

October Council Newsletter



Hello from Nick

Council was back in full swing with a packed agenda this month after our summer break. My update includes some of the highlights from a busy weekend. It would be great if you could share your thoughts with me at council@coop.co.uk

Allan Leighton - an update from our Chair

It was a great pleasure to welcome our Group Chair, Allan Leighton to kick off Council business. Allan talked to us about the fantastic progress Co-op has made over the last 12 months as we reinvest in our businesses and start to see how we are bringing our Co-op difference to life.

Introducing our interim results, we heard that performance in each of our businesses is very much on track - we're hitting the financial targets against our plan to create member value. This performance enables us to report our [results](#) to members in a different way using measures that no other business can match.

Looking to the future, it was great to hear Allan's thoughts on how we can capture the energy and passion of our millions of members to position our movement as a force for social change - that's all about going back to the original roots of our Co-op.

We look forward to working with Allan and the Board to build on the commercial and community success of our 5 & 1 membership scheme to make this a reality, we'll keep you updated on our progress.

Our interim results - Ian Ellis

Ian's our Chief Financial Officer and he talked us through the numbers behind our [interim results](#) in a little more detail. Ian explained that our profit before tax in the first half of 2017 was up 47% when compared to 2016. Underlying profit before tax was down to £13m reflecting our Insurance performance.

We heard that £29m has been given back to members in the first half of the year through our 5% reward, and Ian explained that this reward scheme was helping us retain growth in like for like sales in a competitive trading market. You can read about the performance of each of our businesses by downloading our [Interim report](#).

Interim Results 2017

Championing a better way of doing business for you and your communities



Co-op difference

£29m

earned by members from Co-op membership



£6m

for 4,000 local causes through Co-op membership



333

apprentices recruited. Aiming for 1,000 by the end of the year



Group

Revenue

£4.6bn

2016: £4.7bn



Profit

Pre-tax

£25m

2016: £17m
up 47% reflecting a number of one-off and non-trading items



Underlying before tax

£14m

2016: £27m
down due to fall in Insurance profits and as members benefit from 5% and 1%



Net debt

£680m

2016: £667m



Our businesses

Food

3.5%

increase in like-for-like sales



£65m

underlying profit up
2016: £63m



Funeralcare

£41m

underlying profit remains stable
2016: £42m



£166m

income up 1.2%
2016: £164m



Insurance

£1m **£164m**

underlying loss*
2016: £11m profit
*before financing costs and Transformation Programme spend

sales* down due to a new reinsurance arrangement to reduce our risk
2016: £208m
*net earned premiums



Legal Services

£0.2m **£12m**

operating profit down
2016: £0.6m

sales up
2016: £11m



Electrical

£2m **£27m**

underlying loss due to tough electrical market and delay in new website
2016: £1m loss

sales down
2016: £34m



For more information please visit coop.co.uk/interimresults2017

Forum with Directors

Joining us for our Directors' Forum were Board directors Sir Chris Kelly, Peter Plumb, Margaret Casely-Hayford and Ian Ellis - other Board members pitched in from the audience during a lively debate! As part of our holding to account role, we put more than 20 challenging questions to our Board on themes including:

- Colleague wellbeing

Despite our strong half year performance we wanted to be sure that we're putting work-life balance of our front line colleagues first.

- Relationship with The Co-operative Bank

following the sale of our remaining share in the bank, Directors confirmed that members can still use the bank's products and services in the same way as they always have and will still [earn membership points](#) for the qualifying products they hold with the bank for the foreseeable future.

- Commitment to British farming

Our commitment to 100% own brand fresh and frozen British meat is a critical part of how we demonstrate our [#Coopway](#), we highlighted to Directors further opportunities to promote and market this unique point of difference through partnerships and sponsorship opportunities.

Coming away from the session, I had a clear sense that issues important to Council and members were a real focus for both the Board and Executive. They've committed to letting us know about progress made in these areas at our December meeting.

As we start to look to the future we were asked to feedback on some of the exciting opportunities the business is looking to explore. As you can imagine, a lot of this remains 'under wraps', but I'm pleased to say that Council are fully involved in the evolution of these ideas. I look forward to sharing more with you soon.

A busy day concluded with an update on our Funerals business under the new leadership of Robert McLachlen, including our commitment to the Fair Funerals pledge - as a business we'll always offer affordable funerals based on customer and member need. This puts our customers before profit because it's the right thing to do at a time of need.

Council - out on the road this Autumn



This Autumn, Council colleagues will be out and about at 20 'Shape your Community' events to hear from you about all things Co-op Click [here](#) for more information, and to book a place at your nearest event.

A handwritten signature in black ink that reads 'Nick'.

Nick Crofts
President of the Council