

## Co-operatives UK Annual General Meeting

Minutes of the AGM held on Friday 19 June 2020 at 17:00 by Zoom webinar

**Number of members in attendance: 56**

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**1 The Chair opened the meeting and introduced those on the platform:**

Nick Matthews (Chair)

Emma Laycock (Interim Society Secretary)

Nick started the meeting by commending the work of all during this difficult period of the COVID pandemic. He also paid a special tribute to ILO Coops Unit, which has served the international co-operative movement for 100 years.

**2 Taking of Attendance**

The Chair confirmed that the meeting was quorate and informed attendees that the meeting was being recorded for the minutes and for members who were watching.

Emma Laycock explained the process for casting votes on resolutions, a ballot vote for the Rule amendment changes and the online polls for all other resolutions. Emma also explained the use of the chat facility to communicate with Co-operatives UK staff and how participants and online viewers can ask questions during the meeting.

**3 Minutes of Previous Meeting**

Nick Matthews proposed the motion to approve the minutes of the 21 June 2019 Annual General Meeting and this was seconded by Mark Simmonds (Co-op Culture).

Through the online voting poll the minutes of the meeting were approved as an accurate record.

**4 Resolution One: Rulebook amendments**

Nick Matthews introduced Mark Simmonds, as Chair of the Governance Committee, to take questions from members on the Rulebook changes made.

Members were told the Rulebook changes were proposed to reflect changes in legislation and best practice and to improve accessibility of the rules and transparency for members. It was noted that there were no significant changes to rights and responsibilities and the rulebook changes were made after prolonged discussions between Co-operatives UK, the Board of Directors, the Governance Committee, the Financial Conduct Authority and our members.

Mark gave a brief summary of some of the changes made.

In response to a question from Kathrine Parrish (Whistlewood Common Ltd), Emma Laycock confirmed that the Co-operatives UK model rules are in the process of being updated. She also advised that all societies should be reviewing their rules on a regular basis and Co-operatives UK can support co-ops to do this.

In response to a question from Jenny de Villiers (Co-operatives East Midlands) to elaborate on Board composition, Mark Simmonds informed members that we have a

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mixture of seats allocated to our larger members, seats allocated to particular sectors and also types of co-operatives, e.g. mixed ownership co-ops. This has been preserved from the old rules into the new rules, and whilst the final change removes the need for review of Board composition, as part of good governance this will be reviewed in later years.

In response to a question from Sion Whellons (Calverts North Start Press) on the review of the model rules and when these will be published. Emma Laycock advised that we had originally expected to complete this by April/May this year but as we had to put the work on hold whilst we were providing advice to our members during the COVID pandemic we will soon be able to continue this work. It is anticipated the new model rules will be published by the end of the Summer.

Nick Matthews proposed the complete amendment of rules and this was seconded by Harry Cairney (ScotMid). As the Rulebook changes required a ballot vote members were asked to vote in the Chat box with either 'For, Against or Abstain'.

Members were informed that the votes will be manually calculated, and weighted voting applied, and the results will be shared by the end of the AGM.

## **5 Annual Report and Financial statements**

Nick Matthews introduced Michael Shepherd, Head of Finance, to present the statutory accounts for the financial year to 31 December 2019.

Members noted the income and expenditure for 2019 and a positive financial position at the year end with a surplus of £35,631. Equity investment was up by £887k and it was explained that Co-operatives UK was allocated money by Power to Change to invest into community businesses, this was the third year of the project and we have invested in 25 businesses as shown on page 37 of the annual report.

Members noted that we have once again retained the Fair Tax Mark.

Michael Shepherd confirmed that our previous Audit Partner, Nicola Quayle, had moved to a different role within KPMG and introduced our new Audit Partner Will Baker.

## **6 Report of the Auditor**

Will Baker of KPMG LLP introduced the Auditor's report, a summary of which appears on page 23-24 of the Annual Report.

It was confirmed that the financial statements for Co-operatives UK from 2019 have been produced and audited with reference to applicable law and accounting standards.

The opinion of the auditor is that the financial statements give a true and fair view, in accordance with UK legislation and generally accepted accounting practice, of the state of the Society's affairs as at 31 December 2019 and of the income and expenditure for this year end.

It was reported that KPMG is able to present a clean audit report with no issues to raise and no material misstatements.

## **7 Questions**

Questions were received on the annual report and financial statements:

An error on slide number 11 was acknowledged and Michael Shepherd clarified the

correct figures are as reported in the annual report.

In response to Heather Richardson's (Midcounties) question, Michael Shepherd and Will Baker told members that extra work was done on the accounts to recognise the impact of the COVID pandemic.

Jon Dalley (ScotMid) asked about the likely impact on investment income as a result of this crisis and was informed that having reviewed the investment only a week ago the value remains on par with the reporting at end of last year.

In response to Liam MacLeod (MediaBlaze Hosting Ltd) Michael Shepherd advised that page 36 of the annual report has an investment summary showing a list of investments made by Co-operatives UK. We also have a list of investments made through the Royal London fund and we will look at a way to share these with members after the AGM.

## **8 Our impact in 2019**

John Atherton, Head of Membership and Events, welcomed members to the AGM.

John Atherton spoke about the work Co-operatives UK staff continue to do amidst the COVID pandemic and the changes that were made with the way we interacted with our members, through online events and webinars.

John Atherton gave a summary of Co-operatives UK's work in 2019 in line with its mission to grow the co-operative economy through action to promote, develop and unite co-operative enterprise, including:

- FCA abolished society fees, saving the sector over £1m and we gained a Brexit legislation win for farmers.
- 33500 votes were cast in co-op of the Year Awards, 400 pledges were made to support our #1MillionOwners campaign, 227 pieces of media coverage, 43k views of the Co-op Fortnight film and a social media reach of 8.4m.
- 87 new co-ops registered, £85k invested in Student Co-op Homes share offer, enhanced support for 162 members and £693k investments in local ownership coops.
- 253 member co-ops benefited from professional advice and support, with 97% rating our advice as either good or excellent.
- We held 59 events including 3 webinars and 12 Unfound roadshow events. We received a 95% event satisfaction rating.

## **9 Questions**

Harry Cairney (ScotMid) asked about the impact of COVID on membership retention and the future of memberships. John Atherton, responded: we will not know the effect on membership until next year as renewals this year were completed before the current crisis occurred. Our larger retail co-ops, have been less affected but he agreed that although things are more difficult for the smaller co-ops right now, the level of support and guidance they receive for the membership fees they pay is worth staying in membership.

A question was raised by Chris Dabbs (Unlimited Potential) on how Co-operatives UK

membership and the Co-op Movement reflect the diversity of the UK population, what action is being taken to improve diversity and inclusion within Co-operatives UK and the co-op movement. John Atherton responded by informing members that this is an area we decided we needed to focus on and we are working with Power to Change, who are funding a project with Co-operatives UK, Locality and Plunkett Foundation, to review our policies and procedures around diversity and inclusion in house and externally. We are at the early stages but this project will create specific actions for Co-operatives UK and the partner organisations.

David Smith (Co-operatives and Mutual Wales) wanted further clarification on the 'New Force' work and what fresh ideas we have and how members be more supportive in developing collaborative working. John Atherton explained that we are moving towards small tactical changes on a practical level to build relationships between the organisations involved, for example we have set up shared services, we are collaborating around external work e.g. running a scheme of providing services together to members such as 'what is a co-op' induction.

Heather Richardson (Midcounties) was interested in knowing what changes are being made in our membership approach to reflect the changes in society and behaviours as a result of the COVID pandemic and whether there was an opportunity to showcase co-operation. John Atherton responded to the question by informing members that we started working on a digital project, pre-COVID, which consolidates six different websites into one platform, which will work in serving our members through digital delivery of our services.

## **10 Adoption of the Annual Report including financial statements**

Nick Matthews proposed to receive the Annual Report and financial statements together with the auditors reports for 2019 and this was seconded by Sally Chicken (East of England Co-operative).

Through the online voting poll the 2019 Annual Report and financial statements were approved.

## **11 Recommendation for Re-appointment of Auditors**

Chair of the Audit Committee, Don Morris, took questions on the re-appointment of KPMG as auditors.

Sion Whellons (Calverts North Star Press) questioned the length of appointment of KPMG as Co-operatives UK's firm of auditors. In response Michael Shepherd advised that we complete an open tender for audit services, and during that process the firm best able to demonstrate the ability to meet our requirements are given the tender, which was KPMG.

In response to Heather Richardson's (Midcounties) question, Michael Shepherd confirmed that KPMG have been our auditors for over 20 years, through a rolling tender process.

Sion Whellons was also interested in knowing the possibility of including an ethic and social values criteria to our next tender. Emma Laycock and Michael Shepherd agreed that going forward we will include this as part of our tender process.

Responding to a question by Chris Dabbs (Unlimited Potential) on whether auditors should be required to hold the Fair Tax Mark. Michael Shepherd commented that although it was not a prerequisite in appointing an auditor, going forward we can

include this as a desirable requirement.

