

Central England Co-operative Limited

Special General Meetings 27th April and 13th May 2022

Notice of Special General Meetings – 27 April and 13 May 2022

1. Special Members' Meetings – 27 April 2022, 8.30pm (following the conclusion of the Annual Members' Meeting)

Notice is given that a Special Members' Meeting of the Society will be held on 27 April 2022 at 8.30pm (following the conclusion of the Annual Members' Meeting), to consider and, if thought fit, pass a special resolution to transfer the Society's pre-paid funeral plan business to Central England Co-operative Funeral Plans Limited, a subsidiary of Central England Co-operative, by way of a partial transfer of engagements.

The meeting will be held as a hybrid event at The National Memorial Arboretum and online.

2. Special Members' Meetings – 13 May 2022, 12 noon

On the basis that the above special resolution is passed, notice is given that a second Special Members' Meeting will be held on 13 May 2022, 12 noon to consider, and if thought fit, pass an ordinary resolution confirming the special resolution.

The meeting will be held online.

An explanatory note and details of the resolutions to be put to members can be found at:

[Annual Members' Meetings | Central England Co-operative Membership](#)

Andrew Seddon
Society Secretary

KEY DATES FOR MEMBERS

Annual General Meeting	27 April, 2022
First Special Members' Meeting	27 April 2022, 8.30pm
Second Special Members' Meeting	13 May 2022, 12 noon

Explanatory Note

Pre-Paid Funeral Plan – Business Transfer

Pre-paid funeral plans (“Funeral Plans”) are sold to customers who wish to make and pay for funeral arrangements ahead of time. Customers purchase a plan with the Society, and when the time comes, the chosen funeral is undertaken using funds set aside under individual policies which can only be accessed once the plan-holder passes away.

Acquisition of Midcounties Co-op funeral business

The Society recently acquired the funeral business of the Midcounties Co-operative Limited (“Midcounties”). The purchase completed in early November 2021. We reported on the Board’s decision to grow our funeral business in this way in our 2021 interim review, acknowledging that the transfer of 50 funeral homes and two vehicle logistics centres to the Society would bring the size of our funeral estate to over 180 homes making us more accessible to members and customers.

The purchase included around 19,000 of Midcounties Funeral Plans, which means the Society is now responsible for administering these plans which were sold by Midcounties in the past.

Together with the Society’s existing Funeral Plans, it is now responsible for administering around 60,000 plans.

Funeral Bond Regulation

Currently, registered funeral plan providers are monitored by the Funeral Planning Authority (FPA) and providers have to comply with their rules and code of conduct.

You may have heard that this is changing and from 29 July 2022 the Financial Conduct Authority (FCA), the formal regulator for financial services firms in the UK, will also start regulating firms that provide and / or sell pre-paid funeral plans.

We are bringing this proposal to you in order to ensure the Society is ready for this change in regulation.

The Board of Directors have considered a number of options and decided that as a co-operative the best option for members was to provide Funeral Plans through a new subsidiary co-operative; Central England Co-operative Funeral Plans Limited (“Funeral Plans Co-op”). This will enable the Society to undertake regulated Funeral Plan sales within the Central England group.

The rationale for the new structure is set out in the Appendices.

Transfer

To facilitate this we have to transfer the pre-paid funeral plan business from the Society to Funeral Plans Co-op.

The way in which the Funeral Plan business is to be transferred between the two co-ops in the group is via a “partial transfer of engagements” this is a formal process that allows co-operative societies to transfer parts of their business to other co-operatives.

The board of the Society fully support the proposal to transfer the Funeral Plans to Funeral Plans Co-op, the rationale for this including details of the options considered is set out in the Appendices.

Under a partial transfer of engagements a society holds two members’ meetings:

- At the first meeting members are asked to approve a resolution transferring whatever parts of the co-operative society’s business the society is wishing to transfer to the other co-operative society. In this case the Society will be asking members to approve the transfer of its Funeral Plan business to its subsidiary Funeral Plans Co-op
- At the second meeting members are asked to confirm the resolution passed at the first meeting. This meeting has to be held between 14 days and one month after the first meeting.

Assuming that the first resolution is passed at the first meeting and confirmed at the second meeting the FCA is then in a position to register the partial transfer, at which point the transfer takes effect.

