

# 2020/21 Half Year Report

For The Midcounties Co-operative  
26 weeks ended 25 July 2020

your  
COOP



# Society highlights

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Over 75,000 food deliveries made to vulnerable people during the pandemic

Co-op Energy, The Phone Co-op and Flexible Benefits have come together to create a new Utilities Group

We welcomed 16 new travel branches

We launched a campaign to remove VAT from sunscreen

Over 600 members joined our first virtual AGM

£75,000 provided to our charity partners to help them rebuild following Covid-19

Front cover shows our lockdown food delivery service in action

# Who we are

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## About us

The Midcounties Co-operative operates a range of businesses in Food, Travel, Healthcare, Funeral, Childcare, Energy, Telecoms, Post Offices and Flexible Benefits.

Our heartlands are in Oxfordshire, Gloucestershire, Buckinghamshire, Shropshire, Staffordshire, the West Midlands, Wiltshire and Worcestershire. However, we also trade in the surrounding counties and our Energy, Childcare, Travel, Telecoms and Flexible Benefits businesses trade across the UK.

We have four core values that guide the way we work - Democracy, Openness, Equality and Social Responsibility. These are derived from the values and principles of the co-operative movement. We believe they demonstrate the strength of co-operation and set us apart from our competitors.



**DEMOCRACY**  
Ensuring the views of our members are reflected in the way the Society is run



**OPENNESS**  
Being open, honest and fair in our dealings with everyone we come into contact with



**EQUALITY**  
Recognising the contribution that everyone can make to develop the Society



**SOCIAL RESPONSIBILITY**  
Reflecting our responsibilities to the wider community in the way we conduct our business

We have created an Imagined Future to inspire all our activity and all that we strive to achieve:



## OUR **IMAGINED** FUTURE



The Midcounties Co-operative is part of a thriving global co-operative movement, a leader, role model and powerful influencer recognised around the world.



We put membership at the heart of all we do which is reflected in how we engage with members via a range of interactions.



We are an inclusive employer where colleagues are fully engaged and are our biggest champions.



We are an organisation proud of our heritage, our independence and our local roots.



We are a commercially successful, sustainable, values driven business which is trusted by the public, loved by its members and supportive of its suppliers.



We are creating a 'better, fairer world' by building strong local communities.

# President's overview

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"I would particularly like to call out the response from our frontline colleagues which has been truly remarkable. We are immensely proud of the way they have gone above and beyond."

## **Helen Wiseman**

I am pleased to address members in this half year update.

The first part of the year has, of course, been dominated by the upheaval and challenge emerging from the Covid-19 pandemic. Throughout, your Board has looked to ensure that our co-operative values have come to the fore in the way we have responded both within the Society and in the communities where we trade. Every part of your Society has contributed in some way and you can read some great examples in the Chief Executive's report. I would particularly like to call out the response from our frontline colleagues which has been truly remarkable. We are immensely proud of the way they have gone above and beyond.

As members you have responded too – as community volunteers for our home delivery service or by generously contributing to the funds we set up to support food banks and key workers with children in our nurseries. You have also been patient and complied with social distancing requests, queues in stores, and more recently the need to wear face masks. Thank you for your continued understanding and support as we seek to keep colleagues and customers safe.

We should not forget that despite the challenges of the pandemic, your Society is in a much better position now than this time last year, following the resolution of the difficulties our Energy business was facing with the development of our partnership with Octopus Energy. This has allowed us to face into the pandemic from a much surer footing and be satisfied with our financial result.

Many of our regular activities have been adapted to work safely in line with government guidance, including amongst the Board. Directors have been using technology to meet frequently and ensure the Society remains well governed. We were delighted that so many of you could join us for our online AGM in May. As I write, we are now planning for our Half Year meetings, which in the interests of the wellbeing of our members and colleagues we will be holding online once again – we hope that many of you will take the opportunity to join us.

Your Board is also looking ahead – our business strategies are being adapted to take account of how we see the future and we are developing a new way to reward members, which is currently being trialled.

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The second half of the year will bring new issues to contend with as we continue to feel the impact of the pandemic in our daily lives and face the ongoing uncertainties of Brexit. As a co-operative we will steadfastly keep to our values in the approaches we take and continue to invest in the future of the Society through new opportunities and innovative ways of working.

I know I speak on behalf of all my colleagues on the Board in offering our thanks to the Executive team for their leadership during these extraordinary times, to all our colleagues for their exceptional commitment and to you, our members, for your continued co-operation and support.



Helen Wiseman  
**President**

# Chief Executive's review



“This has been a unique period. We have demonstrated through our values and a collective purpose that co-operatives are well-placed to respond to the challenges.”

## **Phil Ponsonby**

It is my pleasure to update members on progress at the half year. We started the year with a new sense of purpose, built on a firm foundation following the resolution to our Energy business which saw us enter into partnership with Octopus Energy in the autumn of 2019.

