

Northumberland Credit Union

Special General Meeting Thursday 30th August 7pm

St James Community Hall, Wellway, Morpeth

Present: Maureen Best, Nic Best (Chair), Roger Bland, Pat Devlin, Yvonne Douglas, Vince Dudley, Mary Finn, Pat Fuller, Linda Glascott, Christine Hawkins, Roger Hawkins, Merle Heppell, Pam Horne, Anne Howie, Betty Hutton, Ian Hutton, Maura Illingworth, Rose Kay, Maggie Phillips, Maureen Robson, Alan Sambrook, Peter Stonell, Jeff Watson, Chris Wilson (total 24 members) + Sid Rooke (NEFirst CU)

Apologies: Peter & Anne Chapman, Graham Cook, Pauline Eccles, Jamie Grumette, Joan Howard, Joan Lawson, Howard Maskill, Mary McCullough, 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 Sid Rooke (Director of NEFirst CU), who was replacing Mick Davison (NEFirst Treasurer who was unavailable, at short notice) – and declared the meeting quorate (at least 15 members). Apologies were recorded

2 Minutes:

The minutes of the Special General Meeting on 16th August were distributed and read. They reported the discussion at that meeting and reported unanimous approval of the proposal from the attendance of 33 members. The minutes were accepted as a true record of that meeting with no matters arising.

3 Presentation

Sid Rooke, a Director of NEFirst CU, gave a presentation and answered questions. Sid was a founder member of Durham City & District CU which expanded to be Co Durham CU, and then successively merged with Cestria, Gateshead First, Northern Oak, Prince Bishop and other credit unions. The growth to a larger credit union was necessary for financial sustainability, but NEFirst CU is still embedded in local communities including through Local Action Groups which feedback on local issues and concerns to the Board.

Income from loans is c £43k per month which covers the cost of staff, comms, marketing and pays a dividend without core funding relying on grants, but the credit union is still dependent on volunteers with over 150 active.

In response to questions, Sid commented:

The Board regularly reviews delinquent loans and makes significant provision for bad debts. A debt-collecting agent, familiar with credit unions is employed, with a focus on re-assessing and restructuring loans. Interest and repayment holidays of six months are also available.

Loans can be applied for before existing loans are fully paid off, with the remaining debt being added to the new loan. However NEFirst CU is committed to being a responsible lender and will not grant a loan that a member cannot afford.

There are currently no firm plans for the Morpeth office, but NEFirst CU would be delighted to maintain it. Sid is meeting with representatives from Karbon Homes in a couple of weeks and will mention the Morpeth office then. He noted the current tenancy and subtenancy arrangements.

Current on-line services include membership applications, loan applications and read-only balance enquiries. These facilities will be extended in the future, with the additional possibility of a phone app.

NEFirst CU is trialling the “Change Account” preloaded debit card in the Shildon area with expectation of roll-out in due course. It has an e-wallet facility which allows money to be allocated (and made inaccessible) for rent etc. Benefits can be paid onto the debit card account. The card can also be used in ATM machines and there is a £2 a month charge.

The issue that small, unsecured loans attract the highest rates of interest was seen as being unfair to those who can least afford. Sid commented that there had been extensive discussion at Board level over this, but that there were fixed costs for loan processing which the interest on small loans simply did not cover. The rates offered on £300-£400 loans were still less than other lender offered. For example Lloyds Bank does not give loans of less than £1k and refer applicants for smaller loans to the credit union. While the credit union is there to support its members, it must also run a sustainable business model.

Whilst NEFirst CU employs a credit-scoring system to initially filter loan applications, most are deferred for discretionary decisions and it was confirmed that people’s saving and loan repayment histories with NCUL will be transferred and taken into account, although record-keeping and data use is now very restricted under GDPR.

NE First Cu has dedicated staff e.g. handling loans applications or credit control with whom members are likely to become familiar. However it is envisaged that queries and requests from members and from PiPs could initially be passed through the Morpeth office and redirected until people became familiar with systems. However volunteers on a PiP would not be directly involved in credit control recovery etc.

4 Discussion:

Written comments from member, Mary McCullough, who was unable to attend the meeting, were read out.

A member noted that the credit union was floundering in Berwick with the Tweedmouth PiP closing and the Berwick PiP losing its venue. There is a lack of public support and the need for proofs of ID frightens people off. The memory of the Farepak Christmas hamper collapse also still looms large in people’s memories. In response, Sid noted that all financial organisations now required ID as part of anti-money laundering regulations. He also

mentioned a small credit union in Durham which gave instant loans to people hit by the Farepak collapse and within six months, it went under too burdened with bad loans. And it has taken a long time to recover credibility there too.

It was admitted that the lack of a proxy vote or remote voting system was a serious omission for a credit union covering Northumberland, and even more so for the area covered by NEFirst CU – who also have no such system. Sid said it was something the Board needed to investigate.

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 24 credit union members present.

6 Next Steps

With the motion being passed at both SGMs, the transfer of engagements will now go ahead.

Members will receive a briefing in September and after the transfer on October 1st, NEFirst CU will send out a welcome letter to all members.

NCUL will continue to process loans up until about 20th September, when NEFirst loan procedures will come into play. Existing NCUL loans will run their course under the existing interest rate and conditions.

The NCUL Unity Trust bank account will be retained but all new payments will be switched to the NEFirst Lloyds account.

The meeting concluded with a vote of thanks to the Directors for the work they have done and for bringing the transfer process to a satisfactory conclusion.