

Erewash Credit Union Ltd t/as Derbyshire Community Bank

19th

Annual General Meeting

19th March 2025

Notice of the 19th AGM

To be held:

2pm on Wednesday 19th March 2025

Virtually – a link will be sent to each Member who registers prior to 2pm on
Wednesday 19th March.

Registration page: <https://www.dcbank.org.uk/agm-2025/>

Agenda

1. - Welcome & Introductions
2. - Apologies
3. - Minutes of 2024 AGM
4. - Chair's report
5. - Treasurer's report
6. - Audited accounts to September 2024
7. - Approval of 2% dividend
8. - Appointment of Alexander Sloan LLP as auditors until the end of the 2026 AGM
9. - Resolutions:
 - a. Re-election of current directors
 - i. Philip Fee
 - ii. Gordon Thomas
 - b. Election of new director
 - iii. Richard Payne
 - iv. Alexa Toms
 - c. Authorisation for the board to co-opt up to one additional director to serve until the 2026 AGM
10. Any other business
11. Social Impact Presentation

Minutes of last year's meeting:

Minutes of 2024 AGM: Erewash Credit Union Ltd, trading as DERBYSHIRE COMMUNITY BANK

Wednesday, March 20th 2024

1.30 pm

Meeting held virtually via video conference hosted by ABCUL

AGENDA ITEM	RESOLUTIONS/ACTIONS
Attendees See attendance register – 21 members in attendance	
Housekeeping Jackie Littlewood from ABCUL provided housekeeping information and guidance on how to utilise the voting functions during today's AGM.	
1] Welcome & Introductions by Simon Haslam, Chair of the Board . Mr Haslam confirmed that a quorum was present and that the meeting could therefore commence	
2] Minutes of 2023 AGM The minutes of the previous AGM having been circulated with the papers for the meeting, members were asked to approve the minutes of the 2023 AGM.	Accepted as a true record 17 members voted, and of those 76% agreed minutes were a true record, 24% abstained due to not being present at the last AGM. There were no votes against
3] Chair's Report for the financial year ending 30th September 2023 Presented in line with submitted papers. No questions raised	
4] Supervisory Committee Report Presented in line with submitted papers. No questions raised.	
5] Treasurer's Report Presented in line with submitted papers. No questions raised.	
6] Receive the annual audited accounts Presented in line with submitted papers. No questions raised.	
Members were invited to accept the audited accounts	15 members voted unanimously in favour
7] Polls VOTE – to re-elect Pat Butler to the board VOTE – to re-elect Malcolm Wright to the board VOTE – to appoint Tanya Noon to the board VOTE – to authorise the board to appoint an additional two directors VOTE – to approve a dividend of 2% VOTE – to re-appoint Alexander Sloan as auditors	Resolution agreed – Unanimous Yes vote by 15 members voting Resolution agreed – Unanimous Yes vote by 15 members voting Resolution agreed – Unanimous Yes vote by 15 members voting Resolution agreed – Unanimous Yes vote by 17 members voting Resolution agreed – Unanimous Yes vote by 16 members voting Resolution agreed – Unanimous Yes vote by 16 members voting

8 Special General Meeting

The chair set out the proposed changes to the Rules of the Credit Union to remove the requirement to have a supervisory committee, and to make the necessary consequential changes in the rules of the Credit Union, setting out why the board believed that these rule changes were in the best interests of the credit union, and invited any questions from the members present.

There were no questions from the floor.

The chair therefore moved the two votes as set out in the papers presented to the meeting:

VOTE – to remove the requirement to have a Supervisory Committee

VOTE – to make the necessary consequential changes to the Rules as set out in the document sent out in the meeting papers

2023/24 Financial Year - Report from the Chair

As Chair of the Board of Directors, I am pleased to present my report covering the financial year from 1 October 2023 to 30 September 2024. Where appropriate I have added commentary on developments that have taken place since 30 September to ensure members are fully up to date.

The year in brief

Continuing the trends I reported on last year, the combination of continued inflation and pressure on cost of living and a challenging economic environment have combined to create real challenges for many of our members. However, unlike last year we have seen a drop in demand for new or top-up loans has been very strong. We continue to decline many applications – either for reasons of simple affordability (we are not allowed to make loans unless we are satisfied that the repayments are affordable) or because of a significant number of applications where there is clear evidence of an unsupportable level of gambling activity. We are not trying to moralise about particular behaviours, but our regulators rightly require us to have regard to potentially damaging activity by a member – and many of our fellow credit unions have had to face litigation from members arguing that a loan should not have been made to them because it was obvious that they had a gambling problem.

