

# Annual Meeting



# AGM 2022

## Annual General Meeting

### Agenda:

Welcome by the Chairman	Graham Evans
Verification of Quorum and Apologies	
<b>Approval of the Minutes of the last Annual General Meeting</b>	
Report of the Board of Directors:	
Report of the Treasurer and consideration of Accounts:	Ruth Wailes
<b>Proposal for the payment of Dividend (see below)</b>	
Report of the Auditor:	Ruth Wailes
Appointment of Auditors for the coming year:	Ruth Wailes
Report of the Supervisory Committee:	Chris Mole
Office Report:	Chris Mole
Election of Directors	
Election to the Supervisory Committee	
Proposal to amend the Rulebook	
Any other business	
<b>Proposal of the Honorarium to the Treasurer</b>	

### Proposed Dividend:

The board proposes that a dividend of 0.15% is paid on the balance of shares held by member in 2020/21.

(N.B. Interest will be paid on Junior accounts at 1%).

## 2020/2021 Board of Directors

Mark Anderson (part)	Chair
Ruth Wailes	Treasurer
Julie Mansfield	Secretary
Graham Evans	
Les Abbie	
Sally Chicken	
Michelle Monck (part)	

### **Supervisory Committee**

Barbara McLellan  
(Chair) (part)  
Wioletta Stroz

### **Complaints Officer**

Julie Mansfield

### **Chief Executive**

Chris Mole

### **Office Team**

Mark Rattle  
Sylvia Ellis  
Linda Taylor  
Becca Cotton  
Chris Day

Tony Cooper-Squirrell  
Michael Scott

There will be an election for those directors whose term ends this year.

## Motion to amend the Rulebook

The Directors propose the adoption of the following:

Rule 7 a), Rescind the rule and substitute with the following:

- a) An individual who is employed by the following employers:
  - i. East of England Co-operative Society Ltd
  - ii. Flagship Housing Association
  - iii. The East Suffolk and North Essex NHS Trust

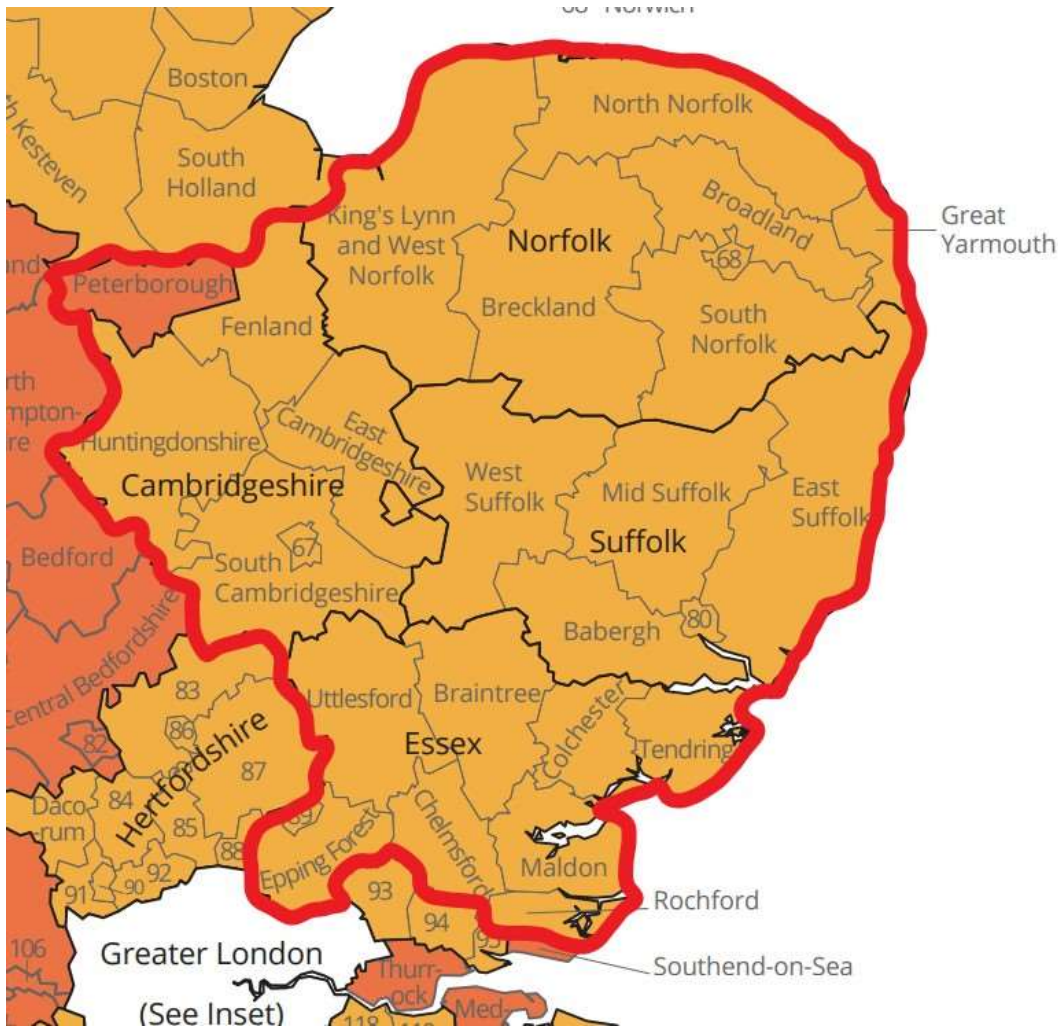
Rule 7 c), Rescind the rule and substitute with the following:

- c) An individual who resides in, or is employed in the locality of Suffolk, Cambridgeshire, Norfolk, or the North Essex districts of Uttlesford, Braintree, Colchester, Tendring, Harlow, Chelmsford, Epping Forrest, Maldon, and Rochford as delineated on the attached map in red.

Rule 7 e), Rescind the rule and substitute with the following:

- e) An individual who is otherwise associated with other individuals through being a tenant of the following housing associations:
  - i. Orbit Housing Group
  - ii. Flagship Housing Association
  - iii. Riverside Housing Group

The objective of the motion is to simplify the rulebook section 7 which defines the Common Bond under which the credit union operates and to expand the geographic area to cover 9 of the districts in the county of Essex. The simplification arises from the removal of several employer or landlord organisations previously included in the common bond who are either now fully covered by the geographic common bond, or who no longer exist following merger with other organisations, or with whom we no longer believe we are likely to sustain an active partnership.



Postcode List

CB1	CB2	CB3	CB4	CB5	CB6	CB7	CB8	CB9	CB10	CB21	CB22	CB23	CB24	CB25			
CO1	CO2	CO3	CO4	CO5	CO6	CO7	CO8	CO9	CO10	CO11	CO12	CO13	CO14	CO15	CO16		
CM0	CM1	CM2	CM3	CM4	CM5	CM6	CM7	CM8	CM9	CM16	CM17	CM18	CM19	CM20			
CM22	CM24	CM77															
IP1	IP2	IP3	IP4	IP5	IP6	IP7	IP8	IP9	IP10	IP11	IP12	IP13	IP14	IP15			
IP16	IP17	IP18	IP19	IP20	IP21	IP22	IP23	IP24	IP25	IP26	IP27	IP28	IP29	IP30	IP31	IP32	IP33
NR1	NR2	NR3	NR4	NR5	NR6	NR7	NR8	NR9	NR10	NR11	NR12	NR13	NR14	NR15	NR16	NR17	NR18
NR19	NR20	NR21	NR22	NR23	NR24	NR25	NR26	NR27	NR28	NR29	NR30	NR31	NR32	NR33	NR34	NR35	
PE1	PE2	PE3	PE4	PE5	PE6	PE7	PE8	PE9	PE13	PE14	PE15	PE16	PE19	PE26	PE27	PE28	PE29
PE30	PE31	PE32	PE33	PE34	PE35	PE36	PE37	PE38									
SG8	SG19																

## Directors' Report

The Coronavirus pandemic continued to dominate the economy and although consumer confidence rallied, we have not seen pre-pandemic levels of business during the year. The loan book has reduced as sales of new loans have not kept pace with repayments, but changes to our lending practices have sustained an increase in the daily interest earned, even on a smaller loan book.

