

Co-operatives UK Annual General Meeting

Minutes of the AGM held on Friday 17 June 2022 at 17:00 by Zoom webinar and in person at Eastside Rooms, Birmingham.

Number of members in attendance: 51

- 1 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)

- 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.

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.

- 3 **Minutes of previous meeting**

Don Morris proposed the motion to approve the minutes of the 25 June 2021 Annual General Meeting and this was seconded by Student Co-operative Homes.

Through the online voting poll and by a show of hands in the room, the minutes of the 2021 Annual General Meeting were approved as an accurate record.

- 4 **Impact in 2021**

Rose Marley spoke about Co-operatives UK's achievements and our recent work with members. Members heard that Co-operatives UK has more than 900 direct members; has provided expert advice and support to 345 co-ops directly, with specific advice in particular related to covid and the cost of living crisis.

We have secured funding of £1.68m to drive the co-operative development programs; awarded over £800K in matching investments in 15 community Co-ops; we launched the Ownership Hub; and almost 800 groups benefited from our development work in 2021.

Policy work is being done in England and Scotland, this includes: a commitment from the Scottish Government to grow the co-op sector; making sure the UK government listed co-operative development as a possible use for the UK Shared Prosperity Fund; secured an amendment in Help to Grow Digital fund to include co-operative and community benefits; and the explicit co-op reference in the UK Social Procurement Framework.

Rose Marley went on to talk about the future strategy on how we will lead a new era of co-operative working.

- 5 **Annual Report and Financial statements**

Don Morris introduced Gareth Turner, Head of Finance, to present the statutory accounts for the financial year ending 31 December 2021.

Members noted the income and expenditure for 2021. Gareth Turner spoke about the areas that needed extra attention this year due to the impact of the global pandemic, addressing the issues that led to the qualified opinion in 2020, and the need to provide additional information on the growing portfolio of withdrawable shares (Community Booster programme) held by Co-operatives UK.

6 Report of the Auditor

Vicky Szulist of Crowe LLP introduced the Auditor's report, a summary of which appears on page 52-59 of the Annual Report.

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 2021 and of the income and expenditure for this year end.

Vicky Szulist talked about the basis of the qualified opinion at 31 December 2021 and spoke about the additional requirements regarding information on the financial health of all the Booster Programme recipients and the information obtained from the investees was insufficient to evidence whether a specific impairment was needed and this resulted in a qualified audit report for the 2021 financial statements.

7 Questions

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

Nick Mathews (Heart of England Co-operative) who was previously the Chair of Co-operatives UK Board praised Gareth Turner and the auditors in the way the equity investment are presented in the accounts this year.

In response to Nick's questions about the £20K disposal that took place in equity investments in 2021. Gareth Turner explained that this is money we have invested into a number of societies and these societies are now in a strong financial position to pay us back and as per the terms of contract the money we receive back will be re-invested into other societies.

In response to a question from Patricia Alexander (Shared Interest Society Ltd), Gareth Turner explained that the qualified report was based on the opening balance in 2021 but we now have better process in place to monitor the Booster investments, which the Auditor are happy with and Co-operatives UK do not expect a qualified opinion at year end 2022.

8 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 2021 and this was seconded by Robin Fieth (The Building Societies Association).

Through the online voting poll and by a show of hands in the room, the 2021 Annual Report and financial statements were approved.

9 Rulebook amendment

The Chair of the Governance Committee, Mark Simmonds spoke to members about the changes to the Rulebook and the addition of clause 143-148 which refers to the power to suspend a director during an investigation into alleged conduct detrimental to the Society, and it was noted that this clause works alongside the existing clauses (141-142) which is the power to remove a director.

In response to a question about what would constitute a conflict of interest to Co-operatives UK, Mark Simmonds advised that we have a new conflict of interest policy, that has been drafted with input from the Co-operative Governance Expert Reference Panel and we can share this with members when it is ready; and it aligns with what most governance codes state a conflict of interest would be. An example given was a situation where the director would have a personal interest in a decision that is being made by the Board; in this instance both the director involved and the Board would have a duty to manage that conflict of interest.

Jane Avery (Central England Co-operative) commented on the pace of such investigations and expressed concern that directors are still liable for the decisions made in the boardroom during the suspension. In response to this concern David Alcock (Anthony Collins Solicitors) clarified that the reason they recommend that Co-operatives UK include the power to suspend to the Rulebook is that unless there is a clear power in the rules to do so, the Board does not have the power to suspend and sometimes you need to make this decision due to the nature of the conduct and that this is not a presumption of guilt. Simply because of the nature of the allegation they would need to be removed from the organisations until enquiries are completed.

He further clarified that if legal action was taken on a decision made by the Board, a Court would likely recognise that there is a power to suspend in our Rules and would recognise the position that the director was in and therefore they would therefore be very unlikely to be held accountable for any decision made during the suspension.

Mark Simmonds put forward the proposal to amend the Rules of the Society, substituting the current Rules with the Rules which are marked 'X' and as clarified to the members at this AGM. This was seconded by Dave Boyle (The Community Shares Company).

Members voted online and in the room. 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. Phil Marsland (Blue Tree Consulting) volunteered to be the Scrutineer and it was noted that Blue Tree are not a member of Co-operatives UK and therefore completely independent.

10 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.

At the 2021 AGM, Eddie Thorn had informed members that an audit tender process would be undertaken. Members noted that a casual vacancy in our firm of auditors occurred in November last year, we undertook a competitive tender process, and the Board appointed the successful firm, Crowe UK LLP, to fill that casual vacancy.

A full report of the tender process was included with the AGM papers and also available on our AGM webpage.

Eddie Thorn spoke to the meeting about the audit tender process and how the decision was made to appoint Crowe UK LLP. Members noted that Crowe UK LLP were also able to clearly demonstrate ways of working that align with our values and ethics and members were happy to hear that Co-operatives UK included an assessment of ethics and values.

Eddie Thorn put forward the first proposal, asking members to ratify the Board's appointment of Crowe UK LLP as auditors to a casual vacancy which occurred on 16 November 2021. This was seconded by Mark Simmonds (Co-op Culture). Through the online voting poll and by a show of hands in the room, members approved the recommendation to ratify the Board's appointment of Crowe UK LLP as auditors to a casual vacancy.

Eddie Thorn then put forward a second proposal which was seconded by Delta T. Devices. Through the online voting poll and by a show of hands in the room, members approved the recommendation that following an open tender process, to appoint Crowe UK LLP as auditors to hold office from the conclusion of the meeting until the conclusion of the next Annual General Meeting.

11 Remuneration Report

Tanya Noon, Chair of the Remuneration, Appointments and Succession Committee, introduced the Remuneration report. Tanya thanked the Remuneration Committee and in particular Ross Hodgson, previous Chair of the Committee.

A comment was received from Nick Mathews (Heart of England Co-operative) on the decision to not increase director fees this year and the result of increasing in line with RPI next year could mean a significant impact on the budget. In response Tanya explained the reasons the decision was made, which the Board was supportive of, and also advised that next year there will be a Board fee increase.

Tanya Noon proposed an advisory vote on the Remuneration report. The motion was seconded by John Boyle.

Through the online voting poll and by a show of hands in the room, members approved the Remuneration Committee report for the year ended 31 December 2021.

12 Announcement of the results of the member voting on Resolution 2: to amend the Rules of the Society, substituting the current Rules with the Rules which are marked 'X'

Zena King confirmed the resolution has passed. She confirmed that the Scrutineer was happy with the process that was followed in applying the weighted voting to this resolution and the Rulebook will be amended to include the additional wording.

13 Board Update: Retirements and Appointments

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

In a contested election, to the Co-operative Development Bodies Board seat, Dave Boyle, nominated by Principle Six LLP, was successfully elected. Fiona Ravenscroft will join the Board on the seat appointed by Midcounties Co-operative and Cath Muller retained her seat as appointed by the Worker Co-op Council.

Don Morris thanked the outgoing directors, Mark Simmonds, Vivian Woodell and Lois Hill for their time on the Co-operatives UK Board.

Don Morris also informed the meeting that Society Secretary, Zena King, will be stepping down from her post and moving into the Co-operatives UK Advice Team, and working more closely with members offering Governance advice.

Don Morris, thanked members for attending the 2022 Annual General Meeting and closed the meeting.

The meeting closed at 18:20