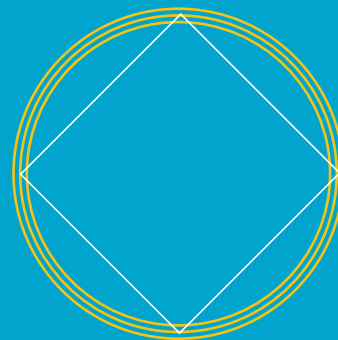
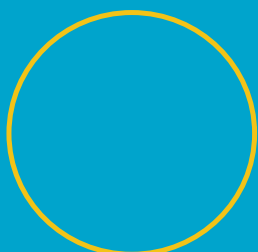


Annual general meetings



A guide to
preparing and
running co-op
AGMs



CO-OPERATIVES UK



> Suite of guides

For more governance guides from Co-operatives UK visit: www.uk.coop/resources

> Standing orders

A document or documents adopted by an organisation to supplement its governing document to provide structure and detail to particular governance processes (e.g. general meetings and board elections). For support in creating standing orders contact: advice@uk.coop

Introduction

The annual general meeting (AGM) is one of the primary ways members can participate in the democracy of a co-operative and is, therefore, a significant event in the calendar. This short document is a good governance guide to preparing and staging a successful AGM and also covers follow-up activity plus a series of helpful hints and tips. This is one element of an extensive **suite of guides** designed to improve any given co-operative's governance.

What is an annual general meeting?

An annual general meeting or AGM is a formal meeting held once a year. Whether it is legally required for a co-operative to hold an AGM will depend on the 'Act' it is registered under. Co-operatives are democratically owned and controlled by their members and general meetings are a method in which members can participate in their co-op's governance and hold the board to account. It is good practice to hold an AGM even where the law permits a co-operative to forgo it.

Each co-operative should have a section within its governing document that sets out how the AGM should be organised and run and what matters should be dealt with. It is useful for a co-operative to develop a set of **standing orders** to provide more detail about specific arrangements for general meetings. A good governing document will provide details on the following key points around the AGM.

Notice requirements

Notice must be given to everyone entitled to attend the meeting and to others entitled under statute or the governing document to receive notice (e.g. the auditors). The governing document will usually set out a period of notice that must be given for the AGM. Invariably this is a set number of clear days. Clear days do not include the day in which the notice was sent or the date of the meeting. The governing document may also include provisions for meetings to be held at shorter notice if a percentage of members agree.

What should be included in the notice?

A notice must contain the date, time and place of the meeting, the type of meeting (e.g. AGM), and clear indication of the business to be carried out and decisions to be made. The notice must be dated and signed by the person calling or authorised to call the meeting.

Other items that may need to accompany the notice:

- If the annual accounts, auditor's or independent examiner's report and director's report are to be presented at the AGM, they must be completed, approved, signed as required, printed and circulated with the notice
- The text of any resolutions to be put to the AGM

> Postal or electronic voting

Postal voting may be used alongside or instead of, voting in person and proxy voting. Electronic votes may be submitted by email, or via other electronic means as long as the vote can be authenticated

> Ordinary and special resolutions

A simple majority (more than half of the votes cast) is required to pass an ordinary resolution. At least 75% of the votes cast is required to pass a special resolution. The co-operative's governing document should set out the required notice period for passing a special resolution. It is usual for this to be anything between 7-21 clear days depending on the legal form the co-operative takes.

- For all co-operative companies and where a co-operative's governing document allows proxy voting, a statement informing the members of their right to appoint a proxy and a copy of the proxy form
- If the governing document permits **postal or electronic voting**, the necessary statement and forms

What business should be carried out at the AGM?

The co-operative's governing document should list the business to be carried out at the AGM. This generally includes what is termed 'ordinary business' including the: presentation and consideration of the accounts; balance sheet; directors' report and auditor's report (if required) for the previous year; election of directors; and appointment of an independent examiner or auditor (if required). Other items to be discussed at the meeting are special business and depending what is being proposed may require members' agreement by **ordinary or special resolution**.

Running the AGM

The AGM is normally conducted by the chair of the board. Where a co-op does not have an appointed chair it is good practice to appoint a person as chair at the beginning of the meeting. Minutes should normally be taken by the co-op's secretary or if s/he is unable then someone else willing who has the capacity and skill can do so.

A typical AGM agenda will cover:

- Welcome
- Confirmation of the required quorum
- Appointment of a Chair (if necessary)
- Minutes of the previous AGM
- Matters arising from the Minutes
- Presentation of the Annual Report
- Adoption of the Annual Report
- Presentation of the Accounts
- Adoption of the Accounts
- Appointment of Auditors (if any)
- Election of directors (or confirmation of the results if the ballot has been held beforehand)

- Motions to be put before the AGM

- Any other business

- Closing Remarks

Is a physical meeting always necessary

At times it can be difficult to bring members together in once physical space to hold a meeting. Where this is the case, co-operatives should consider whether members could participate via electronic means. All co-operatives are able to conduct meetings electronically unless the governing document prohibits it or specifically requires members to attend in person. Where a meeting is held via electronic means it is important that members are able to both see and hear each other and exercise their right to speak and vote. Consent should be gained from members prior to holding electronic meetings and consideration should be given to the type of technology used in order to prevent instances of miscommunication and the inability to hear and understand what is being discussed.

