

Co-operatives UK Annual General Meeting

Minutes of the AGM held on Friday 25 June 2021 at 17:00 by Zoom webinar

Number of members in attendance: 36

1 The Chair, Don Morris started the meeting and introduced Andy Burnham, Mayor of Greater Manchester to officially open the 2021 Annual General Meeting and talk about co-ops building back better.

2 The Chair, Don Morris, started the official business of the Annual General Meeting (AGM) and introduced those on the platform:

Don Morris (Chair of Co-operatives UK Board)
Rose Marley (CEO)
Zena King (Society Secretary)

3 **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.

Zena King explained the process for casting votes on resolutions using the online polls. Zena King 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.

4 **Minutes of Previous Meeting**

Don Morris proposed the motion to approve the minutes of the 19 June 2020 Annual General Meeting and this was seconded by Harry Cairney (Scotmid).

Through the online voting poll the minutes of the 2020 Annual General Meeting were approved as an accurate record.

5 **Annual Report and Financial statements**

Don Morris introduced Michael Shepherd, Head of Finance, to present the statutory accounts for the financial year ending 31 December 2020.

Members noted the income and expenditure for 2020. Michael Shepherd spoke about the areas that needed extra attention this year; to ensure compliance with UK accounting standards due to the impact of the global pandemic and the need to provide additional information on the growing portfolio of withdrawable shares (Community Booster programme) held by Co-operatives UK.

Michael Shepherd explained that Co-operatives UK was allocated money by charitable organisations including Power to Change to invest into community businesses, and we have £2.5m invested in over 35 businesses as shown on page 57 of the Annual Report. Members heard how these investments make a difference in local communities across England and consequently the impact on Co-operatives UK is that it makes the financial statements complicated but this year we have tried to provide some clarity in the way we present this information in our account by including an additional column for these Booster projects.

Michael Shepherd explained to members, that we have seen additional requirements from the Auditors regarding information on the financial health of all the Booster Programme recipients. Michael Shepherd provided a detailed explanation on the process in which we collect information from the organisations that we invest in in order to make an assessment of the carrying value of those investments. It was noted that the Board took the decision to make a general provision against the value of the withdrawable share capital held as Booster Programme investments as the information obtained from the investees was insufficient to evidence whether a specific impairment was needed. This decision has resulted in a qualified audit report for the 2020 financial statements.

Michael Shepherd informed members that the Co-operatives UK Board of directors have reviewed the audit report, the merits of the Booster programme, and how it aligns with our strategy to develop co-ops and is happy to share our annual report with members, with the audit qualification.

Michael Shepherd spoke further on the accounts, including the impact of the pandemic on Co-operatives UK and the changes that have been made to the way in which we now work.

6 Report of the Auditor

Will Baker of KPMG LLP introduced the Auditor's report, a summary of which appears on page 35-39 of the Annual Report.

It was confirmed that the financial statements for Co-operatives UK from 2020 have been produced and audited with reference to applicable law and accounting standards.

The opinion of the auditor is that the financial statements (except the matters described in the qualified opinion section of the report) 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 2020 and of the income and expenditure for this year end.

Will Baker talked about the basis of the qualified opinion at 31 December 2020 and the impairment to the value the community shares investments to which Co-operatives UK were unable to provide satisfactory evidence.

Confirmation was provided on the auditor's independence and the continued assessment of Co-operatives UK as a going concern.

7 Questions

Questions were received on the annual report and financial statements a summary of responses is below:

Robin Fieth (member of the Audit & Risk Committee) thanked Michael Shepherd for his explanation on the Community Booster process and talked about the importance of these investments to the local communities, including the Streford Public Hall, the building in which the Congress was held in earlier today, which was a recipient of the programme.

Robin Fieth spoke about the issues on the carrying value of shares and how the accounting standard requires the collection of information at year end and the information we have gathered from our investments has been throughout the year and therefore out of date by the year end. Robin Fieth explained how the Audit & Risk Committee met several times to discuss this matter and what the team could do to meet this requirement when the pandemic has been a disruption to so many of these businesses. He spoke about how it has not been possible to get the complete and up to date information outside of the organisations own financial reporting cycle and that the Audit & Risk Committee continue to look at this in order to report better in future.

Robin Fieth then in response to Tim Coomer's (Industrial Common Ownership Finance Ltd) question which challenged that the general provision may be too pessimistic clarified that although none of the organisations showed the clear need for an impairment, the information we held on our records was not the most recent. Therefore, a decision was taken by the Audit & Risk Committee and approved by the Board to put a 10% general provision against the overall portfolio. This provision will be reviewed again in subsequent years at which point this may change.

The second part of Tim Coomer's question was answered by Eddie Thorn (Chair, Audit and Risk Committee) on whether Co-operatives UK was best placed to hold the investment funds for this programme. Eddie Thorn outlined the work done in 2021 to scrutinise this and the decision taken that we should continue to hold them. Eddie Thorn also made it clear that he was satisfied that the Co-operatives UK team regularly monitors each investment and the Audit & Risk Committee receives a detailed report throughout the year.

In response to David Smith's (Co-operatives and Mutuals Wales) question, Michael Shepherd confirmed that in 2020 Co-operatives UK received £23k from the Furlough scheme.

8 Our impact in 2020

Rose Marley, CEO of Co-operatives UK, welcomed members to the AGM.

