

Interim Review 2021



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A Message from our President	03
A Message from our Chief Executive	05
Our Financial Highlights	08
Our Society Highlights	10
Membership and Community Update	13
Who We Are	16
Our Family of Businesses	18



A Message from our President

Jane Avery



Dear Members, I am delighted to present this year's Interim Review.

Following last year's extraordinary performance when our Society shone as a pillar of the local communities we serve, I was prepared to have to use a phrase like "returning to pre-pandemic performance" for this report. But not a bit of it. Our Society has continued to perform well; we have not sat on our laurels and taken it for granted that those who discovered us during the pandemic would remain loyal but have continued to innovate and attract and retain new customers. Easier ways to join our Membership scheme and bespoke offers for Members means we are also seeing a good number of these customers become new Society Members.

A big driver of this innovation has come from the Society's newly formed Executive Team.

The Board is pleased that the new Executive Team, under the direction of Debbie Robinson, is working well and bringing their leadership, complementary skills and fresh perspectives to drive the Society's future success over the months and years ahead.

In order to survive and thrive a Society needs to be flexible and to grow. In June, the Board took the decision to invest in our Funeral business and acquire most of the funeral operation run by Midcounties Co-operative. We are confident that having a strong co-operative offer in the funeral sector is good for Members and customers. We look forward to welcoming new colleagues from Midcounties to our Central England family. Changes are occurring elsewhere in the funeral industry which will benefit the consumer, and the Society is investing to be ready for the new regulations.

We are also keen to grow our food business and our property team continues to search out and evaluate new sites for acquisition and development. As a result, the Society's trading area is expanding into new areas. Our existing estate continues to be updated and refreshed and whilst we would love to see all stores being refurbished all in one year, we continue to exercise prudence and stay within our budget for store investments.

During the past six months we have seen our new Society Purpose "Creating a sustainable Society for all" being rolled out.

Our Purpose is underpinned by co-operative values and principles and means that all decisions are looked at through four lenses: Financial, Human and Environmental sustainability and Inclusion. Our values and principles don't just apply to our own Society - in May we joined a collective effort by the UK co-operative movement which resulted in a total donation of over £100,000 to support people in India affected by Covid (Principle 7 - Concern for the Community). We have also agreed "one-off" voluntary donations to other co-operatives: £15,000 to the Co-operative College (Principle 5 - Education, Training and Information); and £5,000 to Co-operative Heritage Trust (Principle 6 - Co-operation among Co-operatives).



A Message from our President



Earlier in the year in March, we led the way in celebrating International Women's Day and holding a Men's Voices event, giving Members the opportunity to discuss in depth issues that mattered to them: mental health, debt and finance management, domestic violence and climate change. We didn't find all the solutions, but the events did provide mutual support to address and inform on issues which might previously have been taboo. And we see this as providing Member education and living our values of self-help, self-responsibility and solidarity.

More recently, the Board has been conducting a recruitment exercise for the position of Society Secretary in preparation for the retirement of Jim Watts who will be stepping down in early 2022. I look forward to providing an update on this important appointment in our Annual Report, where we will also pay tribute to Jim's long and valued service to our Society.

Finally, I would like to mention our main Co-operative difference.

What we do, the success we have, is done for and on behalf of our Members. We do not have shareholders - only Members who hold a minimum £1 share. This means our surplus goes where our Members want it to go - a Dividend to individuals based on their spend with the Society, to the Community Dividend fund, to support Co-operative Development and campaigning for change at Government levels. This model has worked successfully for over 175 years and has been resilient in good times and bad. Your participation in the Society - from shopping with us, to attending cultural, leisure, educational or social events through to reading this report and attending Annual or Interim meetings and having your say, is part of our continued strength and success.



Thank you.

Jane Avery
SOCIETY PRESIDENT



The **co-operative food**

Welcome to Ely Road
community store

A Message from our Chief Executive

Debbie Robinson



Hello there everyone, I hope you, your family and friends have been keeping well during these continuingly difficult times.

Thank you to our Members, for your loyalty and support and to our President and Board for their time and commitment. Thank you to our valued colleagues across our family of Co-operative businesses for making sure our Members and customers in the communities in which we serve could access the food and goods they needed, as well as providing consistently high standards of care for the deceased and support to the bereaved.

In July, we were delighted to receive the Co-operative UK's award for the Leading Co-op of the Year.

This is down to a collective effort across our Society, an active Board and Membership and our wonderful colleagues. As a thank you, we have given our colleagues an extra day off in celebration.

We were also awarded three Carbon Trust Standards for reducing our carbon emissions, waste, and water use, for the fourth successive time.