David Smith (Co-operatives and Mutual Wales) was reassured that the audit partners are rotated so we are not working with just one audit partner, and noted there is a team of people at KPMG involved who are familiar with our requirements.

John Boyle (Revolver Co-operative) asked if the tender process includes social accountability and whether governance stipulates changing accounts regularly. Emma Laycock responded by confirming a tender is undertaken every ten-years and the audit partner is changed every five-years as required. Emma assured members that we would take into consideration social accountability during the next tender process. Emma Laycock and Nick Matthews also advised members that we follow best practice standards for changing auditors.

Harry Cairney's (Scotmid) question was that after the criticism on the four big audit companies, was Co-operatives UK satisfied that KPMG acted on the criticism received from the government. Don Morris informed members that there was a long review by the Board of Directors in light of the criticism. The Board agreed we had a very comprehensive tender process in 2015 and a resolution was approved by members at the AGM that year to appoint KPMG as they were the firm best placed to meet our requirements. Members were informed that the Audit Committee will review the process again at the point of the next re-tender.

Emma Laycock reiterated for clarity that a tender is done every ten-years and the audit partner is changed every five-years. She also confirmed that the tender went out to a number of firms, wider than the four big audit firms and again assured members that we follow best practice in the tender process.

Nick Matthews put forward a proposal to re-appoint KPMG LLP as Auditors for the coming year. The proposal was seconded by Elaine Dean (Central England). Through the online voting poll, members approved the recommendation for the re-appointment of KPMG as auditors for the next financial year.

## **12 Board Fee**

Ross Hodgson, Chair of the Remuneration, Appointments and Succession Committee, introduced the fourth proposed resolution. The motion was seconded by Liam MacLeod (MediaBlaze Hosting).

In response to a question, members heard that at the moment the Remuneration Committee has no plans to move away from RPI increase but this can be discussed at a future Committee meeting.

Through the online voting poll, members agreed to support the policy for the annual RPI uplift to Board fees, that the Board fee be increased from £1,670 to £1,712 and the Chair's fee increase from £5,090 to £5,217, with effect from 01 July 2020.

## **13 Rulebook Amendment**

Members and online viewers were informed that the Rulebook changes have been unanimously approved, with all votes in favour of the amendments (with 2 abstaining from voting).

## **14 Board Update: Retirements and Appointments**

Emma Laycock informed members of the results of the recent elections to the

Co-operatives UK Board.

In an uncontested election, Cheryl Barrott retained a seat in the mixed ownership co-operatives category and Don Morris in the retail consumer co-operatives (national) category.

In a contested election, Martyn Johnston was elected in the enterprise owned co-operatives category. This meant that John Chilcott did not retain his place on the Board. Emma, on behalf of Co-operatives UK and the Board, thanked John for all his work on the Board and subcommittees.

In appointed seats, Paul Singh has decided to step down this year and in his place Central England Co-operative have appointed Tanya Noon. Again on behalf of the Co-operatives UK and the Board, Emma thanked Paul for all his work on the Board and subcommittees.

Ross Hodgson was successfully re-elected for the Worker Co-op Council seat. The members were made aware that there is one seat, appointed by the Co-op Group Member Council, due for reappointment and we will receive confirmation in July once its elections have been concluded.

Nick Matthews also thanked Paul and John for all their hard work whilst on the Co-operatives UK Board.

Nick advised the new Board directors and our members that this has been his last year as Chair of the Co-operatives UK Board as his term of office comes to an end at the conclusion of this meeting. He thanked Co-operatives UK staff, the Board of Directors, member societies and all colleagues for the support he has received in his role as Chair.

Members noted that in an effort to ensure continuity and cover in the period between the AGM and the July Board meeting, the Board agreed to change the timetable around electing the Chair and Vice-Chair. It was noted that Don Morris was elected as the new Chair of Co-operatives UK, with effect from the conclusion of the AGM. Members also noted that Nick Matthews was elected as Vice-Chair in his final year on the Co-operatives UK Board.

As the new Chair, Don Morris took this opportunity to thank Nick for his support and encouragement and expressed his dedication to the team.

## **15 Final notes**

Nick Matthews thanked Co-operatives UK staff team, Board members and all our members for their hard work and achievements in 2019. A special mention to Paul Murphy, former Head of Digital at Co-operatives UK, who has now moved on to do his PhD.

The meeting concluded with members watching a short film produced for the co-operatives fortnight.

The meeting closed at 18:40