confident that these investments represent good value for money but we have maintained tight control on cost to balance longer-term investment with short-term profitability, and the 11% increase in operating costs in the year is much lower than the corresponding growth in loan volumes or income.

Last year I reported on how Bank of England reforms to the capital regime for credit unions have been important in supporting our growth agenda and this remains the case. Our capital-assets ratio remains very similar to last year and well above the minimum requirement for a credit union of our size at 8.6% compared to a requirement of 5% and this provides us with substantial head room to pursue growth safe in the knowledge that we are

comfortably above our minimum requirement before higher rates of capital kick in as we pass the £10 million in assets milestone over the next few years.



As a Board and management team we are committed first and foremost to pursuing a growth agenda and, in doing so, to focus on growing our lending business – both absolutely and relative to our total size – in order to support that growth agenda and to fulfil our social purpose to reduce our members' cost of credit and support the accumulation of small-scale savings. This is part of a five year plan which is ambitious and stretching. It sees us invest to support our growth ambitions which implies a certain level of financial risk should these investments take longer than expected to yield financial and growth returns.

In the current year we once again target ambitious annual growth rates and budget to achieve a modest surplus only. It is the most ambitious year in our 5-year plan but with that ambition comes the risk that we don't meet our targets, or the bad debt position deteriorates, which would very quickly erode the small projected surplus. We also remain in a market of extremely low interest rates, especially in respect of instant access savings, where many of our competitors are offering only a few hundredths of one per cent in interest on such deposits.

In light of our strategic focus and the interest rate environment, the board has therefore taken the decision to recommend a dividend for this year of 0.25% which is the same as last year and in line with the Bank of England base rate. In coming to this recommendation, the Board has to strike a balance between retaining enough profit to support its growth ambitions and ensure the financial security of the Credit Union for future years, whilst also rewarding savers who provide the funds we can then lend out. We plan on offering a more generous rate in the future years of our plan but we believe, though modest, this return remains competitive and reflects the balance of our strategic priorities for the credit union in the immediate term.

Thank you for your continued support as we proceed on our exciting growth journey.

Grant Mitchell
Treasurer

Chief Executive's report



The financial year 2020/21 was my first full year as Chief Executive and I am delighted with the progress we have made in the time I've been leading the team.

As David notes in his Chair's report, 2021 was one of continued stress and strain for all of us as the Covid-19 pandemic continued to shape our lives. For no one was that more the case than for those at the bottom of society's pyramid – vulnerable, in poor health, financially fragile: the very people we seek to support with the credit union's services.

To have been able to achieve such strong results and rates of growth in the context of the pandemic, building on the successes of 2019/20, was all the more gratifying then as we buck the trends for both the credit union market and the UK economy more generally as well as supporting our members in a time of greatest need.

Last year we reported on a process of infrastructure rationalisation and investment which provided us with a robust basis to make the urgent switch to home working necessitated by the lockdowns. This work continues to pay dividends as we have remained working on a flexible and mostly "at home" basis throughout 2021.

The year saw us add to our technology and infrastructure approach with the introduction of the Credit Kudos Open Banking service, Atlas, to make loan decisions more secure, convenient and efficient; the roll out of integrated loan applications for members via the Members Access secure website service and a new cloud-based postal facility from a long-standing partner PSL which enables us to issue physical post from anywhere with a reliable internet connection. These investments and service developments continue to enhance and improve the experience our members have when using our services.

A key focus this year has been to develop our lending decision framework and criteria in order to provide a scalable approach to loan decisions which retains our unique selling point as a lender which supports those either unfairly excluded or ripped off by others while not allowing our rates of bad debt to increase more quickly than our loan book has grown. This has involved the roll out of a new loan decision approach, as well as investing heavily in the credit control function, including in terms of enhanced MI for management and board to manage this critical risk.

The combined loan growth and steady bad debt rates at the year-end in September, therefore, make particularly encouraging reading as we reflect on the year's achievements.

