

SCOTWEST CREDIT UNION LTD

MINUTES OF THE 28th ANNUAL GENERAL MEETING

Held at The Marriott Hotel, Glasgow
26 November 2018 at 6.30 pm.

CHAIRPERSON'S OPENING REMARKS

The Chairperson, David McRiner, opened the meeting by welcoming everyone to the AGM of Scotwest Credit Union.

1. ASCERTAINMENT OF QUORUM

Jackie Alexander	John Magill	Frances McCann
Neil Godsman	Jamie McGlinchey	James Gibson
Ron Edwards	Tamar Lewis	Eleanor Gibson
Caroline McMichael	Charles Sim	Alex Ibe
David McRiner	Ian Turner	Gordon Keenan
Ian Fraser	Paul McGowan	Robyn Salah
Kim Stevenson	Stephen Wood	Scott Craig
Cathy Jamieson		

In attendance: Jennifer Alexander (JA) from Scott-Moncrieff, Chartered Accountants

No apologies were received.

The Chairperson announced that as the quorum of 15 had been met, the Meeting could continue. He also introduced Frances McCann (FM) as the acting CEO, as Kenny MacLeod, CEO was on extended sick leave.

2. MINUTE OF PREVIOUS ANNUAL GENERAL MEETING

The minute of the previous Annual General Meeting was included in the papers distributed to members prior to the Meeting and had been available on the website for two weeks prior to the AGM. There were no matters arising from the minute, and it was proposed by Caroline McMichael, seconded by Charles Sim and approved by the meeting.

3. CHAIRPERSON'S REPORT

The Chairperson's Report was included in the AGM pack available on the website and at the meeting.

David McRiner (DM) highlighted that we had co-opted John Begg, an experienced chartered accountant, to the Board and it was hoped that he would stand for election in November 2019.

He also thanked Paul and Alex for their contribution to the Board so far during their first three year term of office and was pleased they were both standing for re-election for a second term.

The Board is still a volunteer Board and recognises that their members are a strong asset. Scotwest has established a Directors Training Academy and he would encourage members to consider volunteering.

The key objective in preceding years had been increasing our Capital Asset Ratio to provide a buffer above the regulatory limit. This has meant building our Loan Book and retaining most of our profits.

We have delivered many of our objectives and one of the most significant is the increase in our loan book of 12% to £36m, which is the highest ever figure.

Service standards are very important to us and the results from the Member Survey continue to reflect our high standards in this area.

We completed a core banking upgrade this year and this has ensured that we are compliant with the recent introduced GDPR requirements.

DM then read the required regulatory confirmation:

As detailed in the report previously issued, credit unions in the UK are dual regulated by the Financial Conduct Authority and the Prudential Regulation Authority (PRA). In February 2016, the PRA introduced a new prudential source book (the Credit Union Rule Book) and this requires each credit union's governing body report to the members at the Annual General Meeting in respect of compliance as follows:

Depositor Protection

Scotwest is part of, and its members are protected by, the Financial Services Compensation Scheme. Membership of the scheme requires us to comply with various regulatory requirements in respect of the deposits we hold. In accordance with the Credit Union Rule Book Part 10.1 we confirm that we are compliant with the requirements of Depositor Protection 11 and 49 to 51.

Policy of Insurance

The Credit Union Rule Book Part 2.10 requires us to maintain insurance to protect us against loss suffered or liability incurred by reason of the fraud or other dishonesty of any of its officers or employees. In accordance with the Credit Union Rule Book Part 10.1, we can confirm that we have complied with those requirements.

Additional Activities

The Credit Union Rule Book Part 4 allows a credit union to carry out "additional activities" and provides additional compliance requirements thereon. In accordance with the Credit Union Rule Book Part 10.1, we can confirm that we have carried out the additional activities of "additional investments", "additional lending" and "mortgages" and that we are compliant with the additional requirements thereon.

We are launching the Directors Charity Awards and from next year, members will be automatically entered into a draw and if successful will be able to nominate a charity which will benefit from a £5,000 donation.

DM thanked his fellow Directors, staff and members for their continued support. Scotwest relies on this commitment support and he reminded everyone - if you need to save, think of us, if you are looking to borrow, think of us. You can promote us via social media, in your workplace and to friends and family.

4. CHIEF EXECUTIVE'S REPORT

The Chief Executive's Report had been tabled prior to the meeting on the website and copies were available at the meeting in the AGM pack.

FM highlighted the loan book figure of £36m and advised that the Christmas saving payout of £2.5 million paid out to members in November who had saved throughout the year.

She thanked the team who provide the service to members and that we are really proud of the service we provide to members.

Technology plays a key role in the service we can provide to members and the recent upgrade that was successfully delivered had little impact on the service level as a result of the hard work of the staff and in particular, to Jackie, Iain and Ron, the IT team, whose efforts during the process ensured the upgrade was delivered as seamlessly as possible and with no detrimental impact to members.