Cost of living problems and the consequent impact on affordability has been front of mind for the board and for our staff; we have endeavoured to support our borrowing members wherever possible – whilst having regard to our regulatory duties to ensure that borrowers are not over-extending themselves.

Staffing Implications

We are fully staffed for the first time in some years – with Phil's senior team reinforced by the appointment of Ravi Pahal as our operations manager in the second quarter of calendar 2024 and the appointment of Mike Ballantyne as our accountant (on a part time basis) in the third quarter of the year. I am very grateful to Phil and to all his team who do such a great job for all our members.

Membership

Membership continues to grow, with membership increasing by more than 10% in the year to September, with growth in members continuing since then.

<i>Total members – September 2023</i>	<i>4,120</i>
<i>Total members – September 2024</i>	<i>4,568</i>
<i>Total members – March 2025</i>	<i>4,846</i>

The trend of members choosing to interact with us via our app or our website continues – hardly any members come into our offices in the centre of Derby, and very few members use Royal Mail and snail mail’ to communicate with us. That of course helps us with efficiency, but it does mean that we lose much of the ‘word of mouth’ recommendations and the sense of community that were part of the original credit union movement and which were so crucial to our own early success in Ilkeston. The board is keen that we should find ways to re-connect with our communities – not least because we are worried that the focus on electronic communication with members may disenfranchise those who are not digital natives and also because many join as members with the sole aim of getting a loan. We want those members to know that we are a cooperative, and that the money they borrow comes from savings by their neighbours – and that members who choose not to repay their loans are damaging their community. We are very keen to re-launch our volunteering activities, with the idea that volunteers would take turns to provide a ‘physical presence’ at a local community centre or similar – if anyone is interested in being part of that, please respond to the final question in our AGM materials – or email info@dcbank.org.uk .

Members' Share Balances

As can be seen from the table below, the money saved with us by our members, which fund our lending activities, reduced in the year – despite the rise in membership numbers. This is, we believe, a combination of members choosing to withdraw some of their balances with us in search of a better returns elsewhere and other members drawing down on their savings in response to cost-of-living challenges.

Total shareholder balances September 2023 £1,608,613

Total shareholder balances September 2024 £1,560,778

While this drop in members' deposits at around 3% over the year is not massively concerning, it does follow a 5% reduction in deposits in the previous year. Ultimately, we depend upon growing our deposits from members to fund our lending activities – so if you know anyone who might be interested in keeping some of their savings with Derbyshire Community Bank, then please mention us – and give them our website details!

We are also keen to get the message out to potential saving members about the social purpose that can be achieved by becoming a member at Derbyshire Community Bank and saving money with us. As a co-operative, together we can have a positive impact on our community, particularly for those with limited access to savings or affordable credit. More than 55% of our Members live in the most deprived areas, so it is important that our products and services are appropriate and valued by our Members. At the end of this meeting our CEO will share some of our social impact data.

As part of our social impact, we recognise the generous people who save with us to help deliver our social purpose – these are our 'Angel Savers', deposits totalling more than £1/2 million, enabling us to deliver on our social purpose.

Can I pass on a big thank you to more than 100 savers this year who have waived their entitlement to a dividend, which will in aggregate give us at least £1,600 in waived dividends which we can re-invest in our community.

As you will see elsewhere in the AGM papers, we are recommending an unchanged dividend of 2% this year.

Lending

Total new lending in the year was sharply down on the previous year – with total loans advanced of just £1,096,000 compared to £1,328,000 last year – a drop of 17.5%. And for the first five months of this year, we have been lending at an annualised rate of just 82% of prior year, £470,000. This is partly because we are getting fewer applications – and we worry that prospective borrowers are turning to payday and other sub-prime lenders; but it is also because we are having to decline more loans due to concerns over affordability or over inappropriate levels of gambling. Under the regulations

that govern us as a credit union, as well as reflecting our mission as a credit union and as a cooperative organisation, we can only make loans which are affordable by the borrower – no matter how much we may empathise with the financial need shown by the application

Our staff do try and explain our reasons when we have to decline a loan – and we also seek to offer suggestions about how the member can improve their financial position with a view to them being able to make a better case for a loan in a few months' time – this aspect of financial education is an important part of our mission as a credit union.

