

Board of Directors Report

Birmingham Inner Circle Credit Union AGM 2019/20

24 September 2021

34th Year in Operation

Tracy Sullivan – Chair of Directors

I would like to start the meeting by thanking the staff and volunteers for all the hard work and commitment they have given during the Covid pandemic. In spite of the pandemic the credit union has tried to continue to offer a full service throughout, with staff working both from home and in the office. The office has been open on Mondays and Fridays from April 2020 and on Mondays, Tuesdays and Fridays from May 2021.

Over the past financial year we have continued with the strike 6 Credit Union lottery raising a total of £1113.00. The money raised goes towards volunteer expenses and sundry items. It should be noted that the lottery runs outside of the credit union accounts, so it has no impact on the member's accounts, unless they ask for their winnings to be put into their saving account. We would like to thank Karon Cairns for all the hard work she does to ensure that the whole system runs smoothly and members are notified when they win and are paid out.

We have seen an increase of 64 adult and 19 junior members although a steady number of young savers have graduated to adult status adding on average a further 5 members a month to the adult membership. We have also worked to keep members with older accounts informed which sometimes results in a renewal of activity in the credit union, but also of course involves closures. Changes that are commented on in other reports also point to a loss of some groups of members.

The Credit Union continued to offer advice and bill payment services to our members with assistance from Birmingham Settlement and Ladywood Project, supported by Bram, Gerardine and Caron. Jackie has taken over from Samantha in managing the bill payment service. The credit union has continued to work with Ladywood Project to offer help with fuel and food parcels.

This AGM and its reports need to bring to the attention of the membership the events of the last year and their impact on the credit union – in common with all organizations, whatever services they provide. Those events are, of course, the pandemic but also the results of the Brexit vote.

To us the immediate impact of the pandemic has been on loan granting, where we have experienced a fall in applications of 30%. The dramatic drop in loan take-up during the second and third quarter of 2020 as compared with the same two quarters in 2019 was probably a direct consequence of the pandemic. But the effect of Brexit has been evident since the referendum and continues to suppress demand for loans. We see lending for essentials to this group of the membership reduce by a third during the year. Main contributors to higher loan take-up - for holidays, family and seasonal celebrations or funerals - are people with roots or families abroad, and this lending has also reduced by a third this year. Most are affected by the travel restrictions, but fear of loss of residency rights appears to have impacted in particular on our members from Europe.

The effect of reduced lending has been a loss in loan income of nearly 25%. On the other hand work done over recent years to reduce the burden of provision for unpaid loans has cushioned the effect of the reduction in loan interest between 2018/19 and 2019/2020. There has been little change in the overall levels of bad debt or slow payment. Relatively few members have asked for or been

offered rescheduling arrangements and/or payment holidays and this may be because so many of our members are receiving benefits or working in the public sector.

The flip side to low loan take-up has been a 10% rise in members' shareholding – that is the cash held in members' accounts - and a 30% increase in the cash held in the bank. While less well-off members have needed all the money that is paid into their accounts, those who been able to hold on to their jobs and may otherwise have borrowed, have been able to save. So reduced lending has had little impact on the value of the assets.

At the time of first writing this report (March/April 2021), a likely scenario was that the pandemic would recede over the following 12-18 months as the vaccination programme was rolled out. But at this time – the Delta variant, the risk of new variants, the continuing impact on employment and the imminent reductions in benefits and other support, suggest that the 'covid effect' will continue for much longer. The end of legal inward migration for workers from Europe will continue to affect membership and lending potential indefinitely.

The options for the future growth of the credit union are likely to require a significant change in focus, greater co-operation with other credit unions and developing some of the additional services in co-operation with other organizations. It is with this in mind – the Board will be asking for a discussion and decision on the proposal later on in the agenda.

In conclusion we would like to thank everyone involved with the credit union for their time and commitment over the past year; they include:

The paid workers - **Rhonda, Velma and Samantha**; and congratulation to Samantha who took up new employment with Birmingham Settlement from last September and now returns each Friday to provide debt advice;

The volunteers – **Caron, Dot, Gerardine, Harry, Jackie, Karon, Margaret, Marge and Sacha. John Pemberton** who stepped in to maintain IT support while Ben has been away;
And, not least, you, **the members**, without whom none of us would be here at all.