

## Northumberland Credit Union

**Special General Meeting** Thursday 16<sup>th</sup> August 7pm

St James Community Hall, Wellway, Morpeth

**Present:** Maureen Best, Nic Best (Chair), Roger Bland, Thaddeus Cienciala, Colin Colclough, Graham Cook, Geoff Day, Vince Dudley, Elizabeth Frankland, Tom Frankland, Pat Fuller, Christine Hawkins, Roger Hawkins, Merle Heppell, Pam Horne, Joan Howard, Barry Howells, Rosemary Howell, Anne Howie, Betty Hutton, Ian Hutton, David Mason, Maggie Phillips, Gail Poolan, Richard Postlethwaite, Alan Sambrook, Peter Stonell, Lee Walker, Jeff Watson, Chris Wilson, Joan Younger, *one illegible* (total 32 members) + Peter Mackie (NEFirst CU)

**Apologies:** Peter & Anne Chapman, Pat Devlin, Pauline Eccles, Jamie Grumette, Joan Lawson, Howard Maskill, Jane Osborne, Madeleine Parkyn, Yvonne Probert, Georgette Radcliffe, Kelvin Rushworth, Nino Tomczuk, Yvonne Tomczuk

### 1 Welcome:

Nic Best took the chair and welcomed everyone, introduced Peter Mackie (Chair of NEFirst CU) – and declared the meeting quorate (at least 15 members). Apologies were recorded

### 2 Background:

The Chair briefly outlined the reasons that the Board were recommending a transfer of engagements to NEFirst CU, and the process required for the membership to approve the proposal i.e. two Special General Meetings 14-28 days apart with the first meeting voting to approve by 75% of the vote and the second meeting voting to approve by a simple majority.

### 3 Presentation:

Peter Mackie, Chair of NEFirst CU, gave a presentation and answered questions. NEFirst CU is the product of a series of mergers involving a total of 25 credit unions to date. It has not sought growth in this way, but the benefits of scale in dealing with an increasing burden of regulations and fixed costs have made larger credit unions inevitable. NEFirst CU maintain links with local communities through paying-in points (aka local service points) and Local Action Groups both of which they would be looking to develop and support in Northumberland if the proposal is approved.

They currently have five offices in Birtley, Durham City, Gateshead (including a shop front), North Shields (soon to move to Wallsend) and Stanley. They would also look to keep the Morpeth office for the present. They also have close links with Karbon Homes.

They currently have 8-9 staff (not FTE), 13800 members plus 3500 juniors with an income of £43,000 a month from loan interest, so are self-supporting independent of grants for core funding, though grants are still sought for project and development work. They also have a number of corporate members and operate payroll deduction schemes. Members can apply for a prepaid debit card account, with an e-wallet facility (like “jamjar” accounts) loaded from loan or saving account. The fee for these “Change Account” cards is £2 a month, considerable less than similar products.

In response to questions:

NEFirst CU run a loan structure with interest rates ranging from 0.7% per month to 3% per month (46.3% APR) with higher interest rates on smaller loans and higher risks. The fixed rate cost for processing a loan is about £20, since unlike NCU, they have two paid staff

processing loans. Loan applications are credit checked using an automated system designed for credit union use, which defers a wide range of applications for individual assessment by real people using their discretion to look at the track record of applicants, much as the NCU credit committee does. However, the on-line loan application system does attract a higher proportion of “speculative” applications.

They do not do “instant loans” to non-members, but if someone joins they can, under normal circumstances, get a loan “within a week”.

The Repossession Prevention Fund Scheme will continue to operate.

NEFirst recognise the need for a “rapid response” on delinquent loans, and have a dedicated staff member working on credit control who will chase up defaults with a phone call after a month, followed by letters and very rarely court action.

Volunteers are provided with on-the-job training at PiPs etc and two people operate PiPs unless lack of volunteers means that a key PiP will close down. NEFirst are keen to retain and recruit volunteers, recognising that the PiPs (and Local Action Groups) are the public face of the credit union.

In response to a specific question about the actual transfer, Peter noted that the “back office” Bacus version of ConAccess software system used by NCU was closely related to the “front office” Focus version used by NEFirst, so the actual transfer “should” be uncomplicated and achievable over 2 days or so. Members are likely to retain their existing membership number, with additional numbers added to make it a five digit number (e.g. from 123 to 70123).

#### **4 Discussion:**

Written comments from members (Peter & Anne Chapman, Pauline Eccles, Jamie Grumette, Joan Lawson, Howard Maskill, Madeleine Parkyn, Yvonne Probert, Georgette Radcliffe, Kelvin Rushworth) unable to attend the meeting were read out. Of these six comments were in favour of the proposal, two were against and two were neutral.

A member who had previously been a member of NEFirst in North Shields confirmed that they were friendly and “real people” and not cold and impersonal, despite the size of the organisation.

The future of AllPay cards in Berwick depends on Bernicia Housing, but NEFirst do issue them, themselves.

It was confirmed that the timings of the SGMs in August were in order to get a transfer (if approved) enacted wef 1<sup>st</sup> October to coincide with the NCU financial year end.

It was noted that NCU is financial viable, despite the loss of grantfunding from NCC, and the only reason for the proposal is the future risk of Board burn-out.

Joan Howard emphasised the rapport NCU members have with her and with volunteers, and noted that a number of members had called the office, including from Berwick and Hexham, expressing concern that they do not want to lose the “personal touch”. Peter Mackie responded that NEFirst CU hoped to keep the Morpeth office open and Joan in post to provide liaison support for Northumberland members for a transitional period, if this was acceptable. He also emphasised the need to retain existing volunteers. A key relationship is between the PiP collectors and coordinators and the office, but even members paying routinely by standing order like to know “the individuals in the office”.

#### **5 The motion**

“Northumberland Credit Union undertakes a transfer of engagements to NE First CU with effect from 1st October 2018”

was approved unanimously, with 32 credit union members present.