In January and February, we were aware of the emerging concerns relating to Covid-19, but it is fair to say that none of us could have predicted the turn of events that has since unfolded. The pandemic has had a profound effect on all of us, and members will not be surprised to hear that it has had significant ramifications for the Society this year.

Before I cover the financial position, I should first pay tribute to our wonderful colleagues and the way in which they have responded to support our members, our customers, our communities, and each other through the pandemic. I could not be prouder of their loyalty and commitment in continuing to serve and support our customers during this period of uncertainty. I am also extremely grateful to the many colleagues who were furloughed or who we asked to work from

home for their understanding and unqualified support throughout. Although our central support centres were closed during lockdown, central colleagues have worked doubly hard to support our trading teams by securing personal protective equipment (PPE), fast-tracking the recruitment of over 1,000 temporary colleagues, keeping our IT systems working, and maintaining and securing our premises.

I hope members will recognise that throughout this period, your Society has always acted in keeping with co-operative values. We launched funds to support local food banks and key workers with children in our nurseries, we increased the number of local suppliers in our food stores and extended the ranges of existing local producers. Realising that many of our members who were shielding might struggle to access food, we developed a new home delivery service supported by 700 community volunteers, who have now made over 75,000 deliveries – a fantastic achievement by everyone involved. Our Healthcare business launched a new online 'essentials' range providing everything from hand sanitiser to thermometers, while our pharmacies made more home deliveries than ever before and, as with our food stores, have remained open to support their communities throughout.

We have made sure to put members and customers first: we chose not to charge parents for nursery fees even though the contracts provided that we should; we created a new call centre in our Travel business to assist with cancellations and rebookings; and our Funeral colleagues developed innovative solutions, including online streaming, as part of their unwavering commitment to serving our communities. When we were contacted by a Co-op Academies Trust special school worried about how to keep in touch with vulnerable pupils we were able to provide 40 mobile phones through The Phone Co-op within 24 hours. These are just a few examples of the ways we have gone above and beyond to help as many people as possible.

In reflecting on our financial results, it is therefore appropriate to balance the profit performance with the approach we have

taken during the Covid-19 pandemic. We have invested over £1.0 million on PPE, provided enhanced pay and benefits to frontline colleagues at a cost of £1.6 million and topped up the pay of those colleagues furloughed to 100% at a cost of £1.8 million. In addition, we cannot escape the fact that in April and May all our travel branches, half our funeral homes and two thirds of our nurseries were closed.

Despite these significant impacts, your Society is in a much stronger financial position than at the half way point last year where the worsening situation in Energy and the write down of assets led to losses of £70.6 million, and while we are behind our original targets due to the pandemic, it is pleasing to report a profit contribution before significant items of £7.45 million at the half year.

Covid-19 has led to very different outcomes across our trading businesses. We have seen very strong like-for-like growth across our Food estate where our teams have worked tirelessly to keep shelves stocked and also managed the integration of four Budgens stores and the opening of a brand-new Food Market in Oxford. Our Healthcare and Funeral services businesses are broadly in line with profit forecasts, albeit not achieved in the way we had expected. While our Utilities operations have been tempered by the closure of offices and the cessation of installations by a number of technology providers and installers.

But, it is our Childcare and Travel businesses which have felt the most severe effects. As noted, two thirds of our nurseries were closed during lockdown and, while they have all now reopened, we continue to see suppressed occupancy rates given the number of parents who continue to work from home, particularly across London and the major conurbations. That said, we are leading in the approach to safety and assurance and confidence among parents is high. The professional approach taken by our nursery teams was clearly demonstrated when our Leamington Spa nursery featured on BBC Breakfast as an exemplar operation.

Our Travel business has felt the full brunt of global restrictions and cancelled holidays. We

have refunded over £64 million in cancellations and rebooked nearly 40% of trips planned for this year into next. The early signs of recovery in June were significantly dampened by the introduction of quarantine rules at short notice across some of the most popular holiday destinations. Nonetheless, the development of our Coop Holidays operation has continued, and we have introduced a number of industry-leading commitments such as low deposits, easy amendments and guaranteed 10-day refunds as part of the broadening of our Travel proposition.

I am pleased to say we have also continued to build our longer-term strategic plans and develop new and exciting proposals. Your Board has approved several new food stores and childcare nurseries as we build a pipeline for the future. We have also developed new digital channels and improved our online capabilities; and during the second half of this year, we will be piloting a 'member rewards' proposition which we plan to roll out through 2021.

The second half of the year will continue to present challenges and uncertainty, not only with the pandemic, but also through the wider financial impacts and dangers of a hard Brexit. However, I am sure members will agree that the leadership, commitment and resilience demonstrated by our Board, management and colleagues throughout the first half of the year will stand us in good stead and allow us to meet those challenges head on.

This has been a unique period. We have demonstrated through our values and a collective purpose that co-operatives are well-placed to respond to the challenges. I hope this report demonstrates that we have been able to strike the right balance in delivering financial returns while providing a steadfast commitment to our colleagues, partners and communities.