This re-award was achieved by putting in measures such as eco-friendly fridges and industry-defining strategies to tackle food waste such as our link-up with FareShare Midlands. We are building on this progress with additional environmental initiatives over the course of this year including the Too Good to Go app, in-store soft-plastic recycling bins and our Central England Co-operative Green Spaces Community Project.

Safety has been and continues to be our top priority and we have worked together to provide a safe environment to shop and access our goods and services.

Unfortunately, more of our retail colleagues have suffered from unacceptable verbal abuse and aggressive behaviour. We believe that each and every colleague should have the right to go to work and return home safely and we continue to invest in new safety measures including personal protection devices and access to counselling services.

We will continue to campaign for greater legal protection for frontline colleagues as we work with the Co-operative Party and other partners in the movement, Usdaw, the BRC and the ACS to lobby MPs until we see the introduction of new legislation. This will reach Committee Stage in the House of Lords on the 20th October 2021, under the Police, Crime, Sentencing and Courts Bill to bring about lawful protection for retail workers in England in line with those in Scotland, now protected under the Protection of Workers Act 2021.



A Message from our Chief Executive

The Government Furlough Scheme ended in September, and we are prudently managing our financial affairs to mitigate against the impacts of long Covid in addition to the significant increases in Corporation Tax and National Insurance Contributions.

As reported last year, the first half of 2020 showed a dramatic spike in trading performance after the first lock-down in March 2020. In order to fully represent our underlying financial performance, we have used financial comparisons from both 2020 and 2019 in this report.

Gross sales in the first half of the year increased to £477.9m, up 4.3% on pre-pandemic sales in 2019 of £458.1m (£487.3m in 2020).

Trading profit of £15.7m was up £4.4m compared to 2019, albeit down versus the exceptional trading seen in 2020. We also recorded strong cash generation of £28.8m, continued to invest for future growth with £7.7m of capital expenditure, and distributed £2.1m in dividends to our Members, colleagues, communities and other stakeholders.

Our Board took the decision to invest and grow our funeral business, with the planned transfer of 50 homes and two vehicle logistics centres into our Society, from Midcounties Co-op Funeralcare.

This significant investment brings the size of our Funeral estate to over 180 homes and will allow us to reach a far greater number of Members and customers with more accessible ways to take out a funeral plan or organise a funeral, whether that be by phone or online in the comfort of their own homes, or in person at one of our care centres. We have also launched a Wills and legal services offer to help families gain further peace of mind through planning ahead with a trusted provider. In the coming months, new ways of working will be implemented to ensure we continue to comply with findings from recent CMA investigations and offer the best levels of care to our Members and customers at their time of need. New FCA regulation in the funeral industry is welcomed to ensure customers are treated fairly and honestly but raises operational challenges of trading in a newly regulated environment.

We have opened two new stores in the first half of the year. The new stores are located in Sutton, (Cambridgeshire) and Warsop, (Nottinghamshire), as well as delivering 23 store regeneration projects. The Society has a strong pipeline of further store openings planned over the next 12 months.

The significant changes in shopping behaviour have accelerated the need for the Society to develop new channels to market. Our Home Delivery and Click and Collect services are now available in over 100 stores. Self-scan checkouts and the Scan and Go app implementation continue at pace as we pursue our strategy to provide accessibility, choice and value to our Members and customers.

The strong trading performance in the first half of the financial year is likely to be met by a more challenging second half, as external market factors shape the UK economy and international trade. Brexit issues have been heavily reported in the media and have impacted on the availability of drivers and manufacturing workers. The grounded ship in the Suez Canal exacerbated chain supply problems causing serious product availability issues and inbound delivery delays to suppliers potentially beyond the Christmas trading period and into the new year, resulting in increased costs and subsequent inflation. The prevalence of discounting retailers also continues, with the accompanying demands on our pricing structures.

We have adapted quickly to these changing circumstances with new initiatives including space swaps in our food stores (reducing space given to declining products and giving more space to growing categories) and new ways of merchandising to empower our teams to use all available stock to fill gaps on shelves. 'Warehouse to Wheels' has been created, a development programme allowing colleagues to transition from warehouse operations or food stores to LGV class C drivers. We are also working on ways to link up with community organisations to support refugees, and those that have been made redundant following the end of the furlough scheme, to identify suitable skills-based employment opportunities within the Society.



A Message from our Chief Executive

As climate change moves from prediction to reality, this year has witnessed some horrifying natural disasters with floods in Europe and an alarming number of wildfires across the world.

Global power shifts have resulted in devastating scenes in Afghanistan. However, as co-operators, we will continue to make a positive impact to communities at home and overseas. Following the re-establishment of our founding co-operative values and principles, we launched our new Society Purpose, 'Creating a sustainable Society for all', focusing on financial, human, environmental sustainability and an inclusive approach in all we do.

Our new, talented Executive team have the skill, experience and strong ethics and values to inspire and lead our colleagues, to support the fulfilment of their potential, as well as deliver truly co-operative goods and services to our Members and customers.

