

10 The Money Spinner Credit Union Limited



The Money Spinner Credit Union is a mutual financial co-operative, where the only members are those that use the Credit Union, and only users can be members. As a fully mutual co-operative, the Credit Union has established a number of practices which ensure the ownership and control of the co-operative remains within the membership.

What it Does

The Money Spinner Credit Union Limited (Money Spinner) is a financial co-operative, offering savings and loans to its members, in a distinct geographical area of the Borough of Tameside. The area has been recognised as an area of social and economic disadvantage, being the second most deprived area in the whole of Greater Manchester.

The Credit Union ensures its services are tailored to help meet the needs of its community of members, with a range of low cost financial services, particularly to those on low incomes or those who find themselves excluded from mainstream high-street financial institutions.

The Credit Union also provides additional member-based services, and broadens its breadth of activity to account for longer-term capacity building in the community, with training, advice and signposting services to ensure local people are adequately equipped to deal with their own finances. These additional services include financial counselling for remedial and preventative situations, referrals and signposting for members to support organisations, such as the Citizens Advice Bureau, and straightforward banking systems for a range of community-based organisations, including parent and toddler groups and sports clubs.

As with all credit unions, the financial co-operative has a common bond for qualification of membership. For the Money Spinner, the common bond is all those people living and working in distinct political wards of the Borough. The Credit Union recently joined forces with a neighbouring union, to form a larger single financial co-operative, covering a wider geographical area, increasing its membership and forecasts to reach the £1/2 million turnover milestone within the current financial year.

How it Came About

The Money Spinner was established in 1989 and was the first in Greater Manchester. The Borough's Anti-poverty Strategy at the time advocated credit unions as a means of enabling people excluded from mainstream financial institutions, to access low-cost finance.

The Money Spinner was one of seven to be established in Tameside, in a specific area of the Borough which was the second most deprived area of Greater Manchester. Responding to a distinct community need, the Credit Union quickly became an established community facility, offering savings and borrowing facilities to local people.

Governance Structure

The Credit Union is governed by a Board of Directors, elected by the membership. The minimum number of Directors for a Credit Union is five, and the Money Spinner currently has thirteen Directors. Once elected, Directors serve for a term of three years, with a third of the Board standing down at each Annual General Meeting (AGM), although they may immediately stand for re-election.

The Credit Union is a member based organisation, with all individuals opening an account with the Union becoming members of it. All members must hold a nominal £1 share in the Credit Union, which is

Facts & Figures

- Organisational Type – Credit Union
- Legal Form – Industrial & Provident Society
- Date Established – 1989
- Location – Hyde, Greater Manchester
- Number of Members – 1,600
- Number of Workers – Four employees, 45 volunteers
- Turnover – £26,032 for the financial year ending September 2002

withdrawable. The Board of Directors are, however, currently considering introducing an additional minimum shareholding of up to £5 to remain in membership. All members, irrespective of their shareholding, have one vote in the Credit Union.

The organisation also enables individuals no longer living or working within the common bond area, to remain in membership as non-qualifying members, although these must never exceed ten per cent of the total membership. The governing document of the Credit Union includes a clause, enabling the Board of Directors to do whatever is necessary to reduce the number of non-qualifying membership to below ten per cent, including expulsion from membership of the most recent non-qualifying members.

Decisions relating to the expulsion of members must be taken by passing a special resolution in a joint meeting of the Board of Directors and the Supervisory Committee. All members are provided with an opportunity to appeal, in which case, the Board of Directors must convene a special meeting of the members to consider the matter of their expulsion.

All members of the Credit Union are able to nominate other members to the Board or Supervisory or Credit Committee, with no less than three members on any one Committee.

The governing document enables the Board of Directors to appoint a Nominating Committee, who ascertain the number of vacant positions requiring elected candidates, and ensure that there is at least one candidate for each vacant position. At the time of writing, however, the Credit Union does not have a Nominating Committee. All members wishing to be elected to the Board make applications for approved person status with the Development Manager. Once an application for approved person status has been accepted, a member is able to stand for election to the Board.

Approved person status is specific to credit unions, and is a requirement of the Financial Services Authority that all persons involved

in the management and governance of credit unions meet certain criteria.

Although staff are able to become members, they are not able to stand for election to the Committee. Similarly, junior members are able to save with the Credit Union, but do not receive full membership rights until they reach the age of eighteen.

The Credit Committee, reports to the Board of Directors, and has the specific role of considering all loan applications outside approved policy areas, and loans for over £1,000. The Credit Committee consists of three members, one of whom is appointed by the Board of Directors, the others elected by the membership at the AGM.

The Supervisory Committee functions as an internal audit body for the Credit Union, certifying the monthly financial statements and quarterly returns, along with random checks of member records. The Supervisory Committee consists of three members, drawn from the membership of the Credit Union and not Directors.

Participatory Practice

As a member-owned, not for profit financial co-operative, the Credit Union is committed to its members, and as a core principle endeavours to preserve credit union democratic principles, including demographic representation and volunteer participation in activities. The principle is realised through regular full members' meetings, to consult and discuss key issues.

The Credit Union, during the merger process with a neighbouring credit union, held a series of four full members' meetings in its area of benefit, to ensure the concerns and issues of its members were raised and addressed prior to the merger.

The Credit Union encourages its members to become active volunteers, as a first stage in greater involvement in the governance of the Credit Union. By establishing volunteer policies and procedures, and mentor schemes, the Credit Union is able to fully support and develop its members into volunteering thereby introducing them to



the work of the Credit Union, and its governance more fully.

The Credit Union takes advantage of informal meetings, and social events to bring members together to discuss and support the activities of the Credit Union.

The AGM is held in a community facility, and members are encouraged to take part by encompassing the business of the AGM within a social event, inviting speakers and providing entertainment. At the AGM in 2003, the Credit Union provided incentives for participation, with a prize draw for £25 of savings for all attending. In presenting the AGM as a member based evening and as a social event, the Credit Union is able to demonstrate that the AGM is a key element of the members' calendars.

To communicate general issues, policy and decisions made by the Board to the wider membership, the Credit Union issues regular Newsletter to all members. In addition, the delivery of personal Birthday cards for all members acts as a reminder of the Credit Union's work, and the value it places on membership.

All members, when joining the Credit Union receive a Membership pack, which provides general information about the Credit Union, the rights and responsibilities of being a member, and the importance of the voluntary leadership and democratic elections. Training for new members is provided, this includes general financial management and debt advice.

Participation on the Board for members is actively encouraged, in Newsletters and informal networking events. Although the Approved person status sets out criteria that individuals must meet to become a Director on the Board, the Money Spinner is eager to ensure new Board members are fully supported and trained in governing the organisation. All Directors are provided with training, and undertake the Association of British Credit Unions (ABCUL) Directors' training course, which includes modules on regulations and requirements of the Financial Services Authority, good governance practice in the board room, and the skills and competencies required for governing a credit union.

Stakeholder Engagement

The Credit Union ensures it plays an important role in strategic alliances and partnerships to make certain the work of the Credit Union is maximized. The Money Spinner hopes that by working alongside other agencies the social and economic well-being of the area is improved.

The Credit Union considers other credit unions, community groups, and the local Development Trust to be important stakeholders in furthering its own objects, and endeavours to engage with these partner organisations in partnership meetings and forums.

Key to Success

The Money Spinner Credit Union states that the main factor which has driven its success in the community and as an organisation is the part the people – the volunteers, Board of Directors and members – have all played in delivering the objects of the Co-operative, in a democratic and community-based manner. From its humble beginnings sharing local authority offices, the Credit Union has maintained a friendly and informal manner of communication with its members, at the same time as ensuring the skills and competencies for effective governance are recognised and developed through training programmes and member information.