

Annual General Meeting

Agenda:

1. Welcome by the Chairman
2. Verification of Quorum and Apologies
3. Approval of the Minutes of the last Annual General Meeting
4. Report of the Board of Directors: Frank Eliel
5. Report of the Treasurer and consideration of Accounts: Ruth Wailes
- Proposal for the payment of Dividend (see below)**
6. Report of the Auditor: Ruth Wailes
7. Appointment of Auditors for the coming year: Ruth Wailes
8. Report of the Supervisory Committee: David Daynes
9. Any Other Reports:
Office Report: Chris Mole
10. Election of Directors
11. Election to the Supervisory Committee
12. Any other business
13. **Proposal of the Honorarium to the Treasurer**

Proposed Dividend:

The board proposes that a dividend is not paid.

2015/2016 Board of Directors

Frank Eliel	Chair
Ruth Wailes	Treasurer
Julie Mansfield	Secretary
Alan Boreham	(part)
Mike Harrowven	
Denise Lawson	
David Adams	
Sally Chicken	

Supervisory Committee

David Daynes (Chair)
Eric Nelson
Wioletta Stroz
Michael Bizzey (part)

Complaints Officer

Julie Mansfield

Chief Executive

Chris Mole

Suffolk Team

Mark Rattle
Sylvia Ellis
Daniel Humphrey (part)
Linda Taylor
Becca Cotton
Chris Day

Wendy Charles-Davenport
Ron Porter
Tony Squirrell
Abby Hancock
Lisa Lockwood (part)
Peter Tatam

Norfolk Team

Sue Orford

In addition to those named above, the Board of Directors wish to thank the many volunteers without whose help we could not function.

New directors will be elected at this meeting.

Directors' Report

We have again welcomed around a thousand new members during the year, however we have closed many dormant accounts leaving us with around 3,700 active members.

The board met monthly to review progress, and to provide strategic guidance to the credit union. To help with this it has received regular reports from the Treasurer, the Supervisory Committee, the Marketing Sub Committee and the Chief Executive.

We have focussed on the opportunities for online and digital marketing, promoting the credit union to payroll partners and for growth in Cambridge. We launched a new mobile-friendly website during 2016 along with online loan and membership application processes.

The national Credit Union Expansion Project (CUEP) remains important to the development of the credit union. We are contracted to become a “transforming” credit union and we are the only credit union in the East of England participating in the CUEP transformation project.

We continued to use the CUEP Automated Lending Tool and believe this is having a positive impact in reducing our bad debt.

We have monitored the development of the CUEP banking platform (Fiserv) and whilst we believe this system will offer excellent services to members, we are concerned whether we can grow the credit union quickly enough to pay for it.

We have monitored the impact of the recurring annual membership fee and have seen no significant shift in total deposits. The credit union still holds sufficient member deposits to support our lending. We recognise this fee remains controversial, but are committed to this mechanism until the credit union returns to profitability.

We made the decision to limit the availability of cash at our Ipswich shop as this was generating a significant management and risk burden. We encouraged members to switch from cash to using our PAYG Visa card. We reduced costs by restricting the opening hours at Westgate Street so we no longer open on Saturday mornings and Wednesday afternoons.

We continue to work strongly with a range of partners including housing associations and councils across the common bond.

We have maintained a dialogue with Rainbow Savers Anglia Credit Union about the potential benefits of merging.

The directors thank the office staff and volunteers for their continued hard work during the year. We also thank Alan Boreham who left the board during the year.

Our aim remains to deliver growth in membership and lending to secure the future of the credit union without external support. We aim to provide services to the whole community, but will never forget we may be the only provider of financial services for those at risk of financial exclusion.

Frank Eliel – Chair, On behalf of the Board of Directors

Treasurer's Report

Although the Credit Union has made a loss of £20,675 for the year ended 30th September 2016, this is £6,054 better than in the previous year.