The new brand has been introduced, which brings a more modern, fresher look and will hopefully help us grow in the future. Frances thanked John, the Marketing Executive and the internal team of staff members for their work on this project.

FM advised that there was a more simplified version of the income and expenditure provided in conjunction to the main accounts but this would be referred to by Jennifer Alexander, later in the meeting.

5. ELECTION OF DIRECTORS

DM explained that as Alex Ibe and Paul McGowan had come to the end of their first term and were happy to stand for a second term, the Nominations had confirmed that they could be put forward for re-election.

DM asked for a show of hands and both Alex Ibe and Paul McGowan were re-elected unanimously.

Both Directors were asked to stand to allow members of the meeting to identify them and DM advised that there was information on both Directors on the website and FM said that leaflets were available at the meeting as well.

6. QUESTIONS FROM THE MEETING ON CHAIRPERSON'S AND CEO'S REPORT

DM asked if there were any questions in respect of either the Chair's Report or the CEO's Report.

A member advised he was impressed with the everything, including tonight's paperwork and asked about the marketing of Scotwest as he had had to look for us and had not been aware of much publicity in the Glasgow area. There had been little increase in the marketing budget I and he sked about this.

FM did acknowledge that before the launch of the new brand, we had not done much advertising but with the launch, marketing campaigns were being planned. There is a series of event planned.

FM was also asked about plans to expand services to third sector employers.

FM advised that yes we did and this was covered in the proposed Rule Book changes later in the agenda.

There were no other questions from the meeting or internet.

7. FINANCIAL STATEMENTS and
8. AUDITORS' REPORT

The Financial Statements were included in the AGM pack available on the website and at the meeting.

JA took the meeting through the papers.

Part of the audit responsibility to ensure this the Directors Report is accurate and correct and that it also contains certain statements that are part of directors' responsibilities.

JA confirmed the information contained on pages 3 – 5 of the Financial Statements shows that it was a clean audit report and the information is accurate.

She advised that there were certain statements and references that were required such as the Credit Union Act 1979 and the UK General Accepted Accounting Practices but she was happy to sign this off as a clean report.

The total was £2.7m against £2.4m last year which is very positive and in the right direction. The increase in expenditure is mostly a result of two main items. Firstly, investment in IT of £90k, which was expected due to the upgrade and secondly, provision for bad debts. An increase in this provision is always a cause of concern for auditors and results in in-depth testing and scrutiny. JA confirmed that there had been no change to Scotwest's risk appetite nor its processes. The increase, was therefore, correct and is mostly attributable to the increase in trust deeds which is an issue not just affecting Scotwest but is industry wide.

Question from the meeting – what is a trust deed?

JA explained that it was a tool which results in debt being locked in and makes it difficult for us to recover. FM also advised it was an old legal tool which had originally been put in place to protect creditors. However, as a result of recent aggressive advertising and cold calling by insolvency firms, trust deeds were on the rise. They are not always in the best interest of members and we are currently working with other credit unions lobbying MSPs and the Scottish parliament to try to work out a resolution.

Question from the meeting – Can we tell what the percentage of bad debt provision last year was to compare with this year's increase?

JA advised she did not have those figures to hand but could get the information.

She summarised that overall, the accounts showed a good result for Scotwest for the year ended September 2018. Confirmation of deposit had been received from all the banks listed and she was happy to confirm that Scotwest was a viable concern for the forthcoming year.

9. QUESTIONS ON THE FINANCIAL STATEMENTS

No questions were raised on the Financial Statements or Auditors' Report.

Those present at the meeting accepted the accounts.

10. APPOINTMENT OF AUDITORS

DM advised that the Board had determined to reappoint Scott-Moncrieff as external auditors for 2018-2019 and this was approved by the meeting.

11. Rule Book – Proposal for Amendment to Scotwest Rule Book

The Rule Book amendments were included in the AGM pack available on the website and at the meeting.

FM highlighted the reasons for the changes:

- Common Bond – addition of named employers in line with marketing strategy
- Membership age from 18 to 16 – affects 42 and is a result of the common bond being raised from 2m to 3m. This brings us line with other credit unions who have full membership at age 16.
- Name change for junior savers to junior depositors brings consistency as this is the description used by regulators
- Removal of all references to young members(re change above to full membership)
- Wording amended to allow immediate expulsion of a member who has committed or attempted to commit fraud
- If a member has an outstanding liability to Scotwest, they cannot be expelled due to dormancy
- Re-number rules – as a result of changes
- Amend references to 'young member'

FM asked if there were any questions in respect of the proposed amendments.

There were no questions and the amendments were approved by the meeting.

11. CLOSE OF MEETING

The Chairperson apologised for problems with the sound and lights thanked all members for attending and there being no further business, the meeting closed at 7.05pm.