



**Minutes of the 110th Annual General Meeting  
of HF Holidays Limited**

**Held in person at the Studio, Cannon Street, Birmingham and online on  
Saturday 6 April 2024 at 14:00**

**In the Chair and Honorary President:** Helen Boaden (HB)

**Directors in attendance:** Ben Reid (BR) (Chair), Stephen Guile (SG) (Vice Chair), Steve Swift (SS); Keith Sellens (KS); Richard Drury (RD); Linda Haydon (LH); Rebecca Horlock (RH), Andrea Illingworth (AI); Robyn Lynch (RL)

**Directors who attended virtually:** Jerry Gould (JG)

**Senior Management Team in attendance:** David Harrington (DH) (Chief Executive Officer); Justine Gibbs (JG) (Head of Finance), Rob Box (RB) (Head of Strategy & Transformation), Ali Bull (AB) Head of People & Culture

**Senior Management Team who attended virtually:** Toni Douglas (Head of Hotel Operations)

**Society Secretary in attendance:** Manuela Gordea

**Auditor in attendance:** Nikki Spoor, White Hart Associates

### **1. Welcome**

HB welcomed all members to the 110<sup>th</sup> Annual General Meeting (AGM) of HF Holidays, the third in a hybrid format with 196 virtual attendees and 53 in-person attendees from the Studio in Birmingham. It was noted that the meeting was being recorded and would be made available on the website in due course (with a full recording of the meeting available, these minutes provide a concise summary). The meeting was conducted in accordance with the Rules of the Society, and it was noted that HF Holidays was registered under the Cooperative and Community Benefit Societies Act, 2014. It was also confirmed that notice of the AGM was sent to members of HF Holidays in February 2024.

### **2. Confirmation of the required quorum**

The required quorum for a general meeting of the Society is 100. This was met.

### **3. Receipt of Correspondence**

HB confirmed that messages from members wishing the Society well and regretting their absence from the meeting had been received. No other correspondence had been received.

#### **4. Confirm the Minutes of the 109th Annual General Meeting held on the 01 April 2023**

HB confirmed that the Minutes of the 109<sup>th</sup> AGM were available on the Society's website. Members were asked to confirm that the Minutes were a true record of the AGM and to vote on their approval. With 191 votes received (151 in favour, 0 against and 40 abstentions), the vote was declared carried.

#### **5. Matters arising**

BR addressed the member's comment regarding the minutes of the previous year AGM (see appendix 1). BR confirmed that the questions and responses to members raised in the 2024 AGM meeting would be recorded in the meeting minutes and that a précis approach may be adopted, depending on the question's complexity. This was noted. He added that the previous year's questions and answers were published on the website.

#### **6. Presentation of the Annual Report, Accounts and Auditors' Report for the year ended 31 October 2023 by Ben Reid, Chair and Keith Sellens, Chair of the Audit & Risk Committee**

BR presented the Annual Report, Accounts and Auditor's Report for the year ended 31 October 2023 and confirmed that KS, a Director, a member of the Society's Performance Committee, and Chair of the Society's Audit & Risk Committee, would propose the adoption of the accounts. BR confirmed that KS has a deep understanding of The Society financial figures. BR focused on: i) how the Society had performed, ii) the strategic review of the Society iii) Governance of the Society iv) equity, diversity and inclusion and v) membership. The following is a summary:

It was confirmed that the Society had a strong trading year with sales buoyant and, had it not been for an issue around the margin earned on the sale of Abroad holidays, the Society would have had an excellent year. The final profit figure of £296k was disappointing; however, the underlying fundamentals were strong and gave the Society confidence for the future.

The feeling of confidence was underpinned by the fact that the Society had attracted a record number of new members, over 2,600. Guest satisfaction scores had increased year on year and the drive for quality had been recognised by the Which? Recommended Provider, which presented the Society with two awards during the year.

The travel industry was reported to be one of the most volatile, yet it responds quickly to changes in economic conditions and, indeed, people's holiday preferences. BR went on to highlight that the post-COVID marketplace is different and that the Society would be carrying out an in-depth strategic review of the business. The Society has four strands, which include: 1) Country Houses providing mainly walking holidays and including Special Interest Holidays, 2) Trails and Island-hopping holidays plus holidays at UK partner hotels, 3) Abroad Europe and 4) Abroad Worldwide.

A review of the four strands is taking place to allow the Society to best use the valuable resources. It was made clear that the UK walking product would remain at the heart of the Society's future, and other products would be reviewed to ensure the best prospects for the future growth of Society. The review would be completed over the coming months, and conclusions would be reported to the membership accordingly.

During the year, a new Society Secretary, Manuela Gordea, was appointed. With her support, the Board launched a Board Effectiveness Review to ensure that performance is monitored against the agreed plan and concentrate on reviewing the society's strategic direction.

To further assist the board, a full review of how strategic risks are captured and reported has been developed. A new approach was developed, and it is already changing the conversations the Board is having on risk. This will ensure the Board will have a full view of the Risks the confront the Society. BR thanked Keith Sellens, Stephen Guile, Jerry Gould, and Manuela Gordea for their work on this exercise.