In recent years, the Board has made some difficult decisions to ensure the Credit Union is on a safe financial footing. The two hardest and most controversial decisions were the closure of the Long Stratton office and the introduction of the membership fee. The full impact of these actions has been seen in the financial year to the end of September 2016.

- Salaries have reduced by over £35,000 despite now also having to make pension contributions for staff members.
- Other administration costs have reduced by around £29,000 as tasks are no longer duplicated at both offices, and the increased use of technology to contact members by email and text have reduced postage and stationery costs by 50%, saving some £10,000.
- Membership fees which were introduced in the latter part of the 2015 accounts, have brought in £41,663 of income.

At the same time as reducing our expenses, the Credit Union's income has fallen.

- The interest income earned by the Credit Union from loans to members has fallen by £24,353 as the number of new loans issued has reduced. We are now using "Automated Loan Decision" software which considers a loan applicant's credit history from Experian. This has resulted in a higher number of applications being refused, but the loans that are granted are more likely to be fully repaid by the member and the bad debt will decrease in future years. The bad debt write off in the 2016 accounts is £15,746 compared to £52,708 in 2015.
- The Credit Union needs to become less reliant on grants. In recent years, we have moved to providing services to partners (such as the Suffolk Local Welfare Scheme and Broadland Housing Association). The partners pay the Credit Union for these services and this in turn enables us to cover costs such as salaries. However, these schemes are dependent on the partners' needs and as these change services can be discontinued; the Local Welfare Scheme will be coming to an end in March 2017.
- CUCA (Credit Union Current Account) income increased in 2016 by £5,466. This income had high costs relating to it, and the account has now been withdrawn nationally, so this income stream will not continue in 2016/17. However, ABCUL are introducing a new prepaid card scheme and the Board believe that the income from this will fill the gap.
- The Board continue to look at ways of generating new income streams and increasing income from current sources.

It is with reluctance that I suggest that the Credit Union needs to continue to charge a membership fee for the next 3 years and then we revisit the position in 2020. Without this income, the loss for the year ended Sept 2016 would have been over £60,000 and the on-going future of the Credit Union would be in some doubt. Whilst many members only wish to save, we need to remember that it is those that also borrow that enable the Credit Union to generate an income and survive.

I would like to close by thanking Mark Rattle, the Credit Union's Finance Officer for all his help and support this year.

Ruth Wailes
Director Treasurer

Lending Report

Loans officers have continued to use the Automated Lending Tool provided by Cornerstone Mutual Services. We are making better decisions on which loan applications to approve and this is based on more detailed information about a loan applicant's recent repayment history.

(The following information shows the loans issued by Cambridge Credit Union and Norfolk Credit Union prior to merger as new loans in 2015. New loans in Cambridgeshire and Norfolk in 2016 have been issued against the standard loan categories.)

Category	Value 2016	Value 2015	Number 2016	Number 2015	per cent 2016	per cent 2015
Car/motoring	£152,700	£139,140	120	112	27%	17%
Home Improvements	£87,885	£90,708	92	101	15%	11%
Rent Deposit	£32,587	£15,620	30	17	6%	2%
Rent Arrears	£2,597	£8,492	2	12	0%	1%
Furniture/Appliances	£75,490	£90,260	107	150	13%	11%
Living Expenses	£24,000	£36,065	39	52	4%	5%
Moving Costs	£14,000	£8,360	6	8	2%	1%
Holidays	£70,550	£82,950	64	80	12%	10%
Christmas	£29,800	£29,350	44	54	5%	4%
Debt Consolidation	£36,900	£46,732	15	19	6%	6%
Greener Homes	£9,700	£11,382	4	6	2%	1%
Medical Expenses	£2,100	£2,400	4	5	0%	0%
Legal fees	£3,700	nil	2	-	1%	
Business Development	Nil	£1,000	-	2	-	0%
Birthday	£500	£2	1	4	0%	0%
New Baby	£5,000	£3,500	8	5	1%	0%
Study/Educational	£7,800	£5,500	9	6	1%	1%
Wedding	£11,300	£1,800	8	2	2%	0%
Funeral	£2,650	£2,450	5	4	0%	0%
Oil / Fuel	£800	£2,500	1	6	0%	0%
Vet bills	£1,450	nil	2	-	0%	
Cambridge Loans	nil	£10,920	-	14	-	1%
Norfolk Loans	nil	£140,278	-	84	-	17%
TOTAL	£571,508	£729,409	563	743		

Supervisory Committee Report

David Daynes continues to Chair the Committee and Wioletta Stroz undertakes regular verification of the bank reconciliations as required by the Prudential Regulation Authority.

Sadly, Michael Bizzey, who had served the Credit Union on the Supervisory Committee for some time, felt for personal reasons he could no longer continue in the role and resigned in May 2016. We would like to thank Michael for the work he undertook. Attempts have been made to replace Michael but these have not been successful and they continue.

The Committee changed its approach to its work; away from more detailed checks to an overview approach looking at specific areas of the operation and considering the operating controls in place. However, the scope of the committee's work has been restricted following Michael's resignation.

Detailed checks continued, but again at a lower level than we might have wished.

Some checks have been undertaken in respect of the review and approval of loan applications, the allocation of and accounting for payments in respect of loans and other outgoings and the allocation of receipts to members' accounts. These transaction checks did not raise any specific issues that required reporting.

David Daynes reviewed the operation of the additional reporting and control requirements required of Credit Unions operating Transactional Accounts. ESLCU operates a number of these accounts where earnings or benefits are paid into members' accounts on a regular basis and payments of bill are made from these accounts before the balance is paid to the member's prepaid debit card. A small number of minor recommendations were made to the Board in respect of the reporting required, but no issues were noted that would impact the Credit Union's ability to operate these accounts on an ongoing basis.

David Daynes
Supervisory Committee

Chief Executive's Report

2016 has been a further year of consolidation for the credit union following the turmoil of mergers in the previous years.

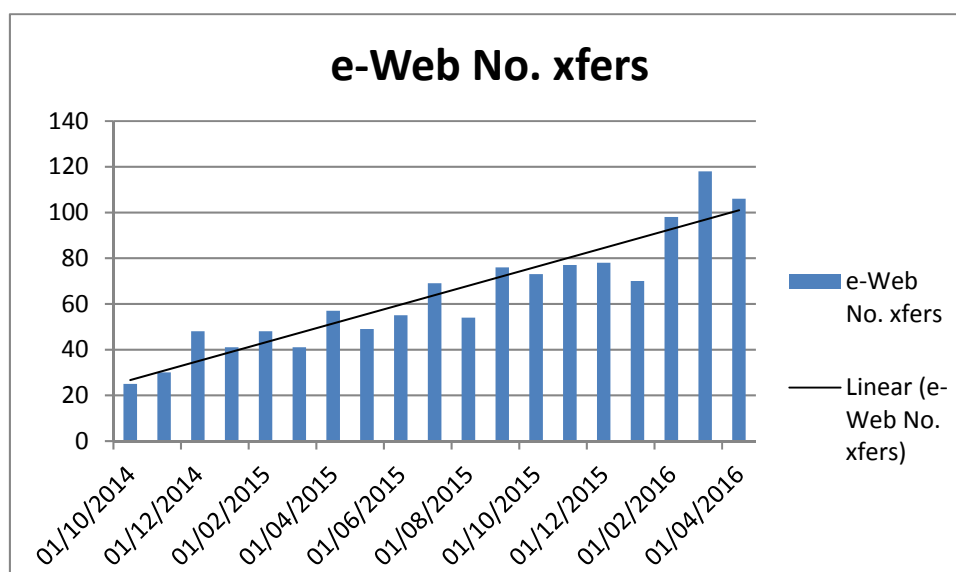
Much time has been spent preparing for the Credit Union Expansion Project Transformation Programme. However, during a review of the Business Plan, we felt it would only be possible to complete the Transformation Programme once we were securing a higher level of income. We have set targets for growth and, when we achieve these, we will seek to re-engage with the Transformation Programme.

