

Lincolnshire



HALF YEAR REPORT

Period ending 4th March 2023

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Director

New appointments

Alison Hands started as our Chief Executive Officer in April, taking over from our Chief Financial Officer Steve Galjaard, who oversaw the business as Acting CEO following the retirement of Ursula Lidbetter in December.

Alison brings over 33 years' experience in a diverse mix of retail environments, including Marks and Spencer, The Body Shop, Walgreens Boots Alliance and Boots Opticians. She was most recently Managing Director at Wilko.

Our new Group Secretary & General Counsel is Rob Allen. Rob has an extensive legal background and before taking this role was Head of Legal & Regulatory Affairs at Deutsche Bahn's UK subsidiary, DB Cargo UK.





**Sales
grew 2% to
£199.4m**



**Surplus fell
from £8.9m
to £6m**

**Energy costs
in food up by
£1.3m**



OVERVIEW

We've had a successful half year, with strong performances from many of our business areas, a community programme making a positive difference and investment in property, boosting the local economy.

There is no doubt, however, that the current economic climate is challenging and we are managing our costs carefully while continuing to create as much value as we can for our members, colleagues and communities.

Overall sales were up 2% from **£195.4m** to **£199.4m** and in the main, customers have returned to pre-pandemic shopping habits.

Our **food stores** saw **growth of 5%**, though volumes were down as shoppers seek to manage household budgets. Across the food retail sector, pricing is volatile as distribution costs, availability and manufacturing issues continue to have an impact. We work closely with our co-operative buying group to manage any increases as best we can.

In pharmacies, we campaign to raise the issue of fair NHS funding as this puts a strain on us, and many other community health providers. Alongside the multitude of consultations, advice and healthy living services our teams provide, we saw the **number of prescriptions increase by 4% to 3m items**.

In travel, though customer numbers are down, sales are back at pre-pandemic levels and confidence in the industry is such that our teams have reintroduced events and promotions for our customers, many of whom are booking with us for the first time.

Our **funeral branches** provide trusted advice and support to the bereaved and carried out **1,498 arrangements** this half year.

We subsidise our network of post offices by a significant amount each year as we recognise their importance. As access to banking services in rural areas becomes even more of an issue, we are focusing on promoting those services to local communities.

We've invested in our valued services, including new food stores in Barrowby, near Grantham, Lincoln's Skellingthorