

AGM MINUTES

Citysave Credit Union Ltd

Date: 27/03/2023

Location: Microsoft Teams Video Conference

Name	Membership Number	Title
Present		
Ann O'Connell	19223	(Chair)
Nick Leitch	34226	(Treasurer) / Board Member
Joanne Swain	32676	(Supervisory Chair) / Board Member
Phil Beardmore	18345	(Vice Chair)
Anne Barnett	33990	Board Member
Chris Marston	35570	Board Member
Joshua Moreton	35567	Board Member
Sean Lynch	18570	(CEO)
Samina Hafiz	-	
Sarina Floan	9696	
Andy Carswell	20182	
Cyril Bezzant	21062	
Zoe Pinfield	34235	
Gail O'Connell	27862	
Patricia Hetherington	21550	
Andrew Townsend	16802	
David Crisp	-	
Nigel Baily	25343	
Mark Culwick	30698	
Sacha		
Joan		
In Attendance		
Kevin Hodgetts		(Haines Watts)
Clare Parkes		Audit Manager - TIAA
Apologies		

Item No.	Summary	Action	Owner	Due Date
	<p>Administration</p> <p>Sean Lynch (SL) explained the format of the meeting and the use of MS Teams.</p> <p>The main presentations will be delivered and then there will be a Q&A session before the voting/motion elements of the meeting. All members on the call are eligible to vote on the motions/proposals put forward. This will be done digitally and the 'raised hand' feature</p>			

	will be used to vote if possible. If not members to raise their hands physically to ensure their votes are captured.			
A	<p>Ascertain a quorum is present as per Rule 46 (Chair)</p> <p>Ann O’Connell (AC) welcomed all to Citysave’s AGM.</p> <p>It was confirmed that the meeting was quorate.</p> <p>Approval of the minutes of the last annual general meeting</p> <p>The minutes of the AGM meeting on 21st March 2022 were approved.</p>			
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C	<p>Board Report</p> <p>Ann O’Connell (AC) Chair reported the following: -</p> <ul style="list-style-type: none"> • Governance <p>AC acknowledged the work that has been achieved by all previous boards and when Malcolm Hayes was Chair. Malcolm and SL have worked hard on writing and reviewing policies and practices to meet the standards that are required for a Credit Union of Citysave’s size. AC said that all this work is appreciated.</p> <ul style="list-style-type: none"> • Performance <p>The year has been stable and despite the deficit the organisation is growing and expanding on the loan balances and the interest income has increased.</p> <p>The cost control is strong, and impairments are low.</p> <p>Citysave is on target to generate sustainable services for the future.</p> <p>It was noted that member surveys are also very positive.</p> <ul style="list-style-type: none"> • People <p>There are 9 paid professional staff in the team. AC thanked all the staff for their energy and commitment and care to the members during the year.</p>			

	<p>There is currently a board of 6 volunteer directors plus 2 new directors to be voted on this evening. AC thanked the directors for bringing all their professionalism and experience to the Board.</p> <ul style="list-style-type: none"> • Strategy <p>In January the board reviewed Citysave’s vision and mission and set the future strategy for the organisation. SL and the Business Development Manager were both involved in the main strategy day so the board could benefit from their knowledge and experience of Citysave’s member needs and aspirations.</p> <p>The strategy was developed as a focus on growing member lending safely and offering loans to members at fair prices and aiming to generate a sustainable return and dividend from member savings. It was noted that the process of implementing the strategy has begun.</p> <ul style="list-style-type: none"> • Regulation <p>As the balance sheet is over £10M which now classifies the organisation as a larger credit union Citysave will be subject to extra regulation which the organisation is well placed to cover.</p>			
D	<p>Treasurer’s Report</p> <p>Nick Leitch (NL) (Treasurer) introduced himself. Highlights from his Treasurers Report were as follows: -</p> <p>2022 Results Overview</p> <p>Loan interest has increased during the period until September 2022 which is very encouraging. This is a consequence of the loan book growing but ultimately all income has grown. When looking at some of the exceptional items such as grants etc this has been broadly flattish but the key trends around interest and loan book are pointing in the right direction.</p> <p>Impairment Figure</p> <p>Arrears and impairment were normalised more last year. There was an unusual ‘write back’ in 2021 and the impairment for the year was just under 2%. This is effectively the money which is being set aside to protect against any potential losses. This is compared to £50K</p>			

<p>in 2020 which was 2.7% (Citysave needed more impairment in prior years). NL commented that this is also a reflection of how SL and the team are focusing where they can on the lower risk loans to try and minimise the potential for loss.</p> <p>Costs/Expenditure</p> <p>NL commented that SL, the team, and the board have been very conscious of costs and expenditure. SL and the team have done an excellent job at managing the business to a tight cost base, this increased last year on the prior year by only 4% which is good cost control.</p> <p>The regulatory requirements and oversight with regards to the capital which is a measure of strength are detailed in the presentation and Citysave is in good shape in this respect.</p> <p>The loan interest receivables have increased from 2021 which is a little more in line with the prior year.</p> <p>NL noted that the total income numbers show a decrease from the prior year which is a little disappointing. However, in the other income line last year there was £83K as opposed to £40K this year. This was due to exceptional grant incomes received.</p> <p>NL noted that he is broadly comfortable with regards to how income is moving because of the growing loan book.</p> <p>Balance Sheet</p> <p>Cash at bank has been very consistent this year with the prior year at £8.3M. Loans to members has increased to £2.1 - £2.2M as opposed to 2M in the prior year. The share deposits are also in a very solid position.</p> <p>NL noted that there is a lot of cash in the business that Citysave would like to get out to more loans.</p> <p>Capital/Net Liquid Assets</p> <p>The actual ratios at 9% are just low of 30% relative to the 5% and 10% hurdles.</p> <p>NL said that in summary it has been a steady and solid trading period. The key numbers are in the right place</p>			
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	and the business is comfortable how that is leading into this year.			
E	<p>External Auditors Report (Kevin Hodgetts of Haines Watts)</p> <p>Kevin Hodgetts (KH) explained that Haines Watts role is to audit and express an opinion on the annual financial statements of Citysave.</p> <p>The audit and the financial statements have been through the usual process. The annual accounts have all been approved by the board at the board meeting in February and now laid before members at the AGM.</p> <p>There were no significant items to report following the audit. There was a perfectly clean, unmodified external auditor’s report in the financial statements. KH noted that the audit went very smoothly.</p>			
F	<p>Credit / Chief Officer report</p> <p>SL showed the charts from Haines Watts which showed that in previous years the loan interest income is gently being brought down. At last year’s AGM growth and aspiration for growth and trying to achieve that were discussed and SL hopes that the charts indicate that Citysave are at the beginning of that process. There has been a decline, but this has plateaued and is heading back the other way. SL noted the loan to share ratio and having too much in the way of savings and the graph shows this is moving in a more positive way which will help and support the growth of the business.</p> <p>From October to September mapped on the chart were the 4 products that are offered to the membership base. There has been expansion in the payroll lending side. This was an area strategically to focus and grow and increase the payroll lending and payroll partnerships. Alongside the team this objective has been delivered. The welcome loan has stayed stable. The growth of the loan book has been seen through payroll lending instead of taking on a higher risk cohort. The chart that was displayed demonstrates this well.</p> <p>In the year October 21 to September 2022 2,000 loan applications were processed and issued which amounted to £1.7M in loans.</p>			

<p>SL thanked the loans team for their hard work in turning this around and the service members receive is of a very high standard.</p> <p>SL noted that there are 40 arrangements in place across Birmingham and Warwickshire which puts the Credit Union in a strong position. Citysave has re-established in some spaces recently which over the years the relationships have dwindled.</p> <p>At the end of the AGM last year there was a discussion about re-joining ABCUL (Association of British Credit Unions Limited). SL noted that Citysave have really started to benefit from that membership. SL noted that being back with and part of the ABCUL membership once again is really demonstrating good value not only to Citysave as a business but hopefully long term to the membership and how Citysave continues to operate.</p> <p>Staff training is being delivered through a package called ABCUL Academy which ensures that high standards are met and that Citysave continues to fulfil Citysave’s regulatory obligations.</p> <p>There have been some positive process enhancements and Citysave continue to improve processes across the business through information, guides and packs that have been available. SL noted that more noticeably ABCUL are really helping to steer the sector through new regulatory changes.</p> <p>Consumer Duty is currently on the horizon for all financial services and credit unions are very much part of that conversation and with the help of ABCUL Citysave has been able to develop a base line and has a positive view forward of how Citysave work within that new framework.</p> <p>Clare Parkes is on the call today. She represents an organisation called TIAA. There has been a full 12 months of their services which has been reviewing policies and processes and helping the business grow and become stronger in terms of governance practices.</p> <p>SL wanted to thank the staff for all the work over the past year. A reconfiguration in the staff team has allowed SL to work alongside a Business Development Officer (Debbie) and SL would like to thank her for all the work she has done working with payroll partners.</p>			
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	<p>This year the business is really looking at enhancing their digital channels and members interactions with Citysave. With the introduction of new services, it is hoped that the members will benefit from the interactions that they have with the Citysave day to day and month to month.</p> <p>A survey has been completed end of last year. SL said special thanks to Samina for arranging and supporting the process. The survey asked the membership about how they felt the credit union was helping them and the results were very positive. The word cloud shows very positive themes that came out of the membership survey. SL thanked anyone on the call that helped to contribute to the survey and said it really helps the business to steer and navigate what is important to the members and how Citysave can improve services moving forward.</p> <p>The staff really appreciated the customer service feedback.</p> <p>Insurance arrangements</p> <p>SL confirmed to the members that the relevant insurance (Fidelity Insurance) is still in place.</p>			
G	<p>Supervisory report</p> <p>Clare Parkes introduced herself at the Audit Manager for TIAA. Internal audit work commenced with Citysave last year.</p> <p>For 2021-22 an audit plan of work was approved by the Risk Committee and TIAA have also assisted with compliance work.</p> <p>During 2021-22 TIAA carried out 7 internal audits. Clare explained that the audits look at processes, procedures and ensuring that all the controls are in place and regulations are all being adhered to and adding value to the process.</p> <p>Clare commented that all the staff have been helpful and supportive during the year.</p> <p>TIAA have 4 different assurance ratings with the highest rating being substantial. 2 substantial assurance ratings</p>			

<p>have been given to Citysave (1 strategic control/governance arrangements and 2 Regulatory Compliance).</p> <p>5 reasonable assurance ratings: have been given: -</p> <ol style="list-style-type: none"> 1. Anti-money laundering (a few issues around policies/processes and some training required). 2. Cyber security (some extra recommendations to enhance the rating). 3. Payments and Payroll 4. Loan Compliance (how loans were applied for, how they were vetted and approved) 5. Membership process <p>There were no limited assurance and no, <i>no</i> assurance ratings during the year.</p> <p>Clare noted that for the first year of internal audit work the ratings were pleasing and give assurance as members.</p> <p>In respect of monthly compliance checks full access is given to Citysave data through a secure laptop and CP carries out monthly checks on a sample basis. CP detailed the following: -</p> <ul style="list-style-type: none"> • Member servicing is the biggest area that is looked at every month. • At least a 10% check on bank changes, address changes and new members, gone away accounts and leavers. • Sample review of several loans that have been issued to make sure they comply with policy. • Anti-money laundering is reviewed on a quarterly basis. • Financial Services Compensation Scheme - reviewed quarterly. • Review of complaints bi-annually to ensure members that concerns are being addressed and dealt with correctly in accordance with the regulation. <p>On an annual basis review CREDS (the handbook credit unions are required to work to) and check for compliance on a number of issues within the handbook.</p> <p>These monthly reports are sent to the Risk Committee through SL and presented each month. They show trends and themes in particular areas and any areas that</p>			
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	<p>need to be focused on i.e., training or policy needs reviewing.</p>			
	<p>Joanne Swain the Risk Committee Chair was unfortunately unable to join the meeting, so SL presented the following: -</p> <ul style="list-style-type: none"> • Citysave continues to be run in the interests of its members which is always at the heart of everything that Citysave does. • There were no material issues in respect of competence, processes or systems which gives assurance that the right tools are in place. • Good customer outcomes consistently being delivered. The complaints position is constantly being monitored. • SL thanked CP and TIAA for the assurances that have been given. SL confirmed that the audit process is robust, but it was noted that it is a very positive working relationship, and it is good to have external support to improve Citysave to improve its services and how it functions. 			
H	<p>Declaration of surplus available for distribution and a Board of Directors recommendation of application of same</p> <p>AC noted that the Board are recommending dividends of 0.15% which is the same as last year. This will ensure the level is kept where the capital ratio is protected but the board would like to pay a dividend. Although small it is hoped that this will be improved in the future.</p> <p><i>[Paused for a vote taking on the recommended dividend (11 members voted FOR which is a majority vote for the level of dividend as proposed by the Board)].</i></p> <p>This was therefore passed.</p>			
I	<p>Questions</p> <p>Nigel made a comment that he is really pleased to see the loan book growing steadily through the payroll product without compromise to impairment which is impressive at around 2%.</p> <p>Questions:</p>			

<p>Andy Carswell wanted to thank the Directors who are volunteers who are looking after Citysave and the members money.</p> <p><i>Question:</i> Andy said that it is great to see the growth in the loan book but asked what is in place to make sure the lending that is being put on is good and particularly around affordability what checks are done that people can afford to repay the loan?</p> <p><i>Response:</i> SL responded that it has been tough, and the sector collectively has a challenge around steering/navigating through since the pandemic and working through a cost of living crisis. Citysave is constantly measuring affordability and there is a robust set of metrics internally that are used to quantify affordability. This dates back to circa 2015-26. SL said that the team always look at credit risk (provided by credit reference agencies). In addition, Citysave will look at affordability – an assessment on a monthly basis of what is the income -v- expenditure. In recent months this started to take into account what cost of living pressures are having on that affordability calculation and is there more to that equation than meets the eye. Citysave is limited in resource, and SL said that some may argue the metrics are quite simple and measurements are quite simple, but they have proved to be very effective which gives confidence and assurance that Citysave is on the right path. In more recent months Citysave have started to introduce open banking technology something that the member volunteers to Citysave which allows a quicker lending process because Citysave does not have to wait for bank statements or for anything to be downloaded. This also allows Citysave to get an insight into how members are behaving and how their finances look on a day-to-day basis.</p> <p>Through the ABCUL network Citysave are talking to a lot of industry credit unions or payroll only credit unions and learning and understanding from them what is it that allowed them to see such growth yet maintain such a strong arrears position. SL noted that there is always room for improvement, and it is an ever-changing situation.</p> <p><i>Question:</i> Mark Culwick said it was great to see Citysave doing so well. Mark asked about interest rates and whether the</p>			
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	<p>very rapid rise in interest rates might impair or limit the continued rate of growth in savers, because obviously for the first time there are interest rates available at banks/building societies. He asked whether this would limit Citysave’s growth potential if Citysave can’t attract those depositors/savers to continue to save with Citysave.</p> <p>Mark also asked about the loan rates that are charged and whether these need to be reviewed again and what impact if any a rapid rise in interest rates will have on the loan rates.</p> <p><i>Answer:</i> SL replied that the savings interest rate has been debated as a Board and the board challenged where do Citysave position themselves. The board decided although there has been a small loss to the business to still pay out a dividend. SL said that when out on site with payroll partners and having conversations it is important to the business to keep the confidence to say that they have paid a dividend and it important to the business and members. Citysave have excess savings that they hold but do not need to keep in terms of its regulatory requirements. SL said that next year it is hoped to take advantage of the rising interest rate position for the business and trying to convert that into stronger income.</p> <p>The return on savings is something that is being challenged and this will factor into dividend payments in years to come.</p> <p>SL noted that in respect of loan interest rates it has been a strategic opportunity to keep rates as they are. SL said it would have been easy to increase rates because of the cost of credit but SL said that he wanted to make sure the organisation is competitive and to give the message that Citysave is a legitimate alternative to other lenders.</p>			
J	<p>Appointment of Auditors The Board requests ratification of its resolution to appoint Haines Watts Birmingham LLP as Citysave’s external auditor for a further year.</p> <p><i>[Paused for voting on ratification]</i></p> <p><i>[14 votes received]</i></p>			

	<p>The auditors were therefore appointed with a majority vote.</p>			
L	<p>Election of Directors AOC noted that David Clarke who is an existing serving director is required at this AGM to be re-elected.</p> <p><i>[Paused for voting on for re-electing David was carried out]</i></p> <p><i>[13 votes received]</i></p> <p>David Clarke was therefore re-elected for a further term.</p> <p>Proposed New Board Members: -</p> <ul style="list-style-type: none"> • Chris Marston • Joshua Moreton <p>The portrait slides for each proposed new Board member were shown and Chris Marston and Joshua Moreton introduced themselves. AOC asked for voting to take place for the election of Chris and Joshua to the Board.</p> <p><i>[Paused for voting on the two new Board members – Chris Marston and Joshua Moreton]</i></p> <p><i>[14 votes received]</i></p> <p>The 2 board members were approved and therefore elected.</p>			
	<p>AOB None</p> <p>AOC closed the meeting and thanked the members and all attendees for joining and for their time.</p>			

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