The board met monthly and has been proactive in reviewing progress and providing strategic guidance to the credit union. To help with this it has received regular reports from the Treasurer, the Marketing Sub Committee, and the Chief Executive. The board did not hold an awayday event this year.

Slightly more new members joined the credit union during the year and after we had closed further dormant accounts, we were left with a net increase of about 300 members and the number of active borrowers increased to 1,083. Member deposits that increased during Covid-19, did not decreased much during the year.

The number of loans issued during the year increased, but the value of loans issued decreased during the year. There was a continuing trend of members applying less frequently for loans and when they applied, they sought smaller amounts.

We increased the marketing budget for digital advertising as normal economic confidence returned and were able to judge when investment was right and when it was best constrained.

The credit union has continued to focus on promoting small loans. This has helped to increase the interest earned and to reduce losses from bad debts.

We continue to work with a range of partners including housing associations and councils across the common bond and have not pursued any merger plans during the year. We did see the managed closure of Rainbow Savers Anglia Credit Union and we have committed to taking on some of their vulnerable members who require transactional services. Other of their former members have joined Eastern to have continued access to an affordable lender. We also saw the closure of the Provident who recommended their former customers to become credit union members and a number have joined Eastern.

The Board would like again to thank all our staff and volunteers for their hard work over the year to ensure the stability and progress of the credit union.

The recurring annual membership fee continues to make an important contribution to our income. We have seen no significant reduction in total member deposits. The credit union holds £1.7 million member deposits to support our lending, which means we have about half of our assets on loan. We recognise the membership fee has been controversial but remain committed to this mechanism for the time being.

Two members of the board have left their roles as directors, and we thank Mark Anderson and Michelle Monck for their contributions to our discussions. We are actively seeking new directors and a volunteer to fulfil the Chair Supervisory Committee role.

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.

**The Board of Directors**

## Treasurer's Report

It is my pleasure to announce that, despite the uncertainties and continued problems caused by the Covid-19 pandemic, the Credit Union has made a profit of £8,319 for the year ended 30<sup>th</sup> September 2021, following the loss of £3,345 in the previous year.

The main differences between the two years were:

- a reduction in Other Income of £30.7k, including:
  - £14k Covid grants received in 2020, including furlough pay, but just £208 this year.
  - £10k reduction in bad debts covered by partner organisations funding pots
  - £6.7k reduction in Service Level Agreement (SLA) income from partner organisations.
  - The Credit Union received no discretionary grants during the year; all funds from partner organisations were for services delivered.
- an increase in Administrative Expenses of £8.7k (£8k extra spend on marketing as we have moved to using more digital methods to increase awareness of the Credit Union amongst potential members across the three counties of Suffolk, Norfolk and Cambridgeshire).
- Operating Expenses up by £5.3k (rent in 2020 - we received a Covid discount of £1.75k but 2021 were charged for the full year; debt recovery and credit checks increased by £3k)
- a decrease in Bad Debts of £53.3k

Members' savings increased during the year by £42k to stand at £1,745,827 at the year end.

Loans to members at the year-end were £1,031,150, a decrease of £54k over the year.