Jim Watts will be retiring in early 2022 after 36 years of exemplary service to the Society, 10 of which were as our diligent and caring Society Secretary. I would like to personally thank Jim for his outstanding support, wisdom, and wit during my two and half years with the Society, and for his commitment to co-operation and expert guidance in steering Central England Co-operative to be the strong, independent Society it is today.



Thank you.

Debbie

Debbie Robinson
CHIEF EXECUTIVE



Our Financial Highlights

28 weeks ended 7 August 2021



This year, we have chosen to include prior year comparisons from both 2020 and 2019

This is because, we believe, the relative figures from 2019 provide a more meaningful comparison in the context of the significant performance experienced in the first half of 2020 as a consequence of the Covid-19 pandemic

Gross sales continuing operations (excluding VAT)

2021	£477.9m	(1.9)% Versus 2020 +4.3% Versus 2019
2020	£487.3m	
2019	£458.1m	

Trading profit

2021	£15.7m
2020	£19.3m
2019	£11.4m

Cash flow

2021	£28.8m
2020	£32.4m
2019	£25.3m

Capital expenditure

2021	£7.7m
2020	£5.5m
2019	£10.7m

Payments to stakeholders

2021	£2.1m
2020	£2.1m
2019	£2.3m

(on an unaudited management accounts basis)

Our Financial Highlights

2



New stores

23



Regeneration stores

Our Society Highlights



The hard work and support of our colleagues, customers and Members helped us be named Leading Co-op of the Year by Co-operatives UK

With your help, we have won
Leading Co-operative
of the Year 2021



Thank you

Central England Co-operative
let's cooperate 

2030

We continue our ongoing efforts towards the Society becoming Carbon Neutral by 2030



We rolled out special collection points as part of ongoing efforts to protect the environment to allow shoppers to dispose of hard to recycle plastics



We were one of only **four** retailers to be awarded three Carbon Trust Standards for reducing our carbon emissions, waste and water use for a **fourth** time in a row

£84,000

Our Community Dividend Fund has seen 86 good causes benefit from grants totalling **£84,000**



Our Society Highlights

65

Food banks

Our ongoing partnership with **FareShare Midlands** and over 65 local food banks has seen us help create hundreds of thousands of meals for children who might otherwise go without and thousands of vital emergency food parcels for families



40%

We have reduced our food waste by 40% since 2017

Our Purpose: Creating a sustainable Society for all



£350,000

We have pledged over £350,000 with charity **Groundwork** as part of an ambitious project to create sustainable spaces on our land for the local community



Pride

We supported Pride events across our trading estate, as part of our commitment to an inclusive approach in everything we do



Safety

Colleague safety will always be a key priority and we continued to campaign for changes to the law, whilst investing in major new projects such as support for lone workers

Our Society Highlights

£20,000

Supporting other co-operatives with special donations to the **Co-operative College** and the **Co-operative Heritage Trust**



Funeralcare

Agreed the transfer of Midcounties' Funeralcare business into Central England Co-operative



FAIRTRADE INTERNATIONAL



Supported a range of Covid safe events in the community and online to help celebrate Fairtrade Fortnight and Co-operatives Fortnight



Offered customers even more choice via new technology with the further rollout of home delivery and click and collect via Snappy Shopper

£100,000

Joined the UK retail co-operative movement in making a combined donation of over £100,000 to provide emergency supplies in India during the Covid crisis



Membership and Community Update



Our Members and the communities we serve are central to the success of our Society

By continuing to shop with the Society, our Members allow us to invest back into our trading estate, provide Member rewards, support Member groups and activities as well as fund local good causes and vital community projects, via our Community Dividend Fund. Here is an overview from our four regions showcasing the work of our Member and Community Relations Officers and Membership & Community Councils from the past six months.



Western Region

We supported Fairtrade Fortnight home-learning with a range of activities

We welcomed back some Member groups to activities after restrictions were eased, including Modern Sequence Dance Group, History Group, Gardening Group, and Film Co-op

A Bike Maintenance event was held in co-operation with The Birmingham Bike Foundry at our Cotteridge store in Birmingham. Customers and Members benefitted from free bike checks and minor repairs

We supported the Holiday Hunger campaign with Progressive Sports and FareShare, where 700 young people attended the twelve sessions. Pop-up markets and food donated by FareShare were made available for families

Working with Globe Foundation to create a community Garden in Uttoxeter on land behind our Funeral Home

Membership and Community Update

Southern Region

As in the Western Region, a number of bike recycling and maintenance events took place to great success

Attended three day Timber Festival in the National Forest in July and promoted Membership, delivered Fairtrade talks to children, Fairtrade wine tasting and Fairtrade Chocolate Tasting. The Southern Member and Community Council (MCC) has also funded 200 trees being planted in the Forest. We have also started working with the Leicestershire Wildlife Trust who are delivering Forest Schools for children living in deprived areas in Leicester.

In Leicester, we supported St Matthews Big Local; holiday and fun activities by preparing and serving lunch to young people. This was supported by both colleagues from stores across the county and the Southern Membership and Community Council.

We hosted an online conference for International Women's Day with a range of speakers talking about subjects which are especially relevant to women today

During Co-op Fortnight, the Southern MCC joined store colleagues and the Enderby Wombles for a litter pick. A truly substantial amount of rubbish was cleared.



International Women's Day



Northern Region

Member Groups continued to meet whether via zoom, in person or at local outdoor parks; we even started a new group for Members to enjoy tating. Coffee mornings and painting groups also helped ease Members to a return.

We celebrated the 250th Anniversary of Robert Owen's birth, by commissioning a portrait and distributing an informative leaflet on his life's work to all stores.

Bike events held at several stores which involved linking up with Inclusive Pedals

We supported a family community fun day at New Mill Community Garden in Holmfirth by providing free activities and a pre-packed lunch

During Co-op Fortnight we commissioned a colouring book of the three Wooldale stores, in Yorkshire, and the Wooldale Allotment did a display of vintage co-op photos

Membership and Community Update

Eastern Region

Delivered over 1000 Fairtrade workshops to Cubs, Scouts and Beavers across the region with support from our Mulbarton store manager

We supported 17 families with bike repairs at our new Sutton store in Cambridgeshire, working in partnership with Living Sports. It was a great opportunity to also sign up new Members.

Supporting Food and Farming Day with Kids Country 2021 in a virtual online event with pre-recorded Healthy Choices Workshops

Working with Youth Dreams Project in Peterborough supporting 30 premium pupils from two schools with places and lunches for their holiday hunger camps

Working with Babylon Arts in Ely to support young curators with their 'no frost at night' exhibition



Who We Are



We are a successful, independent, community-based Co-operative owned by our Members

Our Purpose: Creating a sustainable Society for all



175

Our proud heritage dates back over 175 years



400

We operate in over 400 trading outlets



16

We trade in over 16 counties

Who We Are



7,800

—
We employ over
7,800 people

We are guided by the internationally recognised Co-operative values:



SELF-HELP

SELF-RESPONSIBILITY

DEMOCRACY

EQUALITY

EQUITY

SOLIDARITY



We invest 1% of our trading profit into supporting local groups and good causes through our Community Dividend Fund



Our Family of Businesses



243
Food Stores



20
Petrol Filling Stations



1
Distribution Hub



132
Funeral Homes



2
Masonry Showrooms



1
Crematorium

Our Family of Businesses



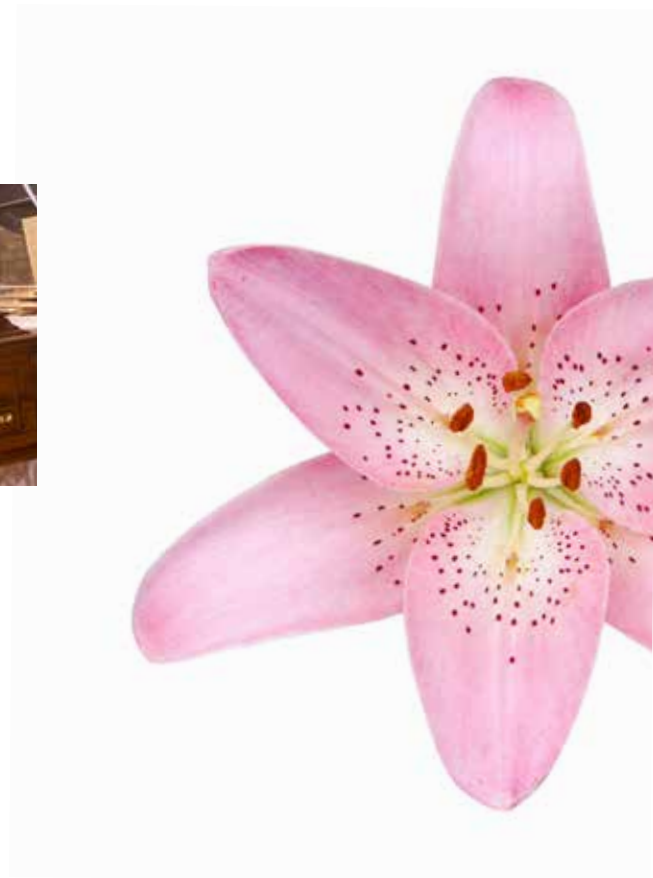
6

Florist Shops



1

Coffin Factory



let's **co**operate