Phil Ponsonby  
**Group Chief Executive**





## Food Retail & Post Offices

“Overall sales for the Group are up 15.5%”

Food Retail's sales have increased significantly given the impact of Covid-19 as many customers have chosen to shop locally, with overall sales for the Group up 15.5% like for like, totalling £352.3 million for the half year.

Our focus during the pandemic has been on ensuring both our customers and colleagues are kept safe, with social distancing measures and PPE implemented from the outset. We took on over 1,000 temporary workers during the period to support our stores and worked closely with local volunteering groups to make over 75,000 food deliveries to vulnerable people in our communities.

In October 2019 we completed the acquisition of four Budgens sites in the Cotswolds, at Broadway, Bidford-on-Avon, Moreton-in-Marsh and Winchcombe, converting them during the first half of the year. All four stores have taken our Food Market format, which focuses on providing locally-sourced produce and includes in-house food and wine experts.

We also opened the doors of our new £1.6 million Food Market in Botley, Oxford. The store has been built to the latest environmental specifications, including state-of-the-art energy-efficient refrigerators, and features innovations designed to reduce single-use plastics, such as a free water dispenser where customers can refill their own bottle and a 'weigh your own' container refill station.

We have continued to invest in our local sourcing, welcoming 16 new suppliers during the first half of the year, a move that has resulted in a 60% increase in local sales compared with this time last year. Many of our new suppliers were recruited during the pandemic, when we opened our doors to support suppliers adversely impacted by the virus – including one supplier that had lost 80% of their income overnight due to leisure, hospitality and school closures. We were also pleased that Create & Cook, a cookery competition for young people sponsored by Best of our Counties, was able to go ahead remotely.

The first half year has been challenging for Post Offices with no income from foreign exchange and greatly-reduced banking income. However, we were able to keep all branches open throughout lockdown which was much appreciated by our local communities. Our turnover increased towards the end of the first half of the year, putting us in a strong position going into the second half. We have also introduced Kronos, our time management system, in our Post Offices and opened three new branches.





## Travel

“The travel industry, and therefore our Travel business, has suffered significantly from Covid-19”

The travel industry, and therefore our Travel business, has suffered significantly from Covid-19, with flights grounded and all but essential travel cancelled for over three months. This has led to customers requesting refunds or transferring their bookings. We were pleased that 40% of our customers opted to rebook, mainly for summer 2021 departures. Summer 2020 holidays restarted in July, although they have been subject to changing restrictions, which is making planning difficult.

This significant upheaval has meant that sales for the Travel Group are down 78% year on year.

Refunds have presented a challenge for the industry as a whole, due to the unprecedented volume and lack of large-scale systems in place to handle them. We set up a refunds team to manage the process and were pleased to be placed 12th (out of 70) in the recent Money Saving Expert holiday refunds survey, as voted by the public.

The pandemic has brought about a number of new ways of working that have benefitted the business. At the beginning of lockdown we launched a Virtual Call Centre staffed by a dedicated team of colleagues set up to work from home, introduced a new online payments service, and we have been trialling video consultations. While our branches have now reopened with protective screens, PPE and an appointment system to support social

distancing, we will maintain these new ways of working alongside our traditional branch offering while the virus remains a threat.

Our colleagues have either been able to work from home, have been deployed to other Midcounties groups, or have been furloughed during lockdown. We have supported our self-employed Personal Travel Agents and Consortium members during this time too, providing financial flexibility where possible and helping to keep their motivation levels high.

Looking to the future, we have been pleased to take on 16 new travel branches from Central England Co-operative, bringing our total number of branches to 71. The deal helps us to consolidate our position as the UK's leading co-operative travel group and is an example of the wider co-operative movement working together to reduce costs, while continuing to offer co-operative solutions to members' travel needs.



## Childcare

“We launched our Frontline Hero Support Fund to help subsidise nursery fees for key worker families”

Covid-19 has had a significant impact on the Early Years sector and our nurseries have not been immune. During the first phase of lockdown nurseries were required to close their doors to all but vulnerable and key worker children. This has had a major impact on the business. Through careful planning we were able to keep just over one third of our nurseries partially open for priority groups, mainly those situated close to or within hospitals, until restrictions were eased in June. Additionally, as nurseries began to reopen the government imposed a temporary cap on numbers, leading to a drop in our overall capacity of over 1,000 places.

Our sales in the first six months of 2020/21 reflect the disruption of the pandemic, with revenue down 38.4% and occupancy at 48% against a budgeted 82%. The majority of childcare colleagues were furloughed during the lockdown period.

The safety of our colleagues and everyone entering our nurseries has been our number one priority. We have made many changes to the way we care for our children, interact with parents and support our teams to minimise risk, while ensuring the wellbeing of our children has remained at the fore. Our Little Pioneers nursery at Leamington appeared on BBC Breakfast, recognising the innovative ways we have been keeping children and colleagues safe while maintaining good occupancy.

To support the development of our children while they have been at home we created bespoke home learning packages, used technology to facilitate interaction, and provided parents with ideas on ways to keep children engaged and learning. We also implemented a gradual return programme to smooth the children’s transition back into nursery.

During lockdown we offered temporary places to support the childcare needs of key workers, with flexible sessions and no obligation to book a permanent place. We also launched our Frontline Hero Support Fund to help subsidise nursery fees for these families, raising a total of £40,000, which provided 50% off one month’s fees for all benefitting parents. For our families who were unable to send their children to nursery we suspended their fees to relieve some of the potential financial burden.

We were pleased to complete the refurbishments and rebranding of two of our nurseries in the North East, bringing the number of Little Pioneers sites to 10. However, we have had to postpone other planned refurbishments for the time being because of the pandemic.



## Utilities

“We have combined Co-op Energy, The Phone Co-op and our Flexible Benefits business to create a new Utilities Group”

We have combined Co-op Energy, The Phone Co-op and our Flexible Benefits business to create a new Utilities Group. During the first half of the year we recruited a new Chief Operating Officer, Lizzie Hieron, to drive this new trading group forward. Trading results for Utilities at the half year point are favourable, with an overall contribution of £221,000 despite the impact of Covid-19 and several one-off items.

Our Co-op Energy business, which joined forces with Octopus Energy in September last year, is now in a much more stable position, a key outcome from the partnership. This has reduced the risk to our Society from the business while still allowing us to provide a supply proposition for our members. We are pleased with the way the partnership is developing and Co-op Energy has an exciting second half of the year planned with the launch of an array of new initiatives.

Ripple Energy launched earlier this year, inviting customers to crowd-fund the building of new wind farms in exchange for receiving their portion of the power generated as a discount against their home energy bill. Co-op Energy and Octopus Energy customers have been invited to take part in the scheme and, once the windfarm is live in spring 2021, savings will be applied to customer accounts.

For The Phone Co-op, Covid-19 has led to changes in customer behaviour, in particular a decline in call

revenue from business customers. However, this has been offset by growth in residential broadband and mobile sales. Customer feedback remains positive, with our Feefo rating increasing month on month through the year to 4.7/5.

Members have already started to see the benefits of the Utilities Group with the launch of our first combined deal, offering Co-op Energy customers a £50 discount on our broadband services. This has been popular and we are working on further offers to deliver even greater member and colleague benefits.

Our Flexible Benefits business has had to change focus now that the childcare vouchers scheme is no longer able to accept new customers. As part of this we are currently working on a green vehicle initiative, which we plan to pilot to colleagues shortly.

Other developments include The Phone Co-op partnering with the World Wildlife Fund to initially provide them with more than a hundred SIM cards, and our first Community Energy Fund pay out donating £2,500 each to Awel Aman Tawe, Brighton Energy Co-op and Southill Community Energy to use in developing their community energy initiatives.



## Healthcare

“Our e-commerce website cooppharmacy.coop has had its best trading period since the website launched”

When lockdown came into effect in March, the business saw a surge in prescription numbers. However, this was followed by a drop when doctors began closing their doors to all but the most urgent patients, with most consultations taking place by telephone or video call. Our surgery branches have been most impacted by these changes, resulting in them trading down year on year. Conversely non-surgery branches have shown healthy growth in volume as patients chose to visit the pharmacy closest to home.

Overall the Healthcare Group has seen sales grow by 18% and profits increase by 58% during the first half of the year.

During the pandemic our pharmacies have provided essential community healthcare services and advice to customers. We increased our delivery service, hiring nine new drivers to make sure every patient received their medicines on time, with those who were shielding treated as a priority.

Our e-commerce website cooppharmacy.coop has had its best trading period since the website launched in 2017, providing high-demand products such as hand sanitiser and masks while building other categories that we hope will encourage long-term use of the site.

In recognition of the significant financial challenges faced by community pharmacy due to Covid-19, the Department of Health and Social Care (DHSC) advanced £370 million from the annual allocation of £2.6 billion. The Pharmaceutical Services Negotiating Committee (PSNC) is currently requesting an increase in funding rather than the cash advance, as the sector will come under significant pressure later in the year should the DHSC reduce funding by the same value. As a result of the pandemic new and existing profitable healthcare services have also been put on hold, creating further impacts on our income.

The Society launched a campaign during the period to remove VAT on sunscreen. Our Healthcare website is leading this campaign in conjunction with our food and pharmacy branches, along with TV medic Dr Hilary Jones.

In line with the Board’s strategic decision to dispose of our pharmacy branches, we have sold nine branches to new buyers so far this year, with all colleagues transferring with the businesses.



## Funeral

“Our newly-launched Much Loved remembrance website offers clients the opportunity to observe funerals via webcast”

In the first half of the year, we carried out 4,172 funerals, which was 573 more than budgeted and 755 more than last year. While sales for the Funeral Group saw a small increase, profits grew by 27% due to increased funeral numbers, savings on personnel costs and lower than anticipated property spend due to the temporary closure of satellite branches.

This has been a difficult period for the sector in many ways. Social distancing and restrictions on public gatherings and travel gave clients little choice in the funeral service available, and we saw a larger than anticipated proportion of Cremations Without Ceremony and Simple Funerals being conducted as a result. To limit face-to-face contact we recommended that clients made funeral arrangements over the phone, which meant we were able to temporarily simplify our branch network and operate out of a number of geographically-central sites for the three months of lockdown.

We also worked closely with local resilience forums to manage the additional requirements for funeral services.

We developed our Remembered From Afar concept, which offers clients the opportunity to observe funerals via webcast on our newly-launched Much Loved remembrance website. The site also provides

a platform for memorialisation, messages, cashless donations in lieu of flowers and an obituary service for the family.

The pre-need sales market stalled, and the volumes sold during the first half of the year were down 61% on this time last year, despite a promising start before Covid-19 took hold.

The Stonemasonry team stopped working on all but essential services, as cemeteries and churchyards were closed by Covid-19 restrictions.

Delays to the Competition and Markets Authority's consultation into the at-need funeral market mean we are now expecting to learn their proposals in March next year. In addition, there are indications that the results of the separate consultation into the pre-need market being conducted by HM Treasury will be delayed to the spring of 2021, with an 18-month implementation period likely.

In May, Mark Adams, the Chief Operating Officer for the business, was elected to the Executive of The National Association of Funeral Directors (NAFD). His election ensures there is a co-operative ear and voice present at the table during a time of significant change for the sector.



## Membership & Co-operative Social Responsibility

"We launched our Community Restart Fund, providing £75,000 to our charity partners to help them rebuild following Covid-19 "

We held our first virtual AGM in May, with over 600 members logging on to join us (similar to the number attending our AGM last year). We have also been engaging with our members online during lockdown, by conducting member surveys and hosting virtual events such as the World Environment Day forum, where we gathered over 100 '1 Change' ideas on ways we can help defend the environment. We were honoured to be invited to share our 1 Change programme at a joint webinar with the UN and the ICA on Co-operatives and Climate Action.

We are excited to be piloting our new 'Your Co-op Rewards' scheme in Chipping Norton and Walsall. The programme provides members with access to exclusive deals on holiday and food treats. We will use the results from the pilot to inform how we roll this out to all our members.

Following member feedback, two members of the Young Co-operators Network now sit on the Membership Engagement Committee to help guide our young member engagement strategy. Our Young Membership Co-ordinator, James Eales, now runs regular competitions, hosts online forums and invites discussion amongst young members. We have also created a suite of resources for young people including tips for your first year at university, a guide to budget management, and a student

cookbook created by our Chipping Norton food store chef, Judy Cheyne.

Covid-19 has meant we have had to adapt our school engagement programme, moving many of our planned activities online. We hosted online forums where our colleagues shared their inspiring career stories and our environmental ambassador Cal Major shared her passion for conservation.

We have continued to focus on supporting vulnerable members of society by working with those helping others. As such we launched our Community Restart Fund, providing £75,000 to 36 of our charity partners to help them rebuild following the Covid-19 crisis. We also established a Foodbank Fund, which received donations from members, customers and the Society totalling £45,000 and made grants to our foodbank partners in the form of store credits to be used in our food stores.

Our activity to tackle plastic waste continues. We have now removed single-use plastic bags from our food stores, saving around 8 million bags from being distributed each year. We have also continued to campaign on issues that align with our values. During Co-operative Fortnight CEO Phil Ponsonby signed a statement alongside other co-ops, outlining the co-operative commitment





to support both our local communities during the Covid-19 pandemic and the global community by progressing the UN Sustainable Development Goals. We continue to track our progress against these Goals through Business in the Communities' (BITC) Responsible Business Tracker. Pleasingly, our overall score in 2019/20 was deemed 'outstanding'. We were also one of a small number of businesses to be named Responsible Business Champions 2020 at the BITC Awards, in recognition of the way we are uniting our members in tackling single-use plastic.

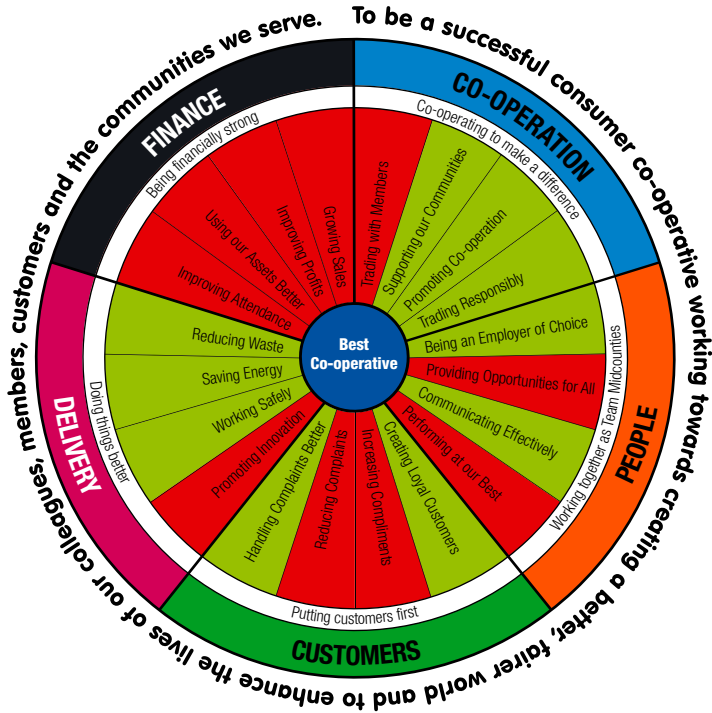
As part of our action against modern slavery, we helped found the Bright Futures co-operative – a collaborative employment scheme that brings charities and businesses together to create jobs for victims of slavery. Our Chief Values Officer now represents the Society on their Board. We have also campaigned on a number of other issues – opposing the temporary relaxation of Sunday trading laws, removing VAT from sunscreen, and lobbying on the campaign to stop violence and abuse towards shop workers.

Supporting our colleagues has been a core focus for the Society during lockdown. We have worked with MIND to create mental health advice articles for our Colleagues Connect website and have worked closely with Grocery Aid to ensure all

colleagues have access to emotional, practical and financial advice and support. Wellbeing Wednesday has become a popular weekly event engaging and encouraging interaction between colleagues. We also carried out a colleague wellbeing survey during the first half of the year, with over 3,000 colleagues completing the survey. Pleasingly, the questions addressing support, trust, information provision, reward and safety received overwhelmingly positive responses.



# Reporting our Steering Wheel



## Steering wheel

As a co-operative we believe there is more to being a successful business than profits alone.

So, as well as measuring our financial performance we use our Steering Wheel to measure our performance in the key areas of co-operation, people, customers and delivery. Each section of the wheel has a number of objectives which we monitor on a monthly basis.

On these pages is an overview of how we have performed against our Steering Wheel targets during the first half of the year. We've also shown a comparison with last year. We report more fully on our Steering Wheel results in our Annual Report.

# Reporting our Steering Wheel

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## Co-operation

### Trading with members

**Percentage of trade with members: 16.4%**

(last year 41.4%)

We have changed the way we measure this target and now look at the number of transactions with members, rather than the total £ value of our trade with members. We are below our target of 22.3% for this revised measure, and plan to address this during the second half of the year through the ongoing development of our member rewards scheme.

### Supporting our communities

**Hours volunteered in the community by**

**colleagues: 19,198** (last year 16,079\*)

Our colleagues have been providing valuable volunteering through our home delivery service supporting vulnerable members of society. This has led to an increase in volunteer hours. We will continue to support vulnerable members of the community as we progress through the second half of the year.

### Promoting co-operation

**Number of members involved in co-operative activity: 11,023** (last year 12,487)

The number of members we were able to engage with face to face has been greatly impacted by the pandemic. Therefore, we amended our target for this measure to 10,500 to reflect what we felt was achievable through virtual member engagement; we are pleased to have come in ahead of target.

### Trading responsibly

**Reduction in single-use plastic bags: 67.6%**

(new measure)

By introducing compostable carrier bags into over 140 of our food stores we have reduced single use plastic carrier bags by 67.6%, ahead of our half year target of 60.0%. We will remove single-use plastic carrier bags from our remaining food stores during the second half of the year.

## People

### Being an employer of choice

**Percentage of controllable colleague turnover as a moving annual total: 15.9%** (last year 20.6%)

Controllable Colleague Turnover is at 15.9%, an improvement on last year and our half year target. We have not included the significant number of temporary colleagues we have employed to support our Food operations during the pandemic, as these roles are temporary in nature.

### Providing opportunities for all

**Percentage of colleagues who have achieved a Level 2 qualification or above: 83.5%**

(last year 91.0%)

83.5% of our colleagues hold a level 2 qualification or equivalent, which is lower than last year's figure and our target. During the second half of the year our line managers will focus on giving colleagues opportunities to develop these qualifications in line with this target.

### Communicating effectively

**Percentage attendance rate at Colleague Council meetings: 97.7%** (last year 88.0%)

A record number of colleagues attended Colleague Council meetings in the first half of the year. Due to lockdown restrictions these Colleague Council meetings have been taking place virtually.

### Performing at our best

**Percentage of colleagues receiving annual performance reviews: 76.8%** (last year 93.0%)

76.8% of colleagues received an annual performance review, which is down against both target and last year, as a result of managers having limited opportunities to carry out face-to-face reviews given lockdown restrictions. During the second half of the year line managers will focus on ensuring performance reviews are carried out, virtually where appropriate.

## Customers

### Creating loyal customers

**Customer Loyalty Index: 90** (last year 82)

Our customer loyalty score has increased to 90, a significant improvement. Our trading groups will continue to implement the feedback we receive from customers to ensure we provide the best possible service.

