

Swan Community Bank/Credit Union
Swan Annual General Meeting
July 23rd 2020 7pm (Zoom video conference)
Draft Minutes

Introduction and welcome

Steve Eyre (SE), Chair, opened the meeting and welcomed all members to the meeting under unusual circumstances. SWAN had hoped to have the AGM at a physical location, however due to lockdown it was not possible. SE thanked members for joining us and hoped that all are keeping safe. SE explained how Zoom works: SE will chair the meeting and there is a SWAN Zoom host who has arranged the meeting. Everyone will be muted until invited to speak. The meeting followed the structure of the Agenda. Members that wanted to ask questions were asked to raise their hands with the icon on their screen.

Pete Stratton (PS), the Zoom host, explained the voting system for this meeting and how it is done.

SE introduced himself as Chair and the other Board members - Philip Turnbull (PT), Gary Grant (GB), Phil Stratton (PS), Charlie Robertson (CR) and Alan Garratt (AG). Alex Foreman Peck (AFP) is Chair of our Supervisory Committee. The Operations team was also introduced – Ken Corsar (KC) and Anne Hanscomb (AH) as the Operations Managers; and Emma Gatehouse (EG) and Feyi Edungbola (FE) our Administrative Officers. SE also introduced Spoorthi Subramanya who was one of the previous managers for Swan, and who was also in attendance.

Attendance and apologies for absence, and approval of minutes of AGM held on 27th March 2019

There were no apologies from members

Vote 1 - approval for last year's minutes: 18 Approved, 4 Abstain

Voting for approval. The meeting approved the minutes for the AGM held on 27th March 2019.

Directors' Report and Accounts 2018/19

SE explained the vision at the early stages of SWAN formation about improvements and how to move away from manual cash transactions, and further to this, to become a more automated sustainable business. But this has not been a smooth journey, and SWAN hired consultants to explore alternative ways of doing business to be more efficient. Phone systems were outdated and caused issues for both directors and members. Since leaving CUS (the previous contractor for the back office for SWAN), the business has been in a transition period and had experienced problems with the new platform provider (Incuto), and also the COVID lockdown which had recently occurred would have an impact on our business going forward. SWAN has a great team to support the business and its members.

GB, who was Treasurer during the report period, presented key points about the financial performance – revenue generated rose by 9.75% to £116k which was a good result.

Expenses incurred for preparatory costs leading up to the launch, such as recruitment of staff, training and IT kit were covered by grant income. The back office CUS contract increased our costs in the final year of contract. SWAN also reduced spending on some things such as insurance and marketing.

Impairments/provision for bad debt- this is over £8k in the year, accumulated at £54k in total. This figure always grows as bad debts cannot be written off in their first 7 years. Compared to the previous year, the annual amount set aside has been erratic, so careful management is required. A lot of work has been done to improve this management so to create a better a credit control process. We need better accuracy and control so that these numbers will be smaller and relatively consistent.

After tax and provisions there remained a small surplus of £5,770 for the year.

Swan Capital (Accumulated earnings and reserves) at £95k which represents 8.14% of assets; which is well above the regulatory min of 3%, showing a healthy position.

Now SWAN has its own back office so we can directly control revenue and expenditure which was not achievable in the past. This also means better bad debt management.

This year SWAN is not recommending a dividend as the surplus was needed to help fund our reserves, and we expect to make a loss in the current financial year 2019-20

Vote 2 – approval of finance report: 23 For, 1 Abstain

Vote 3 - approval for no dividend; 20 For, 3 Abstain

Update on the current year 2019-20, Phillip Turnbull

SWAN has prepared well for the new system with recruitment and training of new staff. But in the first three months everything seemed to go wrong. The new computer system was not ready, with many functions such as bank account uploading and loans not working at all.

Despite exceptional work and long hours by staff and Directors our members were seriously inconvenienced; with delays in Child Benefits paid on to Debit cards; delays in loans and being unable to get through on the phone. It was a worrying situation: however, SWAN managed to recover with huge amount of hours put in by staff, Board members and volunteers. PT thanked the team.

SWAN managed to get back closer to normality on operations by the second quarter of the year. However we had no management information during this first 3 months, and even at the date of the meeting we have no functioning accounting system. The visibility on values of loans, share, income and expenditure was not clear until January 2020.

The positives are that SWAN recruited excellent hard-working staff, people committed to helping members solve their problems. SWAN has a new member app which is easier and quicker for borrowing and withdrawing. The new system allows us to handle more applications for loans to meet demand. Now the operational part of Incuto system is working well; we are in good position to move ahead and expand.

Financial performance Oct 2019 to June 2020

Lending increased by 30% (new loans) and net loans reached £655k. Expenditure was up 36% due to staff costs and a very large increase in provisions for bad debts of £21k. Loss for

the year so far is £35k and our capital ratio is down to 5.2%. Swan has been chasing arrears since January and the increase in provisions was halted in June.

SE concluded that this first year of our new office and system had been a very challenging transition. The whole of the INCUTO software team and the SWAN team has been on a steep learning curve and SE is now pleased that it is looking on the up. SWAN recruited excellent managers into the business and they have been good at pursuing Incuto for support and improvement.

With technology development and good support staff, SWAN is very optimistic for the future. If we keep up bad debts under control and continue with the 30% increase in lending, SWAN could break even for the rest of this financial year and next.

Upcoming Developments, Phil Stratton, Technology Director

PS spoke about the technology improvements with Incuto working on current account provision being available. One of the improvements being worked on is Open Banking, which gives the banking institution the ability to extract information from our member's bank account to a regulated third party entity. A benefit to the users is being able to track the activity in their bank account. A benefit to SWAN is that if enabled, when members make a loan application there is no need to fill in the expenses part of application as the information which SWAN will be able to access is categorised. This also means application process will be more efficient and involve fewer delays.

Future Plans and finances, Steve Eyre and Philip Turnbull

SWAN has been working on expanding the range of loans on offer. Historically CU's have met all members face-to-face to create a local, personal experience. SE explained the rationale to consolidate the 4 branches into one Swan Community Bank, as members were increasingly contacting us digitally. SE proposed an extension to our Common Bond. All CUs have a geographical area, currently Swan has North Buckinghamshire, Milton Keynes and Oxfordshire. One of the CUS credit unions is now competing with us in North Bucks and Milton Keynes. However, having invested in our staff and with SWAN bringing-in more loans, this will mean better profitability. One of the ways to achieve is by the extension of our Common Bond to reach more members.

Proposed rule changes – explained by PT

Rule 7 on admission to membership - The proposed new Common Bond would add the whole of the new Buckinghamshire Unitary Authority instead of the old District Council area of Aylesbury Vale. Districts no longer exist in Buckinghamshire. It is also proposed to add the words "studies in" to the existing "lives or work in" the qualification text.

Another significant change is Rule 14. Changing the age of full members from 16 to 18 clears up the anomaly that a junior saver who is eligible for membership of the CU and who is under 18's cannot borrow, so it makes sense for them to become full members at that age.

Rule 19 – the CU shall keep a register of members as per section 4 electronically

Rule 54 and 66 – changes to these. Rule 54 to be deleted. For Rule 66, delete existing wording and replace with this wording: "The CU will self-insure loans issued to members. On

death of a member with a loan, the net debt due will be paid off in full from the CU's own funds".

New Rule 138 – the CU shall comply with the Data Protection Act 1998 and GDPR concerning protection of data (change of wording to incorporate GDPR)

New Rule 142 – where we make our audited accounts available to members: this will be changed from "at our Registered Office" to be "on our website".

Rule 164 – list of interpretations, 'in writing' includes the transmission of info by electronic communications via email and app.

Question from member Amanda Youngs regarding members list only being stored in the Cloud and concerned that they are not stored elsewhere. PS explained that anything stored in the Cloud will have back-ups. All the data SWAN holds are backed up in DropBox dynamically and separately. So there are always two copies of all information held. PS has specific experience as he runs an IT business, and understands the importance of information back-up. Amanda is satisfied with the response and thanked the Board.

Vote 4 – all proposed rule changes: 22 For, 1 Abstain

Supervisory Committee Report, Alex Forman-Peck

AFP explained the role of this Committee and that there had been a period of time where Swan did not have this in place. The role is to ensure Directors are managing the CU in the best interest of members. This is a watchdog role over the Board and there is a need to make sure policies and procedures are in place and adhered to, controls are in place and functioning and that the Board promotes the principles that CU's are built on. This is done via Board Meeting attendance, reviewing minutes and audit type testing and investigative reports which are updated to the Board. It is also an advisory position for the Board to obtain general guidance. AFP has a background in accounting and started in audits before moving into systems consultancy.

Work performed since the transition to the operational platform has ranged from ensuring the accounting system is correct, submissions to the Bank of England are accurate, and general support regarding financial data for both Swan and Incuto, and to offer support to the Treasurer.

AFP asked that if anyone is interested in being a volunteer for this committee and with experience in finance, accounting to please get in contact. Amanda Youngs asked whether volunteers can help remotely. AFP addressed that it is possible and a lot of the monthly meetings are conducted remotely.

Appointment of Auditors, Philip Turnbull

Auditors for year just gone have agreed to carry on for current financial year. The firm is called PWH Accounting Limited and is a small accounting company in Leicestershire. PWH had done a good job when SWAN terminated the contract with our back office provider, which was a challenging time. Approval sought to appoint PWH accountancy for current financial year.

Vote 5 – re-appoint auditors: 20 For, 2 Abstain

Election of Board, Steve Eyre

SE informed that there are 3 members standing for election for a 3 year term, and these include Gary Brant (GB), Phil Stratton (PS) and Philip Turnbull (PT) who were elected in 2017 and who would like to stand and be re-elected for 3 years at this meeting.

Vote 6 – re- appointment of GB, PS and PT: – 19 For, 3 Abstain

SE explained that Alan Garrett (AG) was co-opted during the year and Brian Emmanuel (BE) has been helping with the changeover project. He asked each to introduce themselves.

BE lives in MK and is a dedicated serial volunteer for the past 20 years. He is a husband and a father and has a background in credit risk in both private and public sectors. BE has great affinity for volunteering, works closely with the local church. BE views volunteering as food for his soul and a way to balance his life. BE has worked with SWAN for a short period in the past and is committed to giving his all.

AG is originally from Ireland, is married and worked for 20 years in international banking with numerous project work abroad. At the age of 40 he became ordained as a vicar. AG has a strong commitment to want to be involved in community, viewing the importance of this community relationship. AG looks forward to being involved in community and helping out for those that need it the most.

Vote 7 – appointment of BE and AG: 21 For, 2 Abstain

SE thanked the Board, the staff and the members. Special thanks to PS for hosting the Zoom AGM. Meeting closed.

MEMBERS PRESENT

Steve Eyre	Amanda Youngs
Gary Brant	Diane Eyre
Philip Turnbull	Dexter Clarke
Phil Stratton	Karl Blair
Charlie Robertson	Joyce Onyango
Alan Garratt	Justin Kassanda
Brian Emmanuel	Tendai Nyamapfeni
Kenneth Corsar	Mohammed Alorayed
Emma Gatehouse	Spoorthi Subramanya
Feyi Edungbola	Si Phillips
Anne Hanscomb	Peter Stratton – Host
Winnie Wu	
Kenhinde Olajide	

NON MEMBER – NO VOTING

Nicola Locke (Incuto)