Rose spoke about our impact in 2020. Members noted that in 2020, there were 7063 independent co-ops in the UK, when the pandemic hit, the Co-operatives UK team went into immediate action to try to understand the impact of the pandemic on these co-ops and we:

- Provided expert advice, through online training and guidance documents. Focusing on critical needs for guidance and advice including Covid safe work places, support and grants available to business and support 330 co-ops directly with specific advice including on how to hold online AGM's and financial guidance.
- Emergency funding was required and we managed to support many developing co-op sectors, get additional funding from the Co-op Bank for the Hive and an £440k to support recovery through the community shares.

- We continued to campaign for support for co-operatives and lobbying for special support packages for wider social enterprises. Bringing tax relief to housing co-ops. Worked with HMRC to make things easier for companies who turned into societies.
- Produced a paper, 'we are the rebuilders' which received cross party support.
- Announced first regional hub, Sheffield city region alongside our partner's the Employee Ownership Association, with a campaign to promote worker co-ops and employee owned businesses.
- Carried on promoting co-ops more generally with 300 pieces of media coverage; we launched a new podcast and engaged 12m people with our social media.
- We have done work around diversity, equity and inclusion, produced 45 events and over 1300 online delegates

Rose Marley went on to talk about the future strategy on how we'll rebuild together.

9 Questions

David Smith (Co-operatives and Mutual Wales) asked about the breakdown of data in relation to the development of Co-ops across different regions of the UK and the work we have done and members were informed that the Co-op Economy report is being launched next week.

A question was raised by Kathryn Parish (Whistlewood Common Limited) on the environmental movement and how Co-operatives UK will support co-ops in going green. Rose Marley responded that at the Congress earlier in the day, Chris Packham spoke about social campaigning and he has put a challenge out in the Co-op News about co-ops taking over sustainable farming and renewable energy to enable the co-operative model to make a greater impact.

Shaun Fenson (Co-operative Network Infrastructure Limited) was interested in knowing how we would tackle organisations greenwashing (referring to a comment about Giff Gaff) to appear co-operatively owned. Rose Marley spoke on this, that we are still working on how to do this and how to build it into our strategy.

10 Adoption of the Annual Report including financial statements

Don Morris proposed to receive the Annual Report and financial statements together with the auditors reports for 2020 and this was seconded by Liam MacLeod (MediaBlaze Hosting).

Through the online voting poll the 2020 Annual Report and financial statements were approved.

11 Recommendation for Re-appointment of Auditors

Chair of the Audit Committee, Eddie Thorn, spoke about the process for appointing audit partners following governance best practice. Eddie informed the meeting that before the next AGM in 2022 we will be completing an audit tender process.

The Audit & Risk Committee will be working to create an audit tender process focusing both on meeting the statutory requirements for reporting to members and regulators, and ensuring that provider considers the alignment of the ethics and principles of the co-op movement. Members noted that it will be an open tender process, which will be circulated to many, including smaller audit firms. Eddie Thorn welcomed recommendations from members be emailed to the Society Secretary, Zena King.

Cath Muller (Footprint Workers Co-operative Ltd) asked about the alternatives should members vote against appointing KPMG today and in response Zena King advised that if members do not pass the resolution today we would have to leave the meeting without appointing an auditor and would have to accelerate the tender process to fill the casual vacancy.

Eddie Thorn confirmed, in response to Mike Rudge's (Delta-T Devices Ltd) question that we do not run an audit tender process each year. Zena King further confirmed that we follow best practice in terms of the timings for our audit tender process and we are not required to do that every year. Zena King further clarified that a tender is undertaken every ten-years and the audit partner is changed every five-years as required.

Eddie Thorn put forward a proposal to re-appoint KPMG LLP as Auditors for the coming year. The proposal was seconded by Russell Gill (The Co-op Group). Through the online voting poll, members approved the recommendation for the re-appointment of KPMG as auditors for the next financial year.

12 Remuneration Report

Ross Hodgson, Chair of the Remuneration, Appointments and Succession Committee, introduced the Remuneration report, which is a new feature at the AGM and shows our compliance with the Co-operative Corporate Code of Governance.

Ross Hodgson proposed an advisory vote on the Remuneration report. The motion was seconded by Mark Simmonds (Co-op Culture).

Through the online voting poll, members approved the Remuneration Committee report for the year ended 31 December 2020.

13 Board Update: Retirements and Appointments

Zena King informed members of the results of the recent elections to the Co-operatives UK Board.

Directors re-appointed to seats in an uncontested election include: Robin Fieth retained the Federal seat, Phil Hartwell retained the Consumer Owned Co-operatives seat, Eddie Thorn retained the Retail Consumer North & Scotland, Emma Howard retained the Retail Consumer South seat and Vivian Woodell was reappointed by Midcounties Co-operatives.

In a contested election, Jane Powell, nominated by Lincolnshire Co-operative, was elected to the Retail Consumer Midlands seat.

The Board noted that there are a number of Co-op Group seats for appointment this year, with directors standing down and these will be filled by Danny Creak, Lois Hill and John Boyle.

Don Morris thanked the outgoing directors, Mary McGuigan, David Stanbury and Steve Nuttall for their time on the Co-operatives UK Board. Don Morris also acknowledged that this is the last year for Nick Matthews as he completes his full term of office. Don Morris thanked Nick Matthews for his many years on the Board as a director and previous Chair of the Board.

Don Morris, thanked members for attending the 2021 Annual General Meeting and closed the meeting.

The meeting closed at 18:40