During the year, the Society adopted a new Equity, Diversity, and Inclusion (EDI) strategy to ensure everyone was treated fairly within the Society. The EDI strategy was implemented across the Society to ensure clarity regarding expected standards.

An area that BR would have liked to have made more progress on was the debate around membership. *What does it mean to be a member? What are the advantages? How do we attract new members?* He confirmed that these are key questions that the Board will review to ensure that the Society continues to be a vibrant cooperative relevant to its membership. It was envisaged that progress on this would be reported back to the membership at the next AGM.

BR then handover to KS to propose the accounts where members could then vote to adopt the Annual Report, Accounts and Auditor's Report for the year ending 31 October 2023.

KS provided the following update, including i) challenges and ii) an overview of the Society' financial performance.

The following is a summary:

The main challenges the Society continued to face included Brexit, the Pandemic, the Ukrainian situation, the cost-of-living crisis, and inflation. In addition, the situation in the Middle East has impacted the Society, although it does not currently offer many tours to the area.

In the prior year, KS highlighted the high cost of cancellations to the Society and that the Society had now followed suit with the travel industry as a whole and reinstated its pre-pandemic cancellation policy for most departures during the past year. Overall, 2023 has still been a challenging year for the Society.

During the presentation, a slide on Guest Weeks for UK and Abroad was shown, demonstrating the impact on turnover of the various events over the past few years, both in the UK and Abroad.

Recruiting and retaining employees in the hospitality sector has remained a significant challenge. The Society has broadened and modernised its recruitment processes, making it easier to reach the right people and leading to a reduction in vacancies. In the prior year, the Society was at times forced to cap occupancy or close due to not having sufficient staff to operate. It was reported that the situation had improved in the financial year ending 31 October 2023.

During DH's tenure as CEO, he had always strived to strengthen the Senior Management Team and the Heads of Departments reporting to them. The current incumbents are, without doubt, the strongest team The Society has ever had; however, retention continued to be an issue. The Society was doing everything they could to retain and maintain a strong team to create a period of stability.

The Society survived the financial impact of the pandemic by taking out a large government backed Covid Loan with NatWest. The Board had considered the merits of repaying the loan early in order to remove the interest charges. However, strategically, there had been more pressing needs for the cash generated from the Society operations.

The accounts presented for the year ending 31<sup>st</sup> October 2023 had comparative figures for the previous year. It was reported that overall turnover for the year increased by £4.6m or 17%. This was driven by strong sales at the UK country houses where costs had been well controlled and the contribution from the UK estate was reported to have doubled since 2019. Abroad sales were not as buoyant, and margins need to improve. During the year, an issue arose regarding overseas operations, and adjustments were made to mitigate the impact as much as possible. At the same time, new processes were put in place to ensure that The Society does not encounter the same issues going forward.

Turnover had grown year on year as did expenditure, mainly due to the issues surrounding abroad margin. A lower operating surplus was achieved; a surplus was achieved.

The Board's focus will be on performance and abroad operations. A review of our central overheads will be a high strategic priority, and the Society budgeted for an improved operating surplus in the current year with an ambition of achieving surpluses of £1m plus within the next few years. To achieve this, the Society must generate sufficient cash from trading operations to fund the strategic plans.

There was still an aspiration to purchase Peveril of The Peak, with an option to do so. However, other projects had been prioritised, including the phased renovation of Longmynd House in Church Stretton. Last year, KS reported on the work carried out under phase one of a major refurbishment. Last year, the focus was on improving the property's infrastructure to make it watertight and address urgent issues. Over the winter, the ground floor public spaces were refurbished, the kitchen was relocated from the basement to the ground floor, and an additional five new bedrooms were created. These changes are expected to bring in additional revenue for the Society.

Other capital expenditures in the past year included smaller projects, including staff accommodation at Peveril of the Peak and Larpool Hall, roof repairs at Harrington House, completion of the roll-out of EV charging points across the UK estate, and continued developments in IT systems, both customer-facing and behind the scenes.

In accordance with the requirements laid down by accounting standards, an independent revaluation of some of the Society's estate had taken place. The revaluation saw an increase in value at over £2.5m. Included within this figure was a significant uplift in the value of Longmynd House which demonstrated the benefit of the investment in that property.

The uplift in the value of the estate improved the balance sheet bottom line. This included the ability to borrow funds to accelerate further improvements. Credit and recognition were given to the Estate team at the Society, led by Toni Douglas, Head of Hotel Operations, and Dean Clark, Estate Manager, for what they had achieved with very limited resources.

The Society is a co-operative with a membership of over 48,000 and welcomed over 2,600 new members during the past year. Each member was recognized for the investment made and continued to be made in the Society.

Last year interest rates rose for the first time in years, and the cost-of-living crisis led the Society to experiencing unprecedented levels of withdrawals. Some were directly related to levels of interest rates, and other reasons included making capital purchases or paying a loved one's education fees. The review BR mentioned will review what it means to be a member.