### Reducing complaints

**Number of customer complaints: 1,515**

(last year 1,405\*)

We have had 1,515 complaints at the half year, slightly more when compared to last year. Covid-19 led to disruptions in some of our day-to-day operations, but by looking to ensure our core businesses continued to operate effectively, we have limited complaints as much as possible.

### Increasing compliments

**Number of customer compliments: 8,501**

(last year 14,903\*)

We have seen a reduction in the number of compliments received at the half year. During the second half of the year our trading groups will focus on capturing customer compliments more effectively, to ensure we continue to implement learnings from our customers to drive customer satisfaction.

### Handling complaints better

**Percentage of customers who agreed we responded well to their complaint: 95%**

(last year 80%\*)

95% of customers agreed we responded well to their complaint, ahead of both our target and last year's result. We will use the learnings from customer feedback to continue to strive to meet our targets throughout the second half of the year.

## Delivery

### Promoting innovation

**Number of ideas implemented having a positive impact on another Steering Wheel measure: 0** (last year 11)

Our Innovation programme has been on hold during the first half of the year while we have focused on supporting the effective operations of our core businesses during the pandemic. In the second half of the year we will engage colleagues to come forward with ideas that make a tangible positive benefit to our business.

### Working safely

**Number of accidents/incidents reported as a moving annual trend: 442** (last year 741\*)

The number of accidents and incidents reported as a moving annual trend is 442, an improvement on our half year target and last year's figure, largely driven by the reduced operations of our Childcare and Funeral businesses during lockdown. We continue to ensure that health and safety in the workplace is paramount.

### Saving energy

**Percentage of Greenhouse Gas emissions reduction: 7.5%** (new measure)

We have reduced our Greenhouse Gas emissions across our operations by 7.5%, ahead of our half year target of 1%. The lockdown period has had a positive effect on this measure, with operations reducing across our various businesses and fewer business miles travelled by colleagues in cars.

### Reducing waste

**Percentage of waste reduced: 4.3%** (new measure)

We have reduced the total waste produced across our operations by 4.3%, ahead of our half year target of 3.0%, by engaging our colleagues in waste reduction actions in the workplace and working with our waste partners to implement waste reduction initiatives.

\*Restated to exclude Energy



your  
**COOP** **FOOD**  
**MARKET**

your  
**CO**

“Our brand new Bidford-on-Avon store opened in July in our Food Market format, offering a large range of locally sourced produce.”

# Consolidated Interim Statement of Comprehensive Income

For the period ended 25 July 2020

	Note	26 weeks to 25 July 2020 (Unaudited) £'000	26 weeks to 25 July 2019 (Unaudited) £'000	52 weeks to 25 January 2020 (Audited) £'000
Revenue	2	399,616	403,965	808,081
Cost of sales		(289,006)	(287,152)	(578,427)
Gross profit		110,610	116,813	229,654
Operating expenses		(103,160)	(106,160)	(210,704)
Operating profit before significant items		7,450	10,653	18,950
Significant items	3	(3,462)	(3,275)	(8,608)
Operating profit		3,988	7,378	10,342
Finance costs		(4,902)	(3,498)	(9,683)
(Loss)/profit before payments to and on behalf of members		(914)	3,880	659
Payments to and on behalf of members		(1,838)	(2,007)	(2,220)
(Loss)/profit before tax		(2,752)	1,873	(1,561)
Income tax		1,525	702	4,095
(Loss)/profit for the period from continuing operations		(1,227)	2,575	2,534
Loss for the period from discontinued operations, net of tax.	5	0	(70,567)	(92,237)
Loss for the period		(1,227)	(67,992)	(89,703)

# Consolidated Statement of Financial Position

As at 25 July 2020

	26 weeks to 25 July 2020 (unaudited)	26 weeks to 27 July 2019 (unaudited)	52 weeks to 25 January 2020 (audited)
	£'000	£'000	£'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	190,376	192,499	183,191
Intangible assets	75,114	98,237	80,080
Investment property	4,241	12,901	12,814
Right of use assets	112,915	99,776	112,519
Other investments	63,596	61,403	63,894
Other debtors	1,374	-	1,374
Deferred tax assets	10,977	4,974	9,249
<b>Total non-current assets</b>	<b>458,593</b>	<b>469,790</b>	<b>463,121</b>
<b>Current assets</b>			
Other investments	5,442	4,728	5,475
Stocks	24,971	25,462	24,565
Trade and other receivables	201,967	172,187	245,526
Cash and cash equivalents	10,931	13,690	10,512
Assets held for sale	7,066	1,957	8,585
<b>Total current assets</b>	<b>250,377</b>	<b>218,024</b>	<b>294,663</b>
<b>TOTAL ASSETS</b>	<b>708,970</b>	<b>687,814</b>	<b>757,784</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Loans and borrowings	8,563	12,742	20,129
Trade and other payables	328,474	316,707	357,576
Right of use liability	9,771	9,189	9,530
Current tax payable	73	-	196
<b>Total current liabilities</b>	<b>346,881</b>	<b>338,638</b>	<b>387,431</b>
<b>Non-current liabilities</b>			
Loans and borrowings	52,361	30,521	58,374
Other payables	65,463	64,742	68,636
Right of use liabilities	109,146	96,477	104,386
Pension obligations	43,493	38,300	46,082
<b>Total non current liabilities</b>	<b>270,463</b>	<b>230,040</b>	<b>277,478</b>
<b>TOTAL LIABILITIES</b>	<b>617,344</b>	<b>568,678</b>	<b>664,909</b>
<b>NET ASSETS</b>	<b>91,626</b>	<b>119,136</b>	<b>92,875</b>
<b>EQUITY</b>			
Share capital	75,995	72,227	75,153
Other reserves	40,876	41,520	41,126
Retained earnings	(25,245)	5,389	(23,404)
<b>TOTAL EQUITY</b>	<b>91,626</b>	<b>119,136</b>	<b>92,875</b>