The Transformation Programme requires additional electronic security measures and we have acquired new server and firewall technology that have further protected our operations from hackers or other intruders.

We have been able to improve our online offer in several ways:

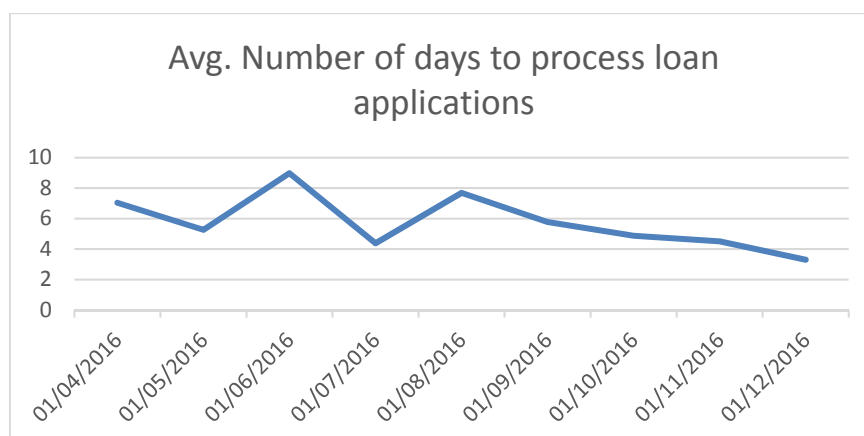
- We have implemented a new website provided by Cornerstone as part of the CUEP Transformation Programme. The website is adaptable to users with different devices including tablets and phones as well as personal computers.
- We have continued to recruit members online and can take payments by PayPal.
- We have introduced an online loan application process.
- Members have used the online account access service in increasing numbers.

The following graphic shows the increasing use of online account access by members:



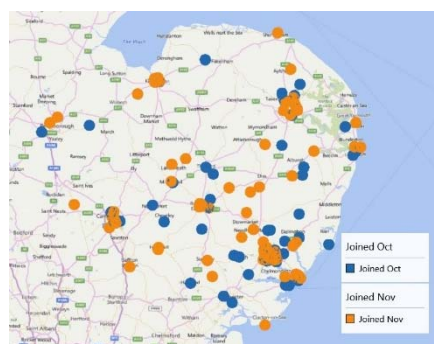
We have sought to improve member service by reducing the time taken to process loan applications.

The average number of days to process a loan application fell this year from 7 days to 3 days. This is shown in the graph at the top of the next page.



We have also developed our online marketing skills and have initiated campaigns using text, email and social media channels.

The following snapshot of members joining in October and November 2016 shows the reach of our membership across the common bond.



We began discussions during the year with Cornerstone/ABCUL about the replacement of the current Credit Union Pay-As-You-Go Visa debit card. We were keen to support a product owned by the credit union community and a new card is proposed which will replace members' current cards with a PAYG Mastercard. This card has an associated account that will enable members to manage standing orders and direct debits.

Daniel Humphrey left the team and was replaced by Lisa Lockwood to work on credit control and loan underwriting. Becca Cotton returned from maternity leave and we thank Arti Patel who provided maternity cover during the year.

We have taken the payroll function in-house and this is now managed by the Finance Officer.

Eric Nelson has carried out the important role of Money Laundering Reporting Officer and we thank him for his efforts.

Another tranche of funding was provided to support locality activity in Haverhill and Peter Tatam joined the team. Peter's role has been further extended to support developments in Sudbury.

Chris Mole
Chief Executive