Last year, the Society received an incredible £98,000 in bequests, and the Society was extremely grateful for this, with the details included in note 21 of the accounts. Investments via membership and receipt of donations directly fund the Society's capital expenditure and, therefore, help the regeneration of the UK country houses, thus improving the holiday experience for all.

It was noted that it is a statutory requirement for the Society's accounts to be audited. The audit report was included in the financial statements, and KS confirmed it gave the Society a clean bill of health. The audit report is key to the Society's relationship with the bank and to the ability to raise funds in the future. KS paid tribute to Justine Gibbs, Head of Finance, and her team for the tight financial management of the Society, which he considered to be key to the continued well-being of the Society.

It was confirmed that the Society's auditor, White Hart Associates, had conducted a smooth, informative and collaborative audit, during which, in addition to carrying out statutory reporting, the Society's finance team received proactive support and advice.

An expression of appreciation was also given to DH and his excellent Senior Management Team for the exceptional hard work and dedication shown to the Society, and to the membership for their continued loyal support and belief in the cooperative values on which the Society is built on. KS encouraged members to consider joining the board, adding that it was clear all members believe passionately in the Society and how it is a privilege to be able to play a small part in shaping its future.

KS confirmed that he proposed the adoption of the Annual Report, Accounts, and Auditor's Report for the year ended 31 October 2023 and thanked the membership for listening.

Questions relating to the annual report and accounts were invited and responded to by BR and KS. See appendix 2.

## **7. Adoption of the 2023 Annual Report, Accounts and Auditors' Report**

Members were asked to vote on the adoption of the 2023 Annual Report, Accounts and Auditors' Report. The vote was carried with 195 votes received (181 in favour, 0 against, and 14 abstentions).

The President decided to move to item 10 and return to item 8 afterwards.

#### **10. Notice of re-appointment of White Hart Associates (London) Limited as auditors, presented by Rebecca Horlock**

The financial year ending 31 October 2023 was under the scrutiny of White Hart Associates for the third year. They had once again proved significant support to The Society, with their substantial knowledge, presence and contacts within the travel industry sector and banking. RH confirmed their reappointment in compliance with the Society's Rules.

#### **8. BOARD MOTIONS**

The Board motions were presented by SG, Vice-Chair. There were three amendments to the Rules.

The first was to amend Rule 14.8 to require candidates for election to the Board to hold at least the minimum shareholding for new members. It is therefore proposed to add the following words to Rule 14.8 as set out below in *italics*.

*"14.8 A candidate for election to the Board must be aged 18 or over, hold at least the minimum shareholding for new members prevailing at the time of their nomination and be nominated by two Members of the Society. Such nomination, with the consent of the candidate provided in Writing, must arrive at the Registered Office of the Society not later than 31 December in the year preceding the annual general meeting from which the candidate seeks to serve. A candidate may withdraw from election by notice in Writing to the Society."*

There were no comments from members.

Members were asked to vote on the adoption of the first Rule amend. With 196 votes received (190 in favour, 3 against and 3 abstentions), the vote was carried.

The second was to amend Rule 15.1 by adding 15.1.9 regarding attendance at board meetings. It was therefore proposed to add new Rule 15.1.9 with the following words as set out below in *italics*.

*15.1.9. That person is absent from three meetings of the Board of Directors during a continuous period of 12 months without special leave of absence granted by the Board of Directors and the Directors pass a resolution that they have, by reason of such absence, vacated office.*

There were no comments from members.

Members were asked to vote on the adoption of the second Rule amend. With 198 votes received (187 in favour, 1 against and 10 abstentions), the vote was carried.

The third and final rule to be amended was to for Rules 15.2, 15.2.1. and 39.6 to replace the name of "Board Information Booklet" with "Board Handbook".

There were no comments from members.

Members were asked to vote on the adoption of the third Rule amendment. With 201 votes received (187 in favour, 4 against and 10 abstentions), the vote was carried.

## **9. MEMBER MOTION**

The following member motion had been received: *Over the past 18 months a significant number of female senior employees and board members have left the Society. There has also been one elected board member dismissed, which is probably unprecedented.*

*This gives rise to concern around the governance of the Society. Therefore, this motion calls on the board of The Society to commission an urgent and independent review of corporate governance through either the IOD (Institute of Directors) or the CIPD (Chartered Institute of Personnel and Development).*

*It further calls for an unredacted copy of their report to be tabled at the 2025 AGM, along with a narrative outlining what action has been taken to address any weaknesses identified.*

Proposed by Peter Forrest, Seconded by Daphne Forrest and Rosemary Towers.

During the meeting, Peter Forrest was given 5 minutes to speak to his motion. The member informed the audience that he spoke informally at the last AGM to the acting Chair of the Board and the CEO about the departure of the previous Society Secretary and why they had resigned. He had asked why the Society was having such difficulty retaining its senior women. He had not been convinced by their responses.

He went on to say that over a period of 15 months the Society had experienced five senior women leaving the Society; of which three were from the Senior Management Team and two were Directors.