Despite the lower loan balance at the year end, I'm delighted to report that the number of loans issued increased to exactly 1,000 this year. The value of loans made during the financial year decreased for the second year running – 2019: £863k, 2020: £688k, 2021: £660k. There are two main reasons behind this:

- As I explained in my report last year, the Board decided in 2020 to limit the standard loan value to under £4,000 and to issue most loans with an interest rate of between 2-3%. This was to reduce the consequences to the Credit Union of default on a small number of large loans. We wanted to reduce our risk profile, control the level of potential bad debt and increase interest income. This has proved to be a successful strategy with the significant reduction in the bad debt this year and interest income remaining stable despite the slight reduction in the year-end value of the loan book.
- Also, members have been requesting smaller value loans this year – we believe this is because they do not want to overstretch their budgets during uncertain economic times. The average loan value in 2019 was £1,108, £845 in 2020 and £660 in 2021.

The Board is proposing the payment of a 0.15% dividend on members' savings, and a 1% rate for junior members' savings.

I want to thank all of the office team for their hard work and dedication during a second difficult and uncertain year.

**Ruth Wailes**  
Director Treasurer



## Lending Report

Nearly all our loan applications are now received online, and applications are completed within one or two working days when we have all the information required.

The loan book reduced by 6% with a major reduction in debt consolidation loans due to policy changes offset by modest growth in other categories of loan purpose.

Category	Value 2021	Value 2020	Number 2021	Number 2020	per cent 2021	per cent 2020
Baby	£26,600.00	£4,150.00	60	10	3.9%	0.6%
Bills (Living Expenses)	£47,960.00	£39,784.07	108	79	7.0%	5.8%
Birthday	£4,975.00	£2,350.00	14	6	0.7%	0.3%
Business Development	£6,500.00	£750.00	4	1	0.9%	0.1%
Christmas	£97,786.00	£82,920.00	202	149	14.2%	12.1%
Debts Consolidation	£8,100.00	£86,720.76	7	38	1.2%	12.6%
Funeral	£9,850.00	£2,120.00	9	4	1.4%	0.3%
Furniture / Appliances	£104,980.00	£94,375.00	196	164	15.3%	13.7%
Greener Home	£16,971.00	£9,840.00	5	3	2.5%	1.4%
Holiday	£40,800.00	£45,300.00	53	52	5.9%	6.6%
Household Improvements	£131,908.47	£96,325.00	161	117	19.2%	14.0%
Legal Fees	£7,800.00	£1,500.00	7	1	1.1%	0.2%
Medical	£12,500.00	£9,500.00	11	5	1.8%	1.4%
Motoring	£91,062.89	£137,975.00	101	112	13.2%	20.1%
Moving Costs	£11,400.00	£4,050.00	16	8	1.7%	0.6%
Oil / Fuel	£400.00	£5,252.00	1	12	0.1%	0.8%
Rent Arrears	£2,000.00	£0.00	3		0.3%	0.0%
Rent Deposit	£19,448.62	£41,497.90	20	39	2.8%	6.0%
Study / Educational Assistance	£12,688.64	£5,200.00	9	6	1.8%	0.8%
Vets	£2,700.00	£6,400.00	6	2	0.4%	0.9%
Wedding	£3,850.00	£11,800.00	7	6	0.6%	1.7%
<b>Grand Total</b>	<b>£660,280.62</b>	<b>£687,809.73</b>	<b>1000</b>	<b>814</b>	<b>96.0%</b>	<b>100.0%</b>

## Supervisory Committee Report

The credit union has not had a full Supervisory Committee for most of 2021.

An Internal Audit function has been discharged by Michael Scott. He has maintained a programme agreed in 2019 which includes:

- The granting and processing of loan applications
- The processing of membership applications
- The accounting for and attribution of receipts
- The authorisation of and accounting for payments
- The operation of the Credit Control function
- Audit checks in respect of money laundering

No issues were highlighted by Michael as part of his audit.

**Chris Mole**  
CEO

## Money Laundering Reporting Officer Report

This report covers the anti-money laundering activities of the Eastern Savings and Loan Credit Union (ESLCU) for the year 2020-2021, covering the period 1st October 2020 – 30th September 2021. This report is a summary of the information contained in the monthly Money Laundering Prevention (MLP) reports submitted by the ESLCU Finance Officer during this period. The monthly reports have also been summarised in the four quarterly MLRO reports submitted to the ESLCU Board at the end of each quarter during the year.

The format of the monthly reports was agreed between the CEO, Finance Officer and MLRO and implemented from October 2019 onwards.

As MLRO I can confirm that MLP reports covering the 12 months October 2020 – September 2021 inclusive were submitted in a timely fashion by the ESLCU Finance Officer and these reports confirmed that all the operational activities required to implement ESLCU anti-money laundering policies were implemented.

Given its size, ESLCU is an unlikely target for money laundering activities. Nevertheless, vigilance is required because the scale of money laundering in general seems to be greater than ever and during the year at least one well-known high-street bank was fined significantly for allowing dubious deposits to be made over a five-year period. We must operate therefore on the basis that money laundering is a live threat to the credit union.

One of the focus areas from an anti-money laundering point of view is the requirement of new members to provide proper identification. It is credit union policy that members who do not provide ID are not allowed to withdraw funds from their account. Over the year 2020-2021, a total of 1042 new members joined the credit union. Of these, around 8% on average failed to provide ID within one month of joining. At the end of the year, 2% of members did not have ID.

Other key anti-money laundering checks were as follows:

- Over the year, no suspicious activity was observed but there were a couple of applications by individuals with criminal records for terrorism offences. These applications were vetted and rejected.
- Each month there were a few large transactions (£5,000 or more) but explanations were provided, and none gave rise to any concern
- No politically exposed persons joined the credit union during the year.
- The membership of the credit union was checked each month against the Bank of England sanctions list and yielded negative results.

**Les Abbie**

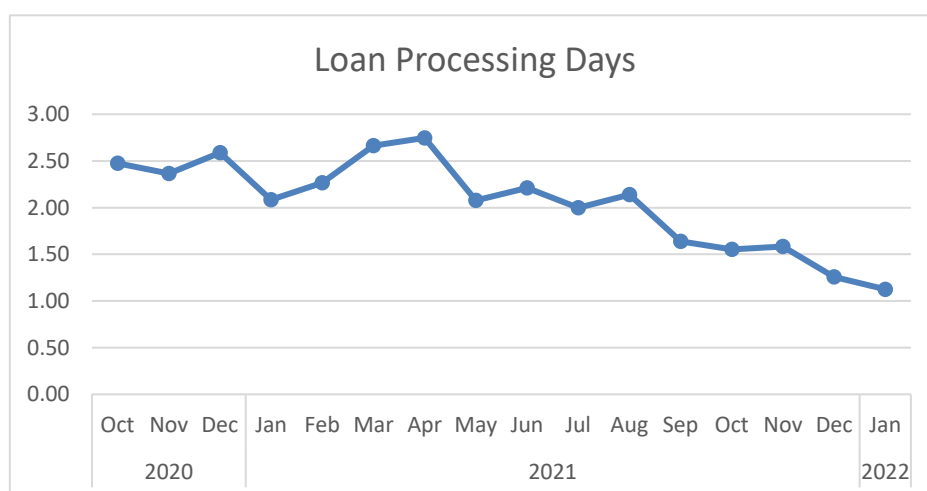
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## Chief Executive's Report