We have also spent a lot of time this year thinking about how we – sensitively and with due tact – identify and support those with a vulnerability which leaves them at greater risk of harm as a result of using our services and to whom, therefore, we need to act with greater care and attention. This is a learning process for us as a credit union, particularly as a "digital-first" organisation which rarely speaks to members on the phone and hardly ever sees people in person.

The experience of this work, as well as some of the new insights we now glean from more routine Open Banking searches, is a key driver behind some of the thinking that we have subsequently put into the emphasis of the commitments we are making through the work we have done in the Purpose Project. In particular, it is clear to us that vulnerability, poor mental health and weak financial resilience are interrelated and mutually reinforcing issues in the lives of too many of our members with a problematic use of credit and a lack of savings often being both a symptom and a cause of these deeper issues.

We therefore intend, with our renewed commitment to supporting good mental health as it is influenced by financial wellbeing, to go beyond our core services and offer new tools and

support to members and truly fulfil our purpose as a credit union, a co-operative and a socially conscious organisation.



We have engaged with our members extensively through the course of the Purpose Project, as well as on various discrete subjects through the course of the year and we are delighted to receive such consistent and positive feedback when we do so. For example, we recently invited members to leave Google reviews of the credit union and we are pleased to be registering, at the time of writing, a 4.7 / 5 star rating.

In March 2020, we published our first ever social audit of the impact of the credit union on our members entitled *Measuring our Impact*. In that work we estimated, conservatively, that we saved our members during the financial year 2019/20 £300,000 in interest compared with the same sums borrowed elsewhere. Well, this year we repeated the exercise and, thanks to our 28% loan book growth, we reckon that figure now stands around £350,000.

This is at the very core of what we're all about as a credit union and it is central to everything we're proposing to do to continue to deepen our commitment to you, our members, in 2022 and beyond.

I would like to thank our many partners and suppliers – from Fern, NivoHub and Credit Kudos, to The Co-op Group and our many employer partners – for the various ways in which they have enabled our successes; the board for their support, wisdom and guidance through a challenging year; and most of all to thank the staff team, old and new, without whose hard work and resilience the results for the year would not have been possible.

Matt Bland
Chief Executive

Risk and Compliance Committee Chair's Report



Summary

The Risk and Compliance Committee (“RCC”) is a sub-committee of the Board. Its purpose is to support the Board in understanding and managing the risk profile of the Union in order to safeguard the interests of the members and ensure the enduring strength and viability of the Business.

Following the action taken to strengthen the RCC in 2020, the committee has continued to oversee enhancements to the risk and compliance framework, These enhancements have concentrated on three key themes:

- Completing the work of documentation of the risks the Union faces and the policies used to govern those risks,
- Expanding and refining the use of key risk limits for each type of risk, and incorporating those limits into the reporting to the RCC and the Board
- At each RCC meeting, reviewing in more detail specific risk topics to ensure all material risks are subject to close review on a cyclical basis

I am pleased to report that there are no matters of concern that I have to report to the membership

Risk Appetite

In overall terms, the Board has set a low “Risk Appetite” for the Union. What this means in simple terms is that:

- The Board sets out an annual Business Plan, which includes financial and other objectives
- The Board then seeks to run the business in such a way that deviations from that Business Plan are due to:
 - the well understood and reasonable changes arising in of a normal business climate,
 - decisions actively made by the Board.

Having a low Risk Appetite means a low tolerance for any unexpected losses. Processes and controls are in place to help prevent any “unexpected loss”.

In terms of outcomes, the Union has managed its business carefully and has not suffered any material unexpected loss during the period.

Stress Testing

In simple terms, stress testing is a tool used to understand the impact of adverse business conditions on the Union. For example:

- What happens if interest rates increase significantly?
- What happens if bad debts increase significantly?

RCC was pleased to see management undertaking a wide ranging stress testing review, and felt that the Union was well placed to respond to and withstand the stress events if they were to occur.