The board has convened the two required members meetings on 27th April and 13th May 2022. The notice of meetings is included in the Appendices as are the formal resolutions the board will be proposing to members

Society Rules

The rules of the Society contain provisions relating to transfers of engagements. The Board acknowledges that these stipulations were included within the rules to provide some assurance to members in the event of a transfer of some or all of the Society’s business to an external party . Even though this is a partial transfer (not a full transfer) between co-operatives which are in the same group the Board is providing you with as much information as it can in the time available

Independent Financial Advisor Statement

The rules of the Society state that a recommendation by reputable independent financial advisors that the members should support the proposal rather than any alternative proposal is to accompany the notice of the meeting. As this is an internal transfer, with no assets leaving the Society’s group, the Board does not consider a full recommendation to be appropriate for this transfer. However, to provide some comfort to members, a review by an independent firm of chartered accountants will be

undertaken, and a statement provided. This statement will be available before 27th April 2022 and can be accessed via this [link](#).

Appendices

Alternative Options Considered by the Board

The Board considered a number of options for the Society, including:

- ceasing to provide Funeral Plans;
- Only selling the Funeral Plans of another provider and handing over management of all Funeral Plans already sold to another provider; and
- becoming fully FCA regulated and continuing to provide funeral plan services in the way that it currently does.

The Board considered that it would be in the best interests of the members of the Society to create a new subsidiary – Funeral Plans Co-op which would be fully regulated by the FCA and to transfer the funeral plans business of the Society into this subsidiary via a partial transfer of engagements.

The rationale for this decision was:-

- The Society needs to respond to the regulations and the proposed partial transfer of engagements allows the Society to ensure compliance with the new regulatory regime;
- In the opinion of your Board, this is financially the best option over the medium-long term because it results in lower average costs per plan and is the most sustainable.
- It is most likely to support future growth than the alternatives, because of the ability to keep incremental costs of additional plan volumes low, due to fixed costs within the group of the Society.
- The pre-paid funeral plan business (including plans already sold) would remain within the Society's group.
- It would allow the Society's group to avoid being fully reliant on an external supplier for a critical part of the pre-paid funeral plan business.
- the Society's group would continue to provide funeral plans to the communities it serves. This is a service which the Society has provided for many years and wishes to continue.
- the Society's employees can continue to work in its Funeral Plan business in a regulated environment.
- it would avoid additional fees and administration costs associated with a third party relationship;

Shares Held by Connected Persons

Details of the number of shares in the Society held by members of the Board, the Management Executive, and Persons connected with them is set out below:-

Name	Position	Share Account Balance
Jane Louise Avery	Director	£52.91
Alisa Bohan	Connected Person	£1.00
Richard Bickle	Director	£26.17
Marc Bicknell	Director	£3.00
John Chillcott	Director	£210.52
Elaine Dean	Director	£16,410.89
Peter Dean	Connected Person	£171.76
David Ellgood	Director	£78.62
Matthew Ellgood	Connected Person	£2.00
John Howells	Director	£31.26
Mrs V Howells	Connected Person	£31.67
Marta Mayhew	Director	£22.68
Mr R Mayhew	Connected Person	£25.88
Maria Lee	Director	£16,639.14
Jody Meakin	Director	£29.82
Tanya Noon	Director	£62.20
Susan Rushton	Director	£5,612.89
Mr R Rushton	Connected Person	£1.02
Bradley Tuckfield	Director	£1.00
Rachel Wilkinson	Director	£1.00
Debbie Robinson	Chief Executive	£1.00
Andy Peake	Chief Commercial Officer	£1.00
Neil Robinson	Chief Financial Officer	£1.00
Rajesh Gupta	Chief Member and Customer Officer	£1.00

Paul Dennis	Chief Operations Officer	£1.00
Sarah Dickins	Chief People Officer	£1.00
Liz Robson	Chief Technology Officer	£1.00

Your Board unanimously recommends and encourages you to vote in favour of the transfer by attending and voting at the Special Members' Meetings.

NOTICE OF SPECIAL MEMBERS' MEETINGS

Notice of Special Members' Meeting – 27 April 2022, 8.30pm (following the conclusion of the Annual Members' Meeting)

Notice is given that a Special Members' Meeting of the Society will be held on 27 April 2022 at 8.30pm (following the conclusion of the Annual Members' Meeting), to consider and, if thought fit, pass a special resolution to transfer the Society's pre-paid funeral plan business to Central England Co-operative Funeral Plans Limited, a subsidiary of Central England Co-operative, by way of a partial transfer of engagements.

The meeting will be held as a hybrid event at The National Memorial Arboretum and online.

The resolution to be considered and if thought fit passed is:

"That the engagements relating exclusively to pre-paid funeral plans business of the Society including:

- (a) The whole of the benefit and the burden of any agreements between the Society and any third party relating to the pre-paid funeral plans business;
- (c) all data held by the Society in relation to the pre-paid funeral plans business;
- (d) all management and administrative responsibilities in relation to the pre-paid funeral business; and
- (e) any other assets (including any liability or benefit under any contract or arrangement) which the Society owns or has the benefit of and which are used exclusively by the pre-paid funeral plans business in carrying on the pre-paid funeral plans business;

be transferred under section 110 of the Co-operative and Community Benefit Societies Act 2014 to Central England Co-operative Funeral Plans Limited (a subsidiary of the Society) by way of a partial transfer of engagements for nil consideration."

Notice of a Special Members' Meeting – 13 May 2022, 12 noon

Subject to the prior passing of the special resolution referred to above, notice is hereby given of a Special Members' Meeting of Central England Co-operative Limited will be held on 13 May 2022, 12 noon for the following:

To consider and, if thought fit, pass an ordinary resolution:

"That the engagements relating exclusively to the pre-paid funeral plans business of the Society including:

- (a) The whole of the benefit and the burden of any agreements between the Society and any third party relating to the pre-paid funeral plans business;
- (c) all data held by the Society in relation to the pre-paid funeral plans business;
- (d) all management and administrative responsibilities in relation to the pre-paid funeral plans business; and
- (e) any other assets (including any liability or benefit under any contract or arrangement) which the Society owns or has the benefit of and which are used exclusively by the pre-paid funeral plans business in carrying on the pre-paid funeral plans business;

be transferred under section 110 of the Co-operative and Community Benefit Societies Act 2014 to Central England Co-operative Funeral Plans Limited (a subsidiary of the Society) by way of a partial transfer of engagements for nil consideration."

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By order of the Board

Andrew Seddon
Society Secretary



Report to the Members of Central England Co-operative Limited (“CEC”) in relation to the proposed Partial Transfer of Engagements between CEC and a new society, Central England Co-operative Funeral Plans Limited (“FPL”)

Background

A special resolution is being proposed by the Board of CEC for consideration by the Members in relation to the transfer of the Funeral Plan business from CEC to a new subsidiary society, FPL. This is being undertaken as a ‘Partial Transfer of Engagements’ which is a process set out in the CEC Rules.

The key reason for the proposed transfer is a change to the regulatory environment such that the operation of funeral plans will fall under the regulatory remit of the Financial Conduct Authority (“FCA”) from July 2022.

Scope of work

We have been asked to consider whether the decision-making process undertaken by CEC in relation to the proposed transfer has been undertaken on a reasonable basis. This work is under the terms set out in our letter of engagement dated 1 April 2022.

Our work has involved discussions with key CEC personnel along with a review of certain documents provided to us, namely:

- CEC Rules
- FPL Rules and incorporation documents
- Relevant extracts from Board minutes and other supporting papers
- Financial forecasts for FPL
- Draft loan instrument between CEC and FPL
- Draft outsourcing agreement between CEC and FPL
- Certain documents extracted from FCA submission including the ‘wind down plan’
- The statement to the Members accompanying the Special Resolution

For clarity, the scope of our work is not intended to recommend a course of action to the Members. Rather, we are reporting to the Members on whether the Board and Management have taken a reasonable approach to the decision-making process. We note that each of the potential options available to management have their own unique risks, costs and benefits which must be considered to select the option that provides the Society with the outcome that most closely matches the future plans for the organisation and the culture and values of the society.

Matters considered by the Board

The matters considered in relation to the Partial Transfer of Engagements by management and the Board included, but were not limited to:

- An initial three option approach i.e. whether CEC should cease selling and managing funeral plans, whether funeral plans should be outsourced to a third party or whether CEC should become regulated and continue to sell and operate plans.



- The implications of being regulated by the FCA including the cost, complexity and skillset required.
- The most appropriate business structure to respond to regulation including consideration of alternative options.
- The short, medium and long-term implications of the different options.
- The impact on funeral plan holders of the proposed changes and how future risks would be managed
- The financial implications of the various options available.
- How FPL would be funded on inception and into the future.
- The Governance structure of FPL.
- The staff and management structure of FPL.
- The operational arrangements between FPL and CEC.
- Business risks of the various options and how to mitigate these risks.
- Consultation with other stakeholders and related societies and plan providers.

To support the decision-making process management created a Steering Group and a Working Party to run with the transition project which has been operating for over a year as at the date of this report. These teams have been able to undertake detailed research and planning in relation to this new project which has clearly been taken very seriously.

The Board were taken through the matters referred to above and concluded that the Partial Transfer of Engagements to a new subsidiary Society of CEC was the most appropriate course of action.

We also note that considerable professional support has also been received from a highly reputable firm of solicitors to support the decision making and transfer process.

Conclusion

In our professional opinion, we consider that the Board and Management of CEC have undertaken a thorough and robust decision-making process in relation to the Partial Transfer of Engagements from CEC to the newly created society FPL.

MHA MacIntyre Hudson

Chartered Accountants

Rutland House

148 Edmund Street

Birmingham

B3 2FD

13 April 2022