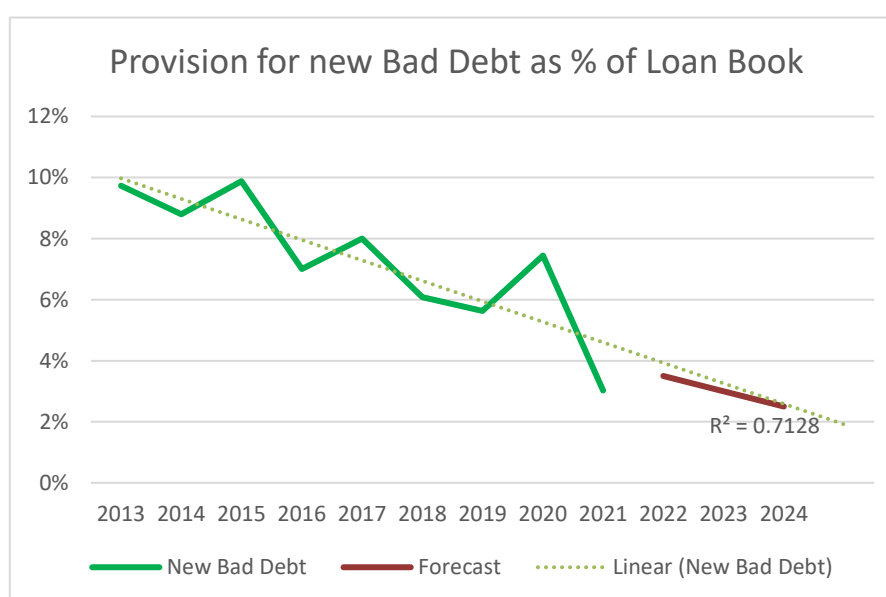
The Coronavirus pandemic has accelerated the pace of change in the credit union sector, as with other businesses. This year we have consolidated our digital operations, but we remain ambitious to improve these further. New and existing members can apply for membership and apply for loans online and issued loans can be sent by bank transfer.

We have continued with electronically signed Loan Agreements using RMail technology and the AccountScore Open Banking solution has enabled members to share their bank account data without having to send paper documents to the credit union. This information also gives us an individual view of the member's ability to afford loan repayments.

Together these changes have reduced the time taken to consider member loan applications and this has reduced to between one and two days.



We have moved to a new credit reference agency (TransUnion) to provide us with credit history information. This has helped us continue the downward trend in the cost to the business of bad debt. Making provision (setting funds aside) for bad debt is a major cost to any lending business and this helps improve our overall financial position.



We have continued our direct communications with members using email and SMS. We have further improved our website to attract more traffic and to retain visitors at the site.

We now have nearly 400 members with Engage Accounts. This has proven to be a very good solution for many members as the account includes a sort-code and account number, and members can arrange direct debits and standing orders from their account. The card provided is a Visa card and members also receive cash back rewards for using retailers who partner with Engage.

We have seen further growth of self-service with the volume and value of transfers made by the e-Web service continuing to grow.

Our membership is now more widely spread. Appendix 1 shows the number of postal districts with at least one member with a loan (Coverage) and where members with loans are concentrated (Heat Map). Maps are shown for both now and at the year-end in 2017. We are helping more members with affordable loans in more areas of the region and have grown our support in all the major urban areas and at rural locations in between.

The credit union employs a qualified accountant as its Finance Officer. This strengthens our budgeting and financial control skills. Our financial reporting to the FCA and our audit preparations are exemplary.

We never forget our ethical purpose. Since we were founded, we have had nearly 17,000 members. Members have borrowed over £11 million from the credit union and if every borrower had a £500 loan, they would have saved £230 in interest compared to a doorstep lender. This means we have delivered over £5 million of benefit to the community in reduced interest payments.

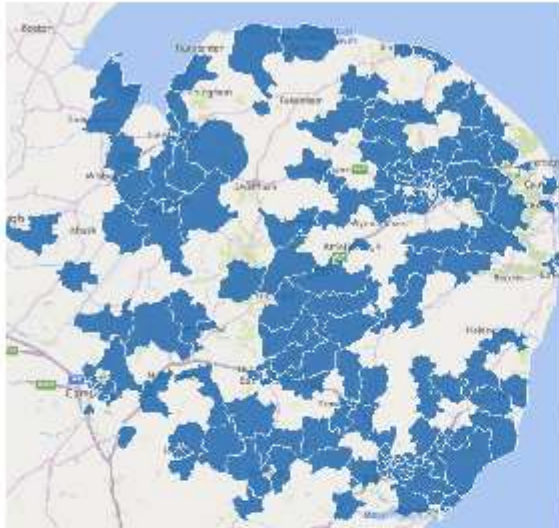
We remain ambitious to achieve financial sustainability. The credit union has done well in the past year and is hopes to the see the economic climate improve further.