Risk Reporting to the Committee

The RCC has worked with the management to implement more consistent and targeted reporting to the committee on risk matters, including a structured and formal “Risk Reporting Pack” to each RCC

Comments On Specific Types of Risk



Credit Risk (The risk of borrowers defaulting on their repayments)

- Despite concerns of borrower economic stress due to the economic deterioration prompted by COVID, credit losses remained within expectations, although on a monthly basis, we have seen more variability. As a result, further enhancements to credit management processes and analytical information have been made and will continue to be made this year

Interest Rate Risk (The risk of loss due to unexpected changes in interest rates)

- The exposure to interest rate risk remains low, which is a function of the short average loan duration, and steady external market interest rates. We expect interest rates to rise in the coming year, but we do not expect this to have an adverse impact on the business.

Market Risk (Risk of losses due to movements in the financial markets)

- The Union does not invest in the stock markets or hold any market related derivative products. Surplus cash is invested with banks that have strong credit ratings, and is spread amongst a number of these banks. During the year, the Union added a new current account with Lloyds bank to help reduce the exposure to individual banks

Liquidity Risk (The risk of being unable to fund liabilities as they fall due, including member withdrawals)

- The Union implemented an updated liquidity policy, limits and associated processes in the year and as a result has improved liquidity management

Operational Risk (The risk of loss due to failure of operational controls)

- The Committee is pleased to note that management has continued to make changes to its infrastructure, processes and controls in order to maintain high standards of operational resilience, security and control.

Compliance Risk (The risk of loss due to a failure to comply with legal and regulatory requirements)

- During the year, the Union has focused on implementing the new compliance policies that were developed the previous year

Robin Webster
Chair of the Risk & Compliance Committee

Supervisory Committee Report



Introduction

This is the 2020-21 Annual Report from the Supervisory Committee to the Co-op Credit Union. The purpose of the report is to summarise the work completed by the Committee during the year. It should be noted that during this year the Credit Union was able to maintain a full service to members as all Co-op Credit Union staff and volunteers were able to continue to work from home and comply with all Government Covid Regulations in place throughout the year. The ability to do home working was possible thanks to access to the Credit Union's Cloud Based Software.

Committee Role

Members of the Supervisory Committee are elected by members to be their eyes and ears, the members' watchdog. Therefore, whilst members of the Committee are entitled to attend meetings of the Board and its Committees, the Committee is accountable solely to the Co-op CU membership and operates independently from the Board.

The purpose of the Supervisory Committee is to ensure that the Credit Union operates within the law, the rules and the policies of the Credit Union and in the best interests of the members. The responsibility of the Supervisory Committee is to review the adequacy and effectiveness of the Credit Union's system of internal control and its arrangements for risk management.

Work Completed

During the year your committee completed the Supervisory testing programme recommended by the Association of British Credit Unions. However, our work is not limited to the model programme and additionally, from time to time, the Committee offers advice on internal control and other matters to the Management and Board.

During this year it included reviewing once more our basic plan of testing and updating, including remote working practices, as the operations of the CU continued during the period reviewed. We are delighted to report that our work revealed no matters of significance that require either drawing attention to the Board of Directors or to be reported to the Membership.

The Committee has been represented at all Board meetings, kept the Board fully informed of our activities and has contributed to discussions as appropriate.

The Supervisory Committee would like to thank all members of staff and the Board of Directors for their full cooperation and assistance throughout another extremely difficult year.

Supplementary Information

As membership of the Credit Union has continued to grow organisational changes have taken place, such as greater empowerment of staff to grant larger loans and allowing the function of a Credit Committee to be dispensed with.

This year your Supervisory Committee will not seek election to office, meaning there will be no working Supervisory function. Due notice of this was given to the Board of Directors, along with a recommendation to introduce an Internal Audit Function, at the start of this financial year. This was undertaken with the support of the Supervisory Committee and a full hand over was put in place that included our input.

Your committee recommends that all members approve motion to effect this change.

Kenneth Jackson & Charles Sim
Supervisory Committee

Nominations & Reward Committee, Chair's report



1. The NORCO is responsible for:

Ensuring that the board retains an appropriate balance of skills to support the strategic objectives of the credit union. This involves director recruitment and appointment of directors ensuring diversity in terms of race, gender, and age alongside appropriate skills as key considerations for board recruitment and composition. NORCO is responsible for establishing, and obtaining board approval, for the reward package for the CEO and providing support for the CEO in creating and implementing, board approved, reward systems for CCU workers.