Loan Income

Despite the sharp fall in lending activity discussed above, loan income experienced a very modest fall of just 1% - but unless lending volumes recover significantly in the rest of this year, we are on track to see loan income fall to just £400,000 for this year, compared to the £433,000 shown in the annual accounts. If that trend continues, then we may no longer be viable as a credit union – so the board and Phil and his team are looking at how to return to lending growth, obviously in a sustainable way.

Bad Debts

Arrears on loans continue to be an issue for us, reflecting the economic climate, which continues to report increasing personal debt issues including higher levels of bankruptcy and other types of debt arrangements. As I have mentioned at the last two AGMs, the severe problems associated with loan arrears and bad debts are by no means unique to Derbyshire Community Bank - they are being experienced across the credit union movement.

During the year, the net charge for bad and doubtful debts was £91,000 – the same charge as the previous year. This is net of the recoveries we have made from chasing arrears – where we had recoveries of nearly £49,000 this year, a smidge below the previous year's recoveries of just above £50,000. I am very grateful to our credit management teams for all their work on this.

We continue to take steps to mitigate and reduce debt delinquency (as well as ensuring that we make a robust assessment of the affordability of a loan at the time it is requested – including an assessment of the potential vulnerability to further increases in gas and electricity prices and other inflation) – but as a credit union it is important that we are there for our members. We are therefore never going to reduce our charge for doubtful debts to go to zero – but a debt provision each year equivalent to more than 8% of the loans made in the year is in the board's view too high.

Financial Strategy and Performance

Our financial performance over the last two years is shown below:

Year	Revenue	Surplus before dividends
2022/23	£439,727	£57,081
2023/24	£441,131	£30,503

Overall, the financial performance for the year was just about acceptable – as a board, we had budgeted this year for a modest surplus of £30,000 before dividends, recognising that we expected to be fully staffed for the entire year (having been below planned headcount for much of the previous year. We were fortunate with the actual outturn being in line with our forecast, as our total lending income was lower than we had forecast, due mainly to missing our lending targets (and therefore our loan income target) - staff costs came in below plan, but other costs were also higher than expected. The final surplus of £30,500 is the bare minimum we need to cover the dividend to members, and doesn't give us the headroom we need to continue to invest in the services we provide.

For the current year, the board approved a budget for the current year showing a surplus just below £30,000 before dividends – however, the continued drop in lending described above means our income is behind plan, and unless we can lift our lending between now and September, we will struggle to deliver a surplus sufficient to cover a 2% dividend.

Having said that, our reserves position is very comfortable – with audited reserves at the end of September 2024 of £433,000 – a very comfortable 21% of our assets and well ahead of the level of reserves we are required to hold by our regulators.

Taking into account the outturn for the year, and our reserves levels, the board believes it is appropriate to pay the same dividend that we did last year. We are therefore recommending **a 2% dividend for the year**. A resolution to approve that dividend is included later in the agenda.

Year End Reserves

Audited Reserves at the end of the financial year were £433,000 and remain strong, this includes the addition of £6,000 being this year's financial surplus.

This is before the cost of the recommended dividend, which we estimate will cost £28,499 if approved at today's meeting.

The board has carried out a detailed review of the level of our reserves and are satisfied that our current level of reserves is well above the level required by our regulators and also provides a sufficient contingency for unexpected outcomes.

Regulation

As a credit union, Derbyshire Community Bank is regulated by both the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority (PRA) – both regulators have traditionally applied a 'light touch' to their regulation of the credit union sector, but with the number of credit unions who are failing (or being rescued by a 'merger' into a larger and stronger credit union) increasing, that 'light touch' is becoming demonstrably firmer. The PRA have required all credit unions to attest to the quality of their governance – our self-review identified a few areas of potential improvement, which we have now completed, so we believe we are in an appropriate position given our size and lack of complexity.

All our CREDs ratios (the key indicators set for a credit union of our size by the PRA) are currently green.

And finally...

I thank all our many supporters for their help and contribution during 2023/24. As outlined above we hope to further build upon this in the coming year, and to develop new, fruitful partnerships across our common bond area – with a potential population of those living or working in that area of over 1.2million people, and a membership of just over 4,000 we still have a lot to aim at!