I would like to thank the team at Austin Street and the Board of Directors for their individual and collective contributions to the performance of the business in 2020/21.

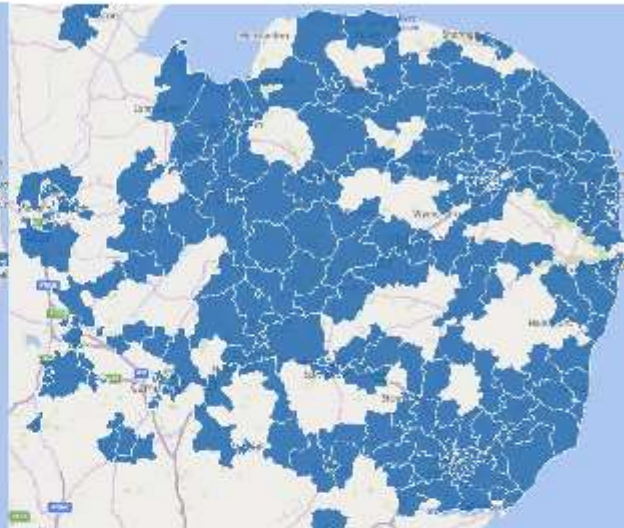
**Chris Mole**  
Chief Executive

## Appendix 1

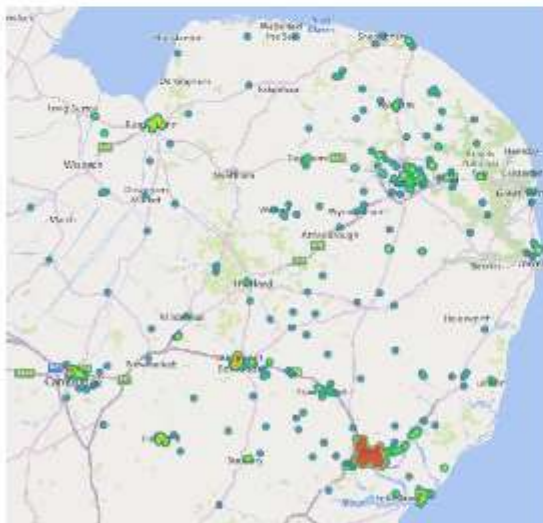
Coverage at 30/09/2017



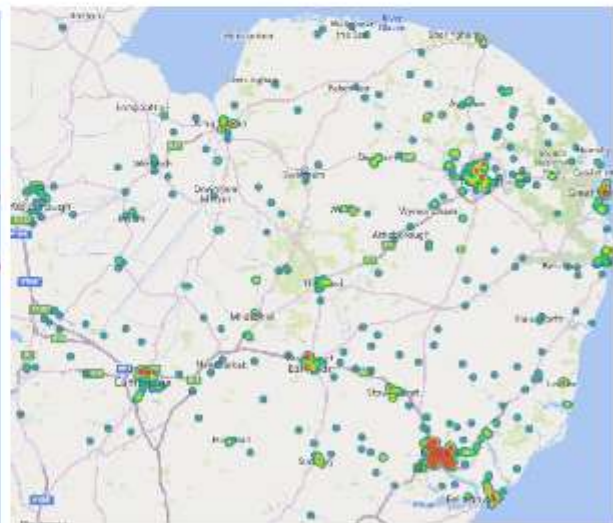
Coverage at 18/03/2021



Heat Map at 30/09/2017



Heat Map at 18/03/2021





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