2. Current Members of the Committee

- Chris Smith (Chair of the committee)
- Gordon Fraser
- Nisha Ravat
- Sam Hale

3. Activity during the year

A management review was undertaken of issues relating to diversity within the staff and director team. This is an issue which has been given renewed prominence and priority in management and board thinking in recent months and has been a key factor in recruitment at both board and staff levels during 2020. The review shows, there is a significant lack of ethnic diversity on both board and staff teams. While the board team is heavily weighted towards older and male members, the staff team is more balanced in this respect with a 50% gender balance and a wider range of ages. It should be noted that all management-level staff are male, however. And all senior directors, bar one are over 50, all are male, and all are white British. At the highest level, the current diversity of board and staff is moderate but in need of further work. The scale of the task in re-balancing the diversity of our team continues.

4. Pay & Reward

During the year we commissioned an independent report into the levels of pay for CEOs in the UK credit unions sector. The finding of this report, along with the latest ABCUL data on sectorial salaries, demonstrated that our reward package was adjusted, in places, to ensure we continue to attract and retain excellent employees. All CCU employee pay scales, salary bands, bonus schemes, pension arrangements and all suitable pay & reward processes are up to date and fit for purpose.

5. Director Recruitment

Following a successful recruitment drive, for new CCU directors in the year 2019-2020, the board decided to encourage potential directors by creating a category of advisor to the board of directors. This informal arrangement allows potential candidates to have a taster of board experience and for them to offer contributions of advice as required. The advisor has no voting rights and is bound by confidentiality arrangements.

6. Skills Matrix

A self-assessment of the current team of CCU directors skills was undertaken and although not the most scientific form of analysis it is clear that the breadth of experience and ability of the board is very good. A broad level of skills including accounting, risk management, marketing, governance and others are shown to be in evidence.

7. Director Training

All directors completed their assigned training courses during the year using the trade association (ABCUL) '*Directors learning Pathways*'. Collectively this was achieved after several hours study by each board member.

Chris Smith
Chair, Nominations & Reward Committee

Motion 1 – Disbanding the Supervisory Committee – removal of all references to the Supervisory Committee in the rulebook



At the Annual General Meeting in January 2021, the Board proposed, and the membership ratified, a rule change which eliminated references to the Credit Committee and replaced these with new set of rules in respect of Board Sub-Committees providing the Board with discretion to create and set the terms of reference for sub-committees which respond to the governance needs of the credit union and the regulatory requirements we are required to comply with. As part of this, the rules require that reports are provided to the membership annually on the proceedings of each committee from the Chairs of the same.

At the time of this rule change, it was noted that we anticipated a further rule change to align the rules with the expected disbandment of the Supervisory Committee. The outgoing Supervisory Committee members some time ago expressed their view that the credit union's size and complexity was making it increasingly difficult for them to perform an adequate Internal Audit function on a voluntary basis and that a professionalised approach would be preferable. The home working requirements of the Covid pandemic have only compounded these issues and so the phased move from Supervisory Committee to professionalised Internal Audit service has been accelerated.

Under the new arrangements, a third-party accountancy firm will deliver Internal Audit reviews and report to the Audit Committee of the Board. Notwithstanding the rule change proposed, the new process is scheduled to begin in Q1 2022.

The rules proposed today act to dissolve the Supervisory Committee and remove all references to the Supervisory Committee in the rulebook. They have the effect of placing all of those responsibilities that were historically within the Supervisory Committee's remit under the Board's purview alone. We believe that this is appropriate, since ultimately it is the Board which is responsible for the affairs of the credit union and ensuring that it complies with all of its legal and regulatory obligations.