I want to convey my appreciation of the professional and dedicated approach taken by Phil Cole, our Chief Executive Officer, and by his team, in continuing to develop and modernise the operations of the Credit Union.

Finally, I must express my sincere gratitude to my colleagues on the Board of Directors, who meet regularly to steer us in the right direction – I am particularly grateful to Graham Bolton who stepped down from the board during the year. I am also, of course, incredibly grateful to you - our members - without whom none of this would exist for our local community.

*Simon Haslam
Chair
March 2025*

Report from the Treasurer March 2025

Treasurer's Report

The economic environment that we and our members faced in 2023/24 continued to be tough – inflation may have moderated from its peak, but energy costs continue to be high, and many of our members are still badly impacted by cost-of-living increases. Despite this, Derbyshire Community Bank has been resilient and continued to serve its members. We had a stable year in 2023/2024 - but volumes of lending were down and despite increasing the compulsory saving included as part of the loan repayments from members who borrow, we still saw the total level of savings from members reduce slightly. I'm delighted that we achieved a small surplus – although a much smaller surplus than last year. Before the costs of paying dividends (which are charged to the accounts as an expense) our surplus for the year was £30,503, compared to £57,081 in 2022/23. The board have carefully considered the financial position of the credit union, and has concluded that we should still recommend a 2% dividend for your approval today as we know the dividend is an important reward for saving for many of our members.

Income/expenditure

Interest income for the year from loans to members was down a little on the previous year, as we have been lending less money – but this was made up by increasing interest income on our bank deposits due to the higher interest rate environment.

Phil, our CEO, has brought staffing back up to complement – and this year overall staffing costs were higher than before as we had fewer staff vacancies across the year as a whole. Our bad debt provision, although almost exactly the same as last year, is higher than we would like – although we do our best to show forbearance when members fall into arrears, particularly when this is due to circumstances outside of their control, borrowing members do need to recognise that we are a cooperative – borrowers are borrowing money from members with savings - and where a member can no longer repay their loan, the bad debt costs fall on other members – not some faceless group of shareholders. Phil and his team will be working hard to reduce our bad debt provisions in the coming year.

Balance Sheet

Savings balances have fallen slightly in the year, as have loan balances – but our net cash position has improved to £581,000 at our year end – well above the level required by our regulators and giving us the resources to meet what we will hope be an increased appetite for borrowing from our members in 2025.

	2023	2024	% difference
Total Assets	£2,066,782	£2,020,787	-2.2
Member's Shares	£1,608,613	£1,560,778	-3.0
Loans to Members, net of provisions	£1,552,997	£1,436,734	-7.5
Interest on loans	£439,727	£441,131	+0.3
Surplus before Tax and before dividends	£57,081	£30,503	-46.6
General Reserves	£427,846	£433,823	+1.4

Budget & Business Plan

Each year the board approve a business plan and budget for the new financial year, and performance against the budget and plan is reviewed and monitored at the monthly board meetings. Members should note however that our current rate of lending – some £700,000 of new lending a year on an annualised basis – is lower than we need to be truly sustainable; and we are working with Phil and his team to increase this to something over £1m a year, without changing our bad debt profile.

Compliance (as at Sept 24)

The credit union remains in a strong position maintaining liquidity of £581,000 – 36% of our liabilities, and well ahead of what our regulators require.

In addition, our capital to asset ratio requirement of only 3% is comfortably exceeded at 20.42% (which is again up on last year's figure of 19.52%).

Dividend

In light of the surplus highlighted in my report and our strong regulatory compliance position, I endorse the recommendation of the board that a 2% dividend is paid this year.

*Patricia Butler
March 2025*

Audited Accounts for the Financial Year Ending 30th September 2024

EREWASH CREDIT UNION LIMITED TRADING AS DERBYSHIRE COMMUNITY BANK REVENUE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2024

	Notes	2024 £	2023 £
Loan interest receivable and similar income	3	441,131	439,727
Interest payable and similar charges	4	(28,186)	(21,550)
Net interest receivable		412,945	418,177
Fees and commissions receivable	5	78	78
Fees and commissions payable	6	(1,861)	(1,770)
Net fees and commissions		(1,783)	(1,692)
Other operating income	7	-	10,405
Administrative expenses	8	(278,416)	(264,048)
Depreciation and amortisation		(689)	(1,135)
Other operating expenses	9	(33,434)	(31,598)
Impairment on loans for bad and doubtful debts	16	(91,078)	(91,774)
Surplus before taxation		7,545	38,335
Corporation tax	13	(1,568)	(444)
Surplus for the year		5,977	37,891

The Revenue Account has been prepared on the basis that all operations are continuing operations.