He continued by stating that his enquiries had revealed the former employee's experiences, which included being disregarded, belittled, and having a misogynistic attitude towards women. He stated that one Director had resigned due to a feeling of powerlessness and issues of interest being deemed out of bounds for discussion because they were deemed operational. The second woman director had resigned in protest following the dismissal of a male fellow board member.

Peter Forrest confirmed his wife had seconded his motion and had been a Society member for over 60 years and a director for 12. Neither she nor any other former board member had been aware of a Board member being dismissed during its history.

He added that the male director was removed from the board for breaching board confidentiality by sharing a director resignation letter with a former employer despite their explicit consent.

Following this expulsion, Peter Forrest confirmed that what was more concerning to him was that the transgression had been identified through the Society's monitoring of the Director's Society email account.

On this basis, Peter Forrest requested that the membership consider whether the raised issues supported his motion to commission an urgent and independent review of corporate governance.

There were no further speakers on the member motion, and the meeting moved to the Society's response. Owing to the complexity of the motion, the response was split between BR and DH.

### **The Society response**

BR's response included a thank you to Peter Forrest for raising the motion. It was confirmed that as a Cooperative it is important that the Society ensures that the governance is regularly reviewed. In July last year, the board

invited Cooperatives UK to carry out an independent Board Effectiveness Review. BR confirmed that it was currently underway and had included interviews with each individual board member, an observation of a board meeting and a review of board papers etc. BR confirmed that the process would enable the board to have confidence in its overall performance by understanding i) The effectiveness of its operations and decision-making, ii). The areas of excellence and areas where development is required to enhance effectiveness and iii). The activity that may be required to improve or develop effectiveness, board dynamics and /or behaviours.

BR confirmed that the review would include governance processes, present a fundamental review of how the Society Board functions, and be far more comprehensive than the narrow review suggested in the Member Motion. He confirmed that the review had already raised several issues that were believed would improve the board's effectiveness. BR committed to providing a report to the membership once the review has been completed.

BR continued by responding to the issues raised regarding Directors adding that DH would answer regarding staff. Since January 2022, there have been four resignations from the board. Two male and two female. Therefore, the implication that just women had left the board was incorrect. A fifth director, a male, had left the board as a result of being found to be in breach of our Board Code of Conduct. He had the opportunity to appeal to an independent panel in accordance with the Rules of the Society but chose not to and, as a result, was dismissed. BR confirmed that since he had been on the board, this was the third director who had breached the Rules. The other two, also men, had recognised the strength of the case against them and had both resigned.

BR confirmed that in this case, the Director had decided to engage in the disciplinary process, which was why they were shown as being dismissed instead of resigned.

BR assured the membership that the Board were not complacent. He added that a new Equity, Diversity, and Inclusion (EDI) Policy had been adopted to ensure that everyone is treated fairly across the Society and was being communicated across The Society.

BR stated that given the member motion, the membership was asked to reject the member motion on the basis that considerable work was already underway and there was no justification for allocating scarce financial resources to duplicate these efforts.

DH's response included an awareness that many organizations had seen changes in the Senior Management Team, with both female and male colleagues leaving since COVID. DH shared that he was proud that the composition of the HF management team was currently 70% female and 30% male. He added that it was, therefore, not unusual for more females to have left. During his time as CEO, females had outnumbered males with a mix of around 60/40, which is the reverse compared to most organisations where male senior managers outnumbered female colleagues. He also referred to the positive results in the the Society gender pay gap report, summarised on page 35 of the annual report, and a detailed summary available on the the Society website.

He added that COVID and the journey out of lockdown, with Brexit, the cost of living crisis and international issues, have been challenging for all; however, recruitment and retention were a priority for The Society; over the past nine months, the number of people in the HR department had increased significantly, including CIPD qualified staff. He added that his experience of the current Board Effectiveness work with Cooperatives UK was the most independent, extensive and detailed work the Board had ever done in reviewing how they work as a group, together with the Senior Management Team at the Society, and looked forward to the final outcomes. He finished his statement by adding that if the motion passed, it would increase the Society's costs and duplicate workload.

Questions from members on the Motion were invited and responded to. See Appendix 3.

### **Member motion right of reply**

Peter Forrest confirmed that the comments he had read about a director's expulsion were his own. The comments about Senior Management team employees had been lifted verbatim from the notes he took when he interviewed the individuals. Peter Forrest accepted DH's point that the Society is an inclusive employer with a high percentage of female employees and suggested carrying out a qualitative exercise on the turnover of the female staff.

Peter Forrest confirmed that he had spoken at length with Cooperative UK. He said they had denied that the performance review had anything to do with corporate governance. Peter Forrest suggested that there might have been a misunderstanding or a need to rewrite the terms of reference for the review.

Peter Forrest then reiterated that the expulsion of an elected board member was draconian and unnecessary. He was concerned that the Chair had not commented on the monitoring of Directors' Society email accounts, which he considered to be inimical to the independent role that Directors exercise while they are members of the Board.

### **BR responded to the Member Motion**

Firstly, HB reminded the audience that they are all members of the same Society and that recognising the integrity of each member was very important at this point. HB allowed BR to reply.

BR confirmed that he had seen the correspondence between Cooperatives UK and Peter Forrest and considered them to be reading the document in different ways. BR stated he had read the document from the Cooperatives UK verbatim.

He assured the members that the action regarding the director's dismissal was in accordance with the previously agreed-upon Code of Conduct.

BR confirmed that the Society does not regularly monitor the email accounts of directors. A formal investigation had been triggered from the disciplinary process where consequences follow in line with the Society's policies and would be the same for an employee under investigation as it had been for a board member.

Members were asked to vote on the Member Motion. With 215 votes received (27 in favour, 136 against and 52 abstentions), the vote was not carried.

### **11. The election of the Honorary Officers, presented by Robyn Lynch**

RL confirmed that Helen Boaden, who had served as the Society's president for nine consecutive years, had accepted an invitation to be nominated for election as Honorary President of the Society until the Society's next AGM. RL confirmed that the Honorary Vice Presidents, David Gray, Keith White, Joyce Hilton, Bob Gomersall and Angela Brassey, had each accepted the invitation to be nominated for election as Honorary Vice Presidents of the Society until the Society's next AGM.

The Honorary Officers are all members who have made significant contributions to the Society history, having served for several years on the Board or as President/Vice President of the Society.

It was highlighted that their role is to support the Board and, more specifically, to participate in a limited number of activities related to governance. The Society was pleased that all agreed to continue to serve.

Members were asked to vote on the election of Honorary Officers. The vote was carried with 208 votes received (195 in favour, 3 against, and 10 abstentions).

### **12. Announcement of successful candidates elected to the Board, presented by Manuela Gordea**

MG outlined some of the work completed by the Board during the year to ensure the Society effectively guides and serves its members in the best possible way. To enhance performance, board members had undertaken

training on governance. Additional training would be provided where necessary. The Board conducted an external review to evaluate the board's effectiveness, and each Director also had individual meetings with the Chair. The working relationship between the senior management team and the Board has been strengthened.

An effective Board requires directors with a mix of skills and experience who understand the Society and are willing to work together to support The Society in achieving the strategic goals set by the Board. All Directors are volunteers who give their time freely.

MG noted that this year, the Society received seven applications from candidates for the Board, including two serving Board members and one former Board member applying for re-election.

MG noted that there were four vacant places on the Board: three full-term, 4-year vacancies by rotation and one one-year term due to Leslie Brantingham leaving in May 2023.

The full election results will be published on the Society website the week following the AGM. MG confirmed that over 2,700 members voted in the election and that the scrutineers, UK Engage, confirmed that the election provided a fair and accurate outcome in accordance with the Society's Rules.

MG announced the successful candidates. Linda Haydon, Malcolm Oliver, and Jerry Gould were elected for a 4-year term, and Stephen Couper for a 1-year term. Their appointments commenced at the 2024 AGM. MG congratulated them on their appointments and welcomed them to the Board.

#### **11. A resolution of thanks**

SG recorded thanks to Davina Vencatasamy, who was elected to the Board at the 2022 AGM for a two-year term and stood down in April 2023. Davina had served on the People and Product Committees and had brought a range of experience and skills to the Board, and he thanked her for her service.

SG was pleased that Linda Haydon and Jerry Gould had been re-elected for further four-year terms on the Board.

#### **14. CEO address by David Harrington, CEO**

DH provided an update on plans linked to the nine-goal strategy for growth wheel divided into three headings: Product, Performance, and People and noted the following: The past few years had been challenging for The Society; however, the start of some economic stability was being borne. International events had continued to impact the global economy, but The Society had proved its resilience over the years.

##### **Product**

**Maintain and broaden our guest base:** The Society is a people-focused organisation, and the members and guests continued to be at the heart of the strategy. He reported that new ways of advertising had been explored, such as advertising via YouTube, which had proved successful, and added that the Society's website continued to be improved, and new holidays had been launched earlier in the year. A partnership with Traveleyes had been newly formed, providing holidays for the blind and visually impaired, with nearly all holidays sold out, and there were plans being made to expand this for 2025.

**Driving abroad growth:** Bookings had not yet returned to the 2019 levels for overseas and were the focus through pioneering new walking holidays, including bringing back destinations to the holiday collection, particularly in Italy. The focus continued to be on developing relationships with local guides in Europe working alongside the Society Tour Manager, which had been introduced due to Brexit. Furthermore, capacity in the peak summer in Europe had been a weakness partly due to the weather, but consideration would be made to offer destinations in Scandinavia and the Alps and developing the range of rail programmes. The Society had also seen significant growth in trails and island-hopping holidays and would continue to expand these.

**Providing exceptional experiences:** The Society had won two Which? recommended awards last year and were a FEEFO Gold trusted award winner. The team at Newfield Hall in Malhamdale had been recognised by Visit England with the Rose award. The Society Net Promoter Score (NPS) was at 69, with room to further improve with a higher target for 2024. The Society is constantly looking for improvements in the customer experience in the houses, the offices and the holidays. In November, the Society had celebrated 110 years, which was memorable. The Society had recruited a Learning and Development manager with the aim of providing support and training for all teams. Furthermore, DH shared that retaining the team was also a key focus.

## Performance

**Introduce smarter processes:** Several projects were underway, including a digital solution for ordering meals at the Society-owned country houses, with trials at a couple of houses first before implementation. An online portal for leaders had been launched, which provided leaders key information on guest numbers and who are the other leaders they are leading with. The Society planned to further develop the My Account section for members and guests. He reported that there were already 14,000+ signed up who could pay their holiday balances and review their holiday documents. In the office, the plan was to replace the HR system and install a modern applicant tracking system to improve the recruitment experience.

**Improve profitability:** Making a surplus is key for the Society and would allow the Society to reinvest back into the estate. To do this, the Society would need to achieve higher profits. The ambition is to make £1m surplus per year, which DH said would be possible. Prices would need to increase, and the Society would need to sell more holidays, extend the seasons, increase occupancy holidays and review other areas. He added that had there not been setbacks over the past two years, the Society could have reached the £1m figure. Over the next 12 months, the key to this ambition would be a review of central overheads and to improve the overseas performance with a return on investment on all projects. Five extra bedrooms had been created at Longmynd House, Church Stretton in 2024 which would help towards this.

**Protect and grow our assets:** A strategic estate plan has been identified and is expected to cost around £15m. Work is underway to refurbish the estate to a good standard and ensure compliance with health and safety.

DH stated that the plan provided clarity and a strong desire to expedite the estate plan, supporting the goal of enhancing the Society's profitability. The organisation is still paying back the Covid loan, which has led to limited funding. Member investments were reported to be greatly appreciated. Significant investment had been made in Longmynd House. Other houses had seen investment, and each project had a separate return on investment, with the capex budget closely monitored. Staff accommodation continued to improve, which had previously been an area overlooked.

Purchasing Peveril of the Peak continued to be an aim for the Society, with an option to purchase at a fixed price before early 2027. Discussions with the owner and the bank were underway on how to achieve this. The pool at Alltshellach was planned to be refurbished courtesy of a kind donation from member, leader and Vice President Bob Gomersall.

The Society saw a record year with over 2,600 new members, and the plan is to review and improve member benefits and how The Society engages with its members. He encouraged members to invest more in the Society so the estate continues to improve.

## People

**Delivering Cooperative excellence:** DH commented on the range of stakeholders across the Society: members, leaders, house teams, office teams, the Board, and field advisors. Engagement with the biannual member Q&A and member breaks continued throughout the year and will continue in the future. He explained that the Society would continue to develop further partnerships with like-minded organisations both in the co-operative world and the outdoor community—some of these include the National Council of Voluntary Organizations (NCVO), Cooperatives UK, Plas Y Brenin, etc. The work of the Pathways Fund continued – details in the Annual Report.

**Providing an inspiring place to work:** DH reported that the past few years had been volatile in the travel and hospitality sector. Recruitment and retention had been challenging, and the Society had not been immune to

that but managed to remain open while other businesses had to close. A people strategy focusing on recruitment and retention has been adopted to provide the Society focus. This would be supported with new HR software being implemented, and onboarding for all teams would be reviewed and improved. Last year, The Society had sponsored two overseas chefs, and this year, this was being expanded to ten. Furthermore, an Equity Diversity and Inclusion Policy had been implemented in collaboration with an EDI consultant and was being rolled out to teams across the Society. DH confirmed that staff and leader surveys would be carried out, too. DH highlighted that over 600 leaders had accepted leader appointments last year and that the engagement and support from leaders were unrivalled. Online conferences via Teams had been held with groups of leaders, and going forward, the Society was looking for ways to improve the support for probationary leaders. A review of leader benefits was also being undertaken. DH added that he was keen on The Society to reward loyalty and service.

**Driving Sustainability:** The Society continued to measure and reduce its carbon footprint. There were fewer overseas trips compared to 2019, and in the UK, many changes had been implemented, including reduced transport for the guided walks and plant-based materials for the picnic lunch. The Society had also reached out to Cadburys and Tunnocks about what they were doing to “green” their packaging. He confirmed Freddos would not be removed from the picnic offering for now!

The Society’s plans for driving sustainability were featured on page 17 of the annual report including reducing waste by 50% in 2025. Other plans included reviewing digital despatch for members as over 17k members were posted notice of the AGM, and the Society’s aim is to reduce the printing and postage in the near future.

Finally, DH confirmed that the Society had, in the past week, achieved B Corp accreditation, an international certification for businesses which assess five key categories: i) governance, ii) workers, iii) customers, iv) community and v) the environment. It was a rigorous accreditation process, and only 8k businesses worldwide had achieved this. Looking ahead, it was envisaged that the accreditation would support the Society in attracting guests and staff – 86% of Gen Z consumers (the under 30s and the Society’s future guests and employees) expect brands to take a stance on social issues.