It may be that the Board chooses to delegate some of those responsibilities which it will acquire under these changes, to one of the sub-committees which it has established under rules 126-128 as agreed at last year's AGM. In practice, as far as actual practice in the credit union is currently arranged, this is the case broadly in the following ways:

- Nominations & Reward Committee – has responsibilities in relation to board conduct and discipline
- Risk & Compliance Committee – has responsibilities in relation to compliance and regulatory reporting
- Audit Committee – has responsibility for the oversight of audit, both internal & external

In all of these cases, however, the Board sub-committees act as vehicles for practical application and delivery of the Board's own authority under the law & regulation and decisions recommended by sub-committees are subject to ratification by the full Board. As such, we therefore feel it is appropriate as regards the Rule amendments proposed here to simply remove reference to the Supervisory Committee leaving the Board as the sole responsible entity in each case.

Expulsion from Membership

23. Subject to the receipt of notice of expulsion in accordance with these Rules, a Member shall be suspended from participation in the Credit Union pending the completion of an investigation. The investigation may recommend the Member's subsequent expulsion from membership of the Credit Union. Any recommendation for expulsion shall be voted upon by passing a resolution carried by a majority present at a ~~joint~~ meeting of the Board of Directors ~~and of the supervisory committee~~.

Loans to Officers and employees of the Credit Union

63. Members of the Board of Directors, Officers, Approved Persons and employees of the Credit Union may, as a Member of the Credit Union, be granted a loan by the Credit Union subject to rule 64. Such a Member may not be involved in the decision on the granting of the loan and such a loan may not be approved solely by a loan officer of the Credit Union. The ~~supervisory committee~~ Board shall be informed of the details of any such loan within 14 days of its approval.

Special general meetings called by the Credit Union

83. Any general meeting of the Credit Union other than an annual general meeting shall be a special general meeting. The Board of Directors ~~or the supervisory committee~~ of the Credit Union may for good reason convene a special general meeting for any purposes not specifically provided for elsewhere in these Rules.

~~Special general meeting called by the supervisory committee~~

- ~~87.—If an Officer of the Credit Union has been suspended from office by the supervisory committee using the procedure set out in rule 132 and has not tendered their resignation within 7 days of said suspension then the supervisory committee shall convene a special general meeting of the Credit Union to be held no later than 30 days following the suspension. If the majority of the Members present at such a meeting so vote by secret ballot they may:~~
- ~~a.—Ratify the suspension and remove from office the person so suspended and shall determine the manner in which the vacancy caused as a result of the removal shall be filled. It shall be ensured that the vacancy is filled following the requirements of these Rules and subject to any regulatory requirements relating to Approved Person status. Any vacancy shall be filled at the meeting;~~
 - ~~b.—Rescind the suspension;~~
 - ~~c.—Remove from office any other Officer of the Credit Union (whether or not he or she has been suspended by the supervisory committee) and shall determine the manner in which the vacancy caused as a result of the removal shall be filled and subject to any regulatory requirements relating to Approved Person status shall fill the vacancy at the meeting.~~

~~Provided, however, that no person shall be removed from office under this rule without being given the opportunity to be represented or be heard at a special general meeting of the Credit Union of which he or she shall be given 14 days notice.~~

Voting

90. A Member of the Credit Union may not vote by proxy at a general meeting of the Credit Union. Postal voting may be used, at the discretion of the Board of Directors, as part of the procedure for the nomination and election of the Board of Directors, ~~supervisory committee and the credit committee (if in existence)~~ of the Credit Union.
91. Elections for the Board of Directors ~~and supervisory committee~~ of the Credit Union shall be conducted by secret ballot unless undertaken prior to the annual general meeting by postal vote. Except where otherwise specified in these Rules or law, all questions shall be resolved by a simple majority of votes cast.



Nominations for election

99. Nominations for the Board of Directors, ~~the supervisory committee and the credit committee (if in existence)~~ shall be in Writing and shall be signed by a proposer and a seconder who must also be Members of the Credit Union and also by the nominee to indicate their consent, and their willingness to submit to any requirements of the Relevant Authority. Nominations shall be sent so as to ensure they reach the registered office of the Credit Union at least 14 days before the date of the annual general meeting where the election shall take place.