The notes on pages 11 to 26 form an integral part of these financial statements.

EREWASH CREDIT UNION LIMITED
TRADING AS DERBYSHIRE COMMUNITY BANK
BALANCE SHEET

AS AT 30 SEPTEMBER 2024

	Notes	2024 £	2023 £
Assets			
Loans and advances to banks	14	581,281	540,459
Loans and advances to customers	15	1,436,734	1,522,997
Tangible assets	17	989	1,678
Prepayments		1,783	1,648
		<hr/>	<hr/>
Total assets		2,020,787	2,066,782
		<hr/>	<hr/>
Liabilities and reserves			
Customer accounts	18	1,560,778	1,608,613
Other liabilities	19	16,199	20,336
Accruals and deferred income	21	4,148	4,148
Provisions for liabilities	23	5,839	5,839
		<hr/>	<hr/>
		1,586,964	1,638,936
		<hr/>	<hr/>
General reserve		412,607	403,379
Other reserves		21,216	24,467
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Total reserves		433,823	427,846
		<hr/>	<hr/>
Total liabilities and reserves		2,020,787	2,066,782
		<hr/>	<hr/>

Resolutions

➤ Resolution on dividend to Members

The board recommends a dividend of 2.00% to be paid on all shares; members are invited to vote in favour (or against) this resolution

➤ Resolution on re-appointment of Auditors

- The board recommends the re-appointment of Alexander Sloan as external auditors to Derbyshire Community Bank, to serve until the end of the 2025 Annual General Meeting. Members are asked to vote in favour of the re-appointment of Alexander Sloan

➤ Resolution on re-election of directors.

- In accordance with the Rules, two of the serving directors are due for re-election this year, in each case for a new three-year term:
- Phil Fee – Phil has been employed within the local Cooperative movement for over thirty years in retail food store management positions. Phil joined the board in 2010, and is currently vice-chair and secretary for Derbyshire Community Bank
- Gordon Thomas – Gordon is currently a husband and stay-at-home dad, who is training to become a qualified psychotherapist – having previously lived and worked in Takasago, Japan for two years followed by two years in Ningbo, China. After returning to the UK he worked at the University of Nottingham in a variety of administrative and management roles. Gordon is a Labour councillor on Erewash Borough Council.

➤ Resolutions on election of Directors

➤ Board members co-opted during the year:

- The board appointed two new directors during the year, Richard Payne was appointed to fill the vacancy created by the resignation of Graham Bolton, and Alexa Toms was appointed to fill one of the permitted co-options approved by the members at the 2023 AGM.
- In accordance with our rules, both are due for election by the AGM – in each case for a three-year term.
- Richard Payne – Richard has a career of over twenty years in financial services, and is currently Chief Operating Officer of Oakbrook, a lending business with a portfolio of more than £200m of

loans outstanding. Richard has lived in Derbyshire all his life, and is a keen fan of Derby County.

- Alexa Toms – Alexa lives in Allestree and works at the University of Derby – working for the Student Union, where she has responsibility for running the Union's elections and all aspects of the student's governance and democracy. Alexa is also a student at the university where she is nearing the end of studying part-time for a Masters in Sustainability and Environmental Management.

Resolution on ability of the board to make co-options to the board

The board recommend that members give the board the authority to co-opt up to one additional individual to the board, if such an individual is identified by the board as being suitable and appropriately qualified and experienced. If the board make such an appointment, the appointment shall terminate at the 2026 AGM, but any such individual shall be eligible to be elected to the board at the 2026 AGM. Any such appointment shall be in addition to the powers conferred by the rules which permit the Board to appoint individuals to the board to fill any casual vacancy which may arise during the year.

Any Other Business

- **Use the voting tab if you would like to volunteer for further Involvement in Derbyshire Community Bank, or would like to find out more about what serving on the board might involve**

Meeting Close