#### **DH retirement**

DH then shared some personal news. In February 2024, he completed 40 years of service with the Society and advised the Board of his intention to retire at the end of 2024. He shared some personal experiences and how he had loved his time working at the Society. He added that he would be sad to leave but that the Society would move on and grow.

There was a round of applause from the audience. Member, leader and Vice-President Bob Gomersall personally added a thank you for his contribution and highlighted that during Covid, the regular broadcasts to leaders from DH had been well received; Bob commended DH on how dedicated and how well he communicated.

BR recognised DH time at the Society. His relationship with DH had been among the best he’d had as a true professional. During Covid, the weekly meetings and DH’s approach to questions and issues raised by the Board had ensured the Board remained informed, and without DH at the helm, he was not sure the Society would have survived. As CEO, DH ranked among some of the best BRs had ever worked with. The Society is now faced with finding a new CEO. A recruitment consultant had been appointed, with a person specification and the job description provided. It was envisaged that a new CEO would be in situ by late Autumn 2024. The Board would ensure the person suits the Society culture and has the skill set to deliver the new strategic plan.

Questions from members were invited and responses were given. See Appendix 4.

### **13. Announcement of voting**

MG presented an announcement of the voting results. For the purpose of the minutes, they have been provided under each agenda item.

#### **14. Time and place of the next Annual General Meeting to be announced**

The next AGM was confirmed to take place on 5 April 2025 in Birmingham. Venue and timings would be announced in due course.

### **Appendix**

#### **Appendix 1: 4. Confirm the Minutes of the 109th Annual General Meeting held on the 01 April 2023**

A comment was raised by a member and responded to under agenda item 5.

- **QUESTION from the room:** A member raised a comment regarding the minutes that questions submitted in advance and in person for the 01 April 2023 AGM had been recorded as only four lines of text in the minutes, and the core element of the member's question and the board members' responses were omitted. The member asked that the questions from the members and the board responses be detailed in the minutes in the future.

#### **Appendix 2: 6. Presentation of the Annual Report, Accounts and Auditors' Report for the year ended 31 October 2023 by Ben Reid, Chair and Keith Sellens, Chair of the Audit & Risk Committee**

Questions relating to the annual report and accounts were responded to by BR and KS.

- **QUESTION from the room:** I note the repeated reference to the reduced profitability to the overseas operation. Page 50 of the annual report and accounts shows the abroad surplus at £8.3m was 27.4% of revenue compared to 27.3% for the previous year. The margin does not appear to have worsened and has resulted in the operating surplus halving from 2% of turnover to 1% has been the significant £1.5m increase in the admin overheads. My question is about working capital - when BR re-stood for election two years ago, he was the only candidate who stated that the Society needed to increase the liquidity of its balance sheet. We aren't getting increased liquidity out of operating profits; indeed, the operating profits are not even enough to pay for the covid loan and at the bottom of page 41 the cash at bank has fallen by just over £1m. How is that ambition going to be achieved?

BR responded, confirming that there had been a significant reduction in the abroad margins due to issues with abroad costings. DH and his team had made every effort to understand exactly what had happened, but that was due to a lack of ability within that team, and people had left the Society as a result.

BR confirmed that the 27.4% surplus abroad was masked by the Society being more profitable at the UK houses, maintaining the overall margin. The society incurred expenses for abroad trips and, in some cases, sold them below cost. The Performance Committee investigated the issue. BR confirmed it was a case of a reduction in margin, sold at a price that wasn't sustainable, and the Society had to fix it.

The financing of the Society continued to be the biggest challenge that the Board faces. The aim is to do c.£14million of capex work across the estate. The priority is to create sufficient profit to cover the shortfall. It was confirmed that the COVID loan was only halfway through its term and required a significant amount of cash.

The bank was not inclined to offer the society any more loans at this time. Additionally, members were withdrawing shares more than making contributions. The current money market situation was very different from two years ago. The Society was operating in a low and stable interest environment, and therefore, financial instruments such as bonds or other means to raise cash were not currently available to the Society.

The strategy for the Society is to increase profitability in order to generate cash. BR confirmed that the Society would consider other options once the COVID loan has been repaid. This may include seeking bank finance or issuing a bond for membership. Although these ideas are still being considered, the primary focus is on achieving sufficient profitability to provide the Society with more funding opportunities. This would enable the Society to secure a loan for potential investments, such as the purchase of Peveril of the Peak.

Going forward the Society would need to encourage members to continue to support and increase the membership funds, but that would not be achieved by increasing the interest rate, as it would reduce the amount of money for profitability to fund capital projects. A strategic review of the products will take place to examine the four strands of the Society previously mentioned and determine how to enhance profitability. BR confirmed he may have to change his stance from his candidate statement and that the financial markets were completely different to how they were two years ago.

- **QUESTION from online:** The accounts do not provide a breakdown of revenue between UK holidays and abroad as in previous years; why is that?

KS confirmed that the Society had not always provided the details and was not specifically required under the Companies Act, which sets the reporting guidelines, even though the Society operates under the Co-operative and Community Benefit Societies Act 2014. The Society does try to be careful about what is shared publicly due to competitive interest, although the Society aims to keep the membership informed.

The way it is reported in the accounts when it is split out is not where the Society generates the income from but where the guests who take part in the tours are based. It was confirmed that post-Covid, most guests are UK guests. KS confirmed that there is an aspiration for more overseas guests. The Society is looking to build up overseas guests for both UK holidays and outside of the UK. KS confirmed that the Society considers each year what should be disclosed in the accounts but did not think it would show a high breakdown from overseas guests presently, nor was it something The Society would choose to disclose at the moment.

- **OBSERVATION from the room by an Honorary Officer:** The Society needs to grow its profitability. The key point about growing a business is where the scalability is in the business; scalability means you can grow it without increasing overheads. This is predominantly on the foreign side, which is volatile as we've seen on the margin and the UK country houses because as soon as you get the volume up in the UK houses, you've made a much bigger contribution to profit. The problem the Society has is that it's down to owning 16 houses. When you get below 16 properties, you're on the spiral downwards, which CHA demonstrated, and so The Society is very close to the downward spiral and it's really important that the Society looks at what opportunities there are to have extra houses. He added that one could argue that a drop in sales directly results from the drop in the number of houses. The question is where else the Society can lease places that will do the job, and the margin is much bigger on places that the Society leases than it is on the places that the Society pays other people to do the catering for the Society.

The member's point was noted.

### **Appendix 3: 9. MEMBER MOTION**

Questions from members on the Motion were raised and responded to:

- **OBSERVATION from the room:** A member stated they had previously served on the Board and wished to comment that the situation with the board member was not unprecedented. A policy had been put in place to manage it, and the member applauded the Board for the way it had been dealt with.
- **QUESTION from the room:** A member asked if the report would be published in full and not redacted.

BR responded that the review is a series of conversations and recommendations that will come through from Cooperatives UK. The board will then create its own action plans, which would then be reported to the membership.

- **QUESTION from the room:** A member asked about the likely cost and time expected to get results.

BR confirmed that it was a work in progress which was running alongside the strategy review. He expected in the next three to four months to be ready for the new board year when there were new board directors and to update the terms of reference. The cost was reported to be in the region of £5,000. He added that all Directors were signed up to the Code of Conduct. BR added that a recommendation raised by Cooperatives UK was that the reporting line for the secretary had not been clear. The previous Society Secretary was appointed by the Society as the sole person to the role; previously, it was a joint Chief Executive and Secretary role. This was amended before Manuela Gordea was appointed as Society Secretary in July 2023 and BR confirmed there were now clear lines of reporting and accountability. This showed how The Society improved the culture within the boardroom by making it clear where the Secretary's responsibilities lay.

#### **Appendix 4 :14. CEO address by David Harrington, CEO**

Questions raised and responded to:

- **QUESTION from the room:** Please give recycling a consistent and higher profile across the houses. One suggestion was to use waste bins in rooms and put anything to be recycled on the floor next to them.

DH confirmed that the Society had set a target to reduce waste by 2025. The Society can improve the visibility of recycling at each house, and bedroom bins that divide the recycling and rubbish are being trialled.

- **QUESTION from the room:** Stop sending duplicate mailings to households and only send one mailing per household.

DH agreed that the Society updates could be merged into one per household and would discuss this with the marketing team.

- **QUESTION from online:** With the introduction of digital ordering of meals, not all customers have smartphones.

DH confirmed that the trial would involve the Society providing the equipment for digital ordering.

- **QUESTION from online:** Can you clarify the comment that over 600 leaders were appointed last year and whether these were 600 new leaders?

DH clarified that over 600 leaders took appointments during the year. Some had led many times, and one leader had led over 20 times, which is a remarkable achievement.

- **QUESTION from online:** With West Lulworth House under offer, will the sale proceeds be used to pay down the CBILS loan to reduce the repayment and interest charges?

BR confirmed that the funds would not be used to pay down the CBILS loan. He confirmed that the Society had looked at the opportunity to pay down the CBILS loan in the past. However, the bank would not be keen to pay down the CBILS loan because it has put in place a facility with government guarantees. Secondly, BR confirmed that the Society needs a finance strategy that includes profitability to consider what other options are available. Paying off the loan would restrict opportunities e.g. the aspiration to purchase Peveril of the Peak.

- **QUESTION from online:** Which houses will be next to be refurbished?

DH confirmed that the focus had been on Longmynd House and other major projects, such as the roof at Harrington House. The management team would analyse the priority list to establish where investment should be for the 2024 winter. He added that the focus would be on opportunities that would enhance the Society trading position and increase the number of bedrooms.

- **QUESTION from the room:** Please can you review the intangible member benefits and belonging to a good organisation and emphasize how good the Society is as an organisation and the importance of belonging to it for B Corp, the Pathways Fund, and everything the Society does.

BR thanked the member for a great comment, stating his background and beliefs in the co-operative movement. He added that it is not just about the transactional benefits but the way that the Society interacts with its members, customers, and employees. BR added that it was not about the interest rate paid to members; instead, it is about what the membership believes in and supports.