Responsibilities of Directors

122. Subject to the law and these Rules, the Board of Directors shall manage the general business and control the affairs of the Credit Union and shall be responsible for performing all of the duties ordinarily performed by the Board of Directors. The Board's responsibilities include but are not limited to the following:
- a. Ensuring that the Credit Union complies with all statutory and regulatory requirements attached to all regulatory permissions held by the Credit Union;
 - b. Ensuring that the Credit Union operates within the remit of these Rules;
 - c. Establishing appropriate policies and procedures and systems of control to enable the safe and efficient operation of the Credit Union;
 - d. Maintaining a working business plan sufficient to enable the development of the Credit Union;
 - e. Maintaining valid insurance against fraud and other dishonest practices as required by the Relevant Authority, and making any other arrangements necessary or desirable for the protection of the Credit Union and its Members;
 - f. Employing and determining the terms of employment, remuneration and pension arrangements of such person(s) as the Board of Directors considers necessary for the purposes of the Credit Union;
 - g. Delegating to employees the authority to establish and perform the operational functions of the Credit Union;
 - h. Managing the loan business of the Credit Union including determining interest rates on loans;
 - i. Establishing a policy on declaration of dividend and interest payments;
 - j. Recommending for approval by the annual general meeting dividends, rebates of interest and, subject to regulatory constraints, the ability to declare interim dividends and differentiated dividend accounts;
 - k. Establishing the charges payable on any ancillary services, subject to legal and regulatory limits, offered by the Credit Union;
 - l. Determining the range of financial products that may be offered by the Credit Union;
 - m. Making decisions in respect of the investment of surplus funds of the Credit Union, in accordance with the law, and restrictions contained in CREDS 3.2, or other rules made by the Relevant Authority;
 - n. Filling any casual vacancy in the office of auditor, or in any office in the Credit Union, ~~other than the supervisory committee, subject to rules 111 and 141;~~

- o. Recommending any honorarium which the treasurer or any assistant treasurer may receive for their services on behalf of the Credit Union, subject to the approval of the annual general meeting provided that the annual general meeting may not increase the amount so recommended by the Board of Directors;
- p. Paying any expenses necessarily incurred by an Officer, delegate or representative of the Credit Union in carrying out the business of the Credit Union;
- q. ~~Remunerating necessary clerical and auditing assistance employed or utilised by the supervisory committee;~~
- r. Purchase, hold, lease, sub-lease, rent, sell, mortgage, manage and develop property and land required for the purpose of conducting the business of the Credit Union thereon, but for no other purpose, acquire, erect, pull down, repair, alter, remove or re-erect buildings, walls and fences on such land; and otherwise deal with such land and property and any rights and interest on behalf of the Credit Union;
- s. Borrow money for the Credit Union subject to any regulatory limits;
- t. Determine the authorised bank(s) for the deposit of funds of the Credit Union and the signatories to cheques and other written instruments on behalf of the Credit Union;
- u. Make provision of the adoption and custody of the seal of the Credit Union, if appropriate;
- v. Remove from office Officers and sub-committee members, ~~except members of the supervisory committee~~, for failure to perform their duties or breach of these Rules;
- w. ~~Suspend any or all of the members of the supervisory committee as provided for by rules 133 and 134;~~
- x. During the absence or incapacity of any Officer, co-opt another Member of the Credit Union to act temporarily in their place, provided that such appointment shall cease upon the resumption by such Officer of their duties;
- y. Keep proper books of account with respect to the financial transactions of the Credit Union, its assets and liabilities;
- z. Submit the accounts of the Credit Union for audit as required;
- aa. Establish and terminate such sub-committees as it deems necessary from time to time to facilitate the operations of the Credit Union; define and amend their terms of reference and appoint and remove members of such committees;
- bb. Make arrangements for annual general meetings, Board meetings and other meetings as appropriate from time to time;
- cc. Convene a special general meeting whenever thought fit;
- dd. Administer any fund set aside out of the surplus or profit of the Credit Union;
- ee. Perform or authorise any action consistent with law, regulation and these Rules not specifically reserved to the Members by law, regulation or these Rules;
- ff. Take all such actions as may be required to ensure that the Credit Union complies with legislation, regulation and policies relating to the prevention of money laundering;
- gg. Take appropriate steps to assure the security and integrity of any information technology systems used by the Credit Union, including ensuring that the Credit Union complies with data protection law and policies;
- hh. Perform such other actions consistent with the law, regulation and these Rules as the Members in general meeting may from time to time require.

Vacation of office

123. Elected and co-opted Officers serving the Credit Union shall immediately cease to hold office or committee position if:
- a. They cease to be a Member of the Credit Union;
 - b. They are performing a controlled function and their Approved Function status is withdrawn by the Relevant Authority;
 - c. They are adjudged bankrupt or make an arrangement with their creditors;
 - d. They are prohibited from acting as an Officer of the Credit Union as per rule 104;

- e. A registered medical practitioner who is treating that person gives a written opinion to the Credit Union stating that the person has become physically or mentally incapable of acting in their position and may remain so for more than three months;
- f. By reason of that person's mental health, a court makes an order which wholly or partly prevents that person from personally exercising any powers or rights which that person would otherwise have;
- g. They resign their office in Writing to the Secretary ~~or to the president or to the supervisory committee~~;
- h. They are deemed to have vacated their office in accordance with rule 119;
- i. They are removed by a resolution of a majority of the Members of the Credit Union present at a special general meeting called for that purpose by the Board of Directors ~~or by the supervisory committee~~ or by the Members provided that such an Officer shall be given at least 14 days notice of the meeting and of the intention to remove him or her from office;
- j. For as long as it remains a condition of ABCUL membership, they become an employee of the Credit Union;
- k. They, or their spouse or partner, are engaged in a managerial capacity in the carrying on of any business, trade or undertaking which in the opinion of the Board competes in any way with any business, trade or undertaking carried on by the Credit Union;
- l. They, or their spouse or partner, are concerned in or participate in the profits of any contract made with the Credit Union except as a non-managerial member or employee of any society or company which contracts with or does work for the Credit Union.



SUPERVISORY COMMITTEE

Roles and responsibilities

~~129. The Credit Union shall have a supervisory committee. The Board of Directors and the supervisory committee shall agree the Terms of Reference of the supervisory committee. Members of the supervisory committee shall not be members of the Board of Directors, or any other permanent committee of the Credit Union, or be employed by the Credit Union, and shall be elected in accordance with the provisions of these Rules.~~

~~130. If a vacancy occurs on the supervisory committee its remaining number shall have the power to co-opt a replacement for the remaining term of office. The supervisory committee shall be notified of all meetings of the Credit Union and be entitled to attend such meetings, including meetings of the Board of Directors of the Credit Union. The supervisory committee shall report each year to the annual general meeting.~~

~~131. The supervisory committee has the power to recommend to the Board that the internal audit function be outsourced. The supervisory committee shall be responsible for ensuring that the internal audit function is performed in accordance with prescribed terms of reference.~~

Suspension from office

~~132. The supervisory committee may, by a unanimous vote of its entire membership at a special meeting called for the purpose, suspend from office any Officer of the Credit Union who, in the opinion of the supervisory committee is guilty of a persistent or serious breach of the law in relation to the Credit Union, these Rules or the policies laid down by the Board of Directors. Whether or not it suspends any Officer, the supervisory committee may by unanimous decision convene a meeting of the Board of Directors or a special general~~

~~meeting of the Credit Union to consider such an action, at which meetings such Officer(s) shall be given an opportunity of state their case and/or be represented~~



Suspension from the supervisory committee

~~133. The Board of Directors may, by a majority vote of the entire membership of the Board at a special meeting called for the purpose, suspend from office the supervisory committee or any of its members, for any grave and sufficient reason.~~

~~134. Whenever a member(s) of the supervisory committee has been suspended from office under the preceding rule, and within 7 days of said suspension has not submitted their resignation, the Board of Directors shall convene a special general meeting of the Credit Union to be held not later than 30 days after the suspension. If a majority of the members present at such a meeting so signify by secret ballot they may:~~

- ~~a. Ratify the suspension and remove from office the person so suspended and shall determine the manner in which the vacancy caused by the suspension shall be filled, and shall fill the vacancy at such meeting;~~
- ~~b. Rescind the suspension;~~
- ~~c. Remove from office any other Officer of the Credit Union (whether or not he or she has been suspended by the Board of Directors) and determine the manner in which the vacancy caused by the removal shall be filled.~~

~~Provided, however, that no person shall be removed from office under this rule without being given an opportunity of being represented or being heard at a special general meeting of which he or she shall be given 14 days notice in Writing.~~

Inspection of accounts

146. All books of account and other records of the Credit Union shall at all reasonable times be available for inspection by the auditor, the Board of Directors, ~~supervisory committee~~, or other persons duly authorised on their behalf.

Elections to the board – AGM 2022



At the Annual General Meeting in 2017, the membership approved a proposed rule change which for the first time created term limits for board directors. Setting term limits in order to ensure that board personnel are refreshed on an ongoing basis represents good practice for corporate governance.

This year, the rule takes effect in practice for the first time with long-standing director, Rebecca Hamilton, standing down having served her final term of office. Rebecca was recognised at the AGM in 2021 for her tireless service to the credit union with the Graham Southall Award and the Board would like to reiterate its huge gratitude for Rebecca's work on behalf of the credit union here once again. Rebecca's departure from the board leaves a vacancy which the Board will seek to fill through co-option during the current financial year.

Led by the Nominations & Reward Committee, the Board has undergone a significant exercise to update and refresh its governance arrangements over the last couple of years. This has involved work in respect of skill gap analysis and committee structures. We have also been actively considering questions about the inclusion and diversity of the credit union in all its aspects, including board succession.

Finally, 2020 saw the resignation of John Rudd, a director since 2019 and, prior to that, a member of the Credit Committee. John resigned from the credit union for personal reasons and we thank him for his service to the credit union.

In order to fill the vacancy left by John's resignation we are pursuing an active recruitment process and encourage members to put themselves forward or to encourage any contacts you know who have relevant skills and experience to do so. We did plan to put forward for election a co-opted member of the Board, Tracey Rush, but regrettably she has decided instead to resign her position due to growing work commitments.

In addition to ongoing recruitment for new directors, we have an established senior director, Chris Smith, a founder of the credit union and current Chair of the Nominations & Reward Committee, who is standing for re-election to the board for his final term.

The board would like therefore to propose to the AGM that it elects Chris for a final 3-year term. He has written a short election address setting out his skills & experience as well as personal reasons for wishing to be elected to the board. These are set out overleaf.

Re-election

- Christopher Smith, Chair of Nominations Committee

Election address

Christopher Smith

Nominated by the CCU board of directors for Director of CCU for 3 years.



CREDIT UNION EXPERIENCE:

- Chair of the CCU study group in 1997¹
- Founding Chair of CCU in 1998
- Chair of CCU on two other occasions
- Director of CCU continuously since 1998²
- Former Chair of Dukinfield & Moneyspinner Credit Unions³
- Former director of Manchester Credit Union
- Former director & Vice Chair of ABCUL⁴
- Former Chair of Greater Manchester Chapter of Credit Unions⁵
- Member of the UK Government Task Force on Banks assisting credit unions⁶
- Commissioned, and participated in, several research projects to seek the betterment of UK credit unions' ability to serve society.
- Current Chair of the Nominations & Reward Committee
- Current Chair of the CCU Purpose Project

I'm 70 years of age and my passion for helping people via credit unions never wanes. My 35 years involvement with credit unions has been a wonderful journey and the involvement in the success of CCU is my proudest achievement in the world of credit unions.

I believe the main challenges before us, here at CCU, are:

1. To ensure we serve our members with technology and communications appropriate to modern times and their needs.
2. To evidence that CCU helps people in other ways beyond savings and loans.
3. To evidence our purpose to our members and stakeholders.
4. To constantly monitor our ability to provide truly affordable loans.

Please vote for me in this election

¹ A study group is the project team that has a single goal of launching a credit union to serve its legally agreed common bond of membership.

² Prior to election rules on limited tenure

³ Both credit unions transferred their engagements into Manchester Credit Union

⁴ ABCUL (Association of British Credit Unions).

⁵ Now known as a forum

⁶ 1997/98

