

**Interim Members’ Meetings – October 2019**

**PROPOSALS SUBMITTED TO MEMBERS FOR APPROVAL**

The following three Proposals are submitted on behalf of the Board for approval by members. There will be an opportunity for members to discuss and ask questions on each Proposal. Voting will be by ballot and eligible members will be asked by the Chair to vote at the appropriate time. **The Board is recommending members approve all three Proposals.**

Further information on each of the three Proposals is outlined below:

**Agenda Item 4 – Distribution of Trading Surplus:**

**Members’ Dividend of 1 penny per point (on purchases made between 27 January and 10 August 2019).**

In proposing this dividend, the Board fully recognises the importance of rewarding our members for shopping with the Society, in line with our co-operative values and principles. Despite the continuing challenging market conditions the Board is pleased to recommend for approval a Dividend of 1 penny per point for Members’ purchases between 27 January and 10 August 2019.

**Agenda Item 5 - Political Funding:**

**For the Society to set aside funding for political purposes in furtherance of**

**Co-operative Values and Principles amounting to 0.6% of trading profit (to not exceed £120,000 per annum) for each of the next three financial years ending January 2021, January 2022 and January 2023.**

The Society’s Rules state that (Rule 157):

*At least every three years the Board shall recommend to an ordinary Members’ meeting that they set aside such an amount for political purposes in furtherance of Co-operative Values and Principles*

The Society’s current political funding arrangements were last approved by Members in October 2016 covering the financial years ending January 2018, January 2019 and January 2020. The funding arrangement approved by Members in October 2016 was to set aside 0.6% of the Society’s annual trading surplus for political purposes and with a cap that the amount shall not exceed £130,000 per annum.

The annual funding arrangement covers the Society’s annual subscription to The   
Co-operative Party (currently £66,300), annual grants to the local Society Party Councils (currently amounting to £37,500) and an annual budget of £3,500 for political engagement activity. The Society’s current political funding arrangements amount to an annual commitment of £107,300.

In accordance with the timeframe set out in the Society’s Rules, it is now necessary to review and determine the arrangement for the funding of political activities for Society’s next three financial years through to January 2023.

In the interests of consistency, it is proposed that the Society maintains an arrangement of setting aside 0.6% of the Society’s trading surplus for the funding of political activities

If the resolution is not passed, the Society would not have available funds from 2020 to pay the annual subscription and maintain its affiliation to the Co‑operative Party.

However, to discontinue the Society’s affiliation to the Co-operative Party it would be necessary to hold a further vote on this matter at our Annual Meetings in April 2020; this being in accordance with our Rules regarding the Society’s political affiliations.

**Agenda Item 6 – Directors’ Remuneration:**

* **To maintain Directors’**
* **base Board Director fee levels;**
* **sundry fees for ad hoc administrative duties; and**
* **attendance allowances**

**at current levels and to apply future increases in line with the annual SATA (Supervisory, Administrative and Technical Association) management grades, effective from the beginning of each financial year.**

* **To implement a new Board Committee fee structure and to apply future increases in line with the annual SATA (Supervisory, Administrative and Technical Association) uplift awarded to management grades, effective from the beginning of each financial year.**

In accordance with our Rules, the Members are required to approve the level of fees paid to the Society’s Directors, and that this should be done, at a minimum, at least every three years.

|  |  |
| --- | --- |
| **Office** | **Gross Fee** |
| **Annual** |
| **The following fees shall apply:**   * 1. President\*   2. Vice-President\*   3. Director   \* inclusive of Director fee | £16,554  £12,415  £8,277 |
| Other Board working groups | £20.91  per meeting |
| Ad hoc fee | £20.91 |

Delegation Fees

Delegation fees are payable where Directors **are formally appointed or delegated** **to represent the Society**:

* up to 5 hours (incl. travel time) **£36.60**
* 5 hours or more (incl. travel time) **£73.20**

Delegation fees are payable in respect of attendance at:

* Shareholder meetings (e.g. The Co-operative Group)
* Co-operative Congress
* Co-operative Retail Conference
* Other conferences e.g. Co-operative Party Conference

Membership & Community Council activities and events:

* **£25 per half day**
* **£50 per full day**
* **£25 per MCC meeting**

In addition to the above, travelling expenses will be reimbursed.

Earlier this year, the Board’s Remuneration Committee carried out a review of the Board Committee Fee (the Fees) structure to ensure it was equitable, commensurate with fees paid by peer organisations and reflected the nature and work of the Society’s Board Committees.

Following completion of the review, the Board, as recommended by the Remuneration Committee, is proposing changes to the Board Committee fee structure and fees. Full details are set out below, but at a high-level include:

* The creation of three tiers of Committee category:
  1. Constitutional – Committees required by Rule 105 of the Society’s Rules.
  2. Non-Constitutional Regular – Committees that are not prescribed by the Society’s Rules but are permanent regular Committees of the Board.
  3. Working Groups – The Board from time to time set up task and finish groups to focus on a key matter.
* The standardisation of fees within each tier. The fees for Constitutional Committees have been aligned to those of peer organisations.
* The introduction of a supplemental fee for the chair of a Constitutional Committee, this being in line with peer organisations.

The Board is also recommending that any annual uplift in Board Committee fees is in line with the annual SATA (Supervisory, Administrative and Technical Association) uplift awarded to management grades, effective from the beginning of each financial year.

Board Committee Fee Structure

The ***current*** Board Committee fees are set out below.

|  |  |
| --- | --- |
| **Office** | **Gross Fee** |
| **Annual** |
| 1. Audit & Risk Committee 2. Remuneration Committee 3. Rules & Practices Committee 4. Search Committee 5. Conduct Committee 6. Community Dividend | £827  £346  £408  £408  £136  £127 |

***Proposed*** new Board Committee fee structure

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Committee** | **Gross Fee** | |
|  | **Annual** | **Chair Uplift** |
| Constitutional | 1. Audit & Risk Committee 2. Remuneration Committee 3. Rules & Practices Committee 4. Search Committee 5. Conduct Committee\* | £600  £600  £600  £600  £200 | £120  £120  £120  £120  £40 |
| Non-Constitutional  Regular | 1. Community Dividend 2. Membership & Community Strategy | £400  £400 |  |

\* It is proposed that the fee of the Conduct Committee is at a lower level in order to reflect the relative infrequency of meetings it holds, due to the nature of its remit.