Careful thought should be given to how members may **vote electronically**. Current systems require members to log on to a web page using a unique code assigned to them sent with the notice of the meeting. This system prevents non-members or those attending the meeting as observers from being included in the quorum for the meeting or being able to vote on the business of the meeting.

Quorum

Checking that the meeting is quorate is key, because a meeting may not go ahead until it is. A quorum is the minimum number of members with voting rights who have to be present, which depending on the co-op's particular governing document may mean physically present, present via electronic means or by proxy. The quorum must be monitored throughout the meeting to ensure that the number of members present does not fall below the quorum required and result in the meeting being adjourned.

Making decisions

It is usual for a meeting to make formal decisions which are those required by the co-operative's governing document, by the legislation under which the co-operative is registered or external bodies by formal motion and vote. A motion is any matter of business requiring a decision which is moved or proposed, put to the vote and if agreed, becomes a resolution. It is important to be clear about the type of decision the members are being asked to make as this will depend on the majority of votes required in order for the motion to become a resolution.

> Consensus decision-making

More resources available from Seeds for Change: www.seedsforchange.org.uk/consensus

> Taking minutes

Read Co-operatives UK's in-depth guide on taking minutes: www.uk.coop/resources/effective-minute-taking

Where a formal decision is not required, some co-operatives may choose to make decisions by **consensus**. Here, instead of a motion being passed by majority vote, the members commit to finding solution that everyone actively supports even if some of the members do not fully agree with it.

Recording decisions

When the meeting has made decisions it is useful to record them in the minutes.

Minutes are a formal, accurate, impartial, balanced and long term internal record of the business carried out at the meeting.

Election of directors

As membership organisations, a co-operative's board is comprised either entirely of or a significant proportion of members. How members come to serve on the Board can vary from co-op to co-op but it will be usual amongst many co-ops for elections to take place where members stand for and elect members to the board. Where elections are held a typical election process will include:

- (a) Being clear on the number of vacant board places available

- (b) Asking members to put themselves forward for election to the board or for members to nominate other members to stand for election to the board. Standing orders should be used to detail arrangements around a co-op's nomination process dealing with matters such as when nominations are made (eg) before a cut off period leading up the AGM or at the AGM itself and how members nominate themselves or other members to stand.

- (c) Voting for those members put forward for election. It is important to be clear how this is done. Do members have to vote in person at the AGM or can they send a proxy to vote in their place? Is the vote to take place prior to the AGM by post or electronic means and announced at the AGM?

- (d) Confirmation of the results. It is important to confirm the results of the election for the minutes of the meeting, especially if the election has been conducted prior to the meeting.

The terms of office for elected directors often start and end at the AGM. At which point, depending on the co-op's governing document, either all or a proportion of directors shall stand down but are usually eligible for re-election.

Appointment of the auditor

Unless a co-operative is small, an **auditor** will need to be appointed for each financial year of the co-operative and often this is done at the AGM by members passing an ordinary resolution. The purpose of an auditor is to act as an independent scrutineer of the co-operative's accounts.

> Audit requirements

Read Co-operatives UK's in-depth guide on society audit requirements: www.uk.coop/support-your-co-op/finance-advice-and-support/finance-toolkit

> Inducting new board members

For comprehensive guidance see Co-operatives UK's the Directors Toolkit: www.uk.coop/resources/directors-toolkit

> Register of directors

Director appointments and resignations must be confirmed with Companies House within 14 days of the event for co-operatives registered as limited companies. Co-operative and community benefit societies update the FCA annually via the annual return

While every effort has been made to compile the information in this factsheet from the most authoritative and up-to-date sources, Co-operatives UK can accept no liability for any loss made as a result of any error or omission. Contact advice@uk.coop for more information

Annual report and accounts

The annual report and accounts must be circulated to members and many co-operatives choose to do this by presenting them to the Annual General Meeting. Doing so can provide an opportunity for the co-op to report to members on the progress of the business but also for members to hold the Board to account on decisions made during the previous financial year.

What to consider after the AGM

Once the AGM is concluded there are a number of action points for the secretary. These include:

- Ensuring that the minutes of the AGM are complete and circulated the Chair for sign off

- **Inducting new board members** into their role, including any additional sub-committee roles they may be undertaking

- Considering if officer positions need to be re-appointed or re-confirmed at the next board meeting as a result of board changes

- Updating the internal **Register of Directors** and confirming any appointments with the co operative's registrar

- Updating any third parties on changes to board signatories (e.g. banks for bank mandates)

Tips and hints to make your AGM a success

- Make the meeting enjoyable. It is a good idea to interweave the main business of the AGM with opportunities for members to learn about the achievements of the co-op over the previous year.

- Think about when to hold the AGM. Can it tie in with a social event that the co-op holds?

- Invite a speaker to talk about on a topical issue.

- Have someone welcoming people at the door.

- Introduce the present board.

- Think about accessibility. Is the venue accessible for those with disabilities? Would a projector and a PA system help those sitting at the back or those who are hard of hearing?

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