# Notes to the Financial Statements

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## 1. Accounting Policies

This interim financial report is for the 26-week period ended 25 July 2020. The information included within this document has been prepared on the basis of the recognition and measurement requirements of International Financial Reporting Standards (IFRS) in issue that are endorsed by the European Commission (EU) and effective to 25 July 2020.

This financial information should be read in conjunction with the Society's Annual Report and Accounts for 2019/20, which were prepared in accordance with IFRS as adopted by the EU using the accounting policies set out in that report.

The Society's Financial Statements for 2020/21 will be prepared in accordance with IFRS as adopted by the EU.

## 2. Revenue

	<b>2020/21</b>	2020/21	2019/20
	<b>Gross sales</b>	Revenue	Gross sales
	<b>£'000</b>	£'000	£'000
Food	<b>350,876</b>	315,949	307,643
Funeral	<b>17,558</b>	17,352	17,488
Healthcare	<b>12,927</b>	12,695	14,018
Travel	<b>64,986</b>	33,892	215,619
Childcare	<b>12,035</b>	11,972	18,640
Post Offices	<b>1,371</b>	1,354	1,402
Utilities	<b>11,926</b>	5,396	16,422
Other	<b>60</b>	60	48
Property rentals	<b>1,699</b>	1,699	1,719
	<b>473,438</b>	400,369	592,999
Members share of profits	<b>(753)</b>	(753)	(283)
Revenue from continuing operations	<b>472,685</b>	399,616	592,716



### 3. Significant items

Significant items are non-underlying items of income and expenditure that are one-off in nature, of significant magnitude and/or their volatility would otherwise distort the underlying financial performance of the Society.

	<b>26 weeks to 25 July 2020 (unaudited)</b>	26 weeks to 27 July 2019 (unaudited)	52 weeks to 25 January 2020 (audited)
	<b>£'000</b>	£'000	£'000
Analysis of significant items:			
Items included within operating expenses:			
Net gain on disposal of property, plant, equipment, investment properties and assets held for sale	(71)	136	367
Change in fair value of trading properties	-	-	(40)
Change in fair value of investment properties	-	-	(197)
Expense of business acquisitions and disposals	(863)	(1,091)	(3,028)
Restructuring costs	(1,332)	(3,231)	(1,958)
Right of use asset impairment (2018/2019: onerous lease)	(990)	911	972
Refinancing	(72)	-	(2,915)
Historical employment related costs	-	-	(1,126)
Supplier failure	-	-	(683)
Covid-19 additional audit costs	(134)	-	-
<b>Significant items</b>	<b>(3,462)</b>	<b>(3,275)</b>	<b>(8,608)</b>

### 4. The effect of the implementation of new accounting standard IFRS 16

The adoption of IFRS 16 on 27 January 2019 resulted in the recognition of opening balances for right of use assets of £105.1m and right of use liabilities of £107.2m. Adjustments were also required to increase onerous lease provisions by £3.6m and to reduce prepayments by £1.4m.

The impact on the current year interim consolidated statement of comprehensive income has been to increase depreciation by £6.0m (2019: £5.4m), increase finance costs by £2.2m (2019: £2.2m) and to reduce operating expenses by £7.0m (2019: £6.6m). This has improved operating profit by £1.0m (2019: £1.2m), as the new standard moves costs previously accounted for in operating expenses into finance costs. After the impact on finance costs the loss for the year to date has increased by £1.2m (2019: £1.0m) as a result of the adoption of the standard. The impact on the consolidated statement of financial position since adoption has been further additions to right of use assets of £9.7m (2019: £2.8m) and an increase in the right of use liability of £13.5m (2019: £1.5m).

### 5. Discontinued operations

The Society agreed a sale of its energy business to Octopus Energy in September 2019. The deal saw the Society cease the activities of an energy supplier. As such the energy business has been accounted for as a discontinued operation in line with IFRS 5. In accounting for this management formed a view of the likely impairment of the assets and liabilities of the energy business. These impacts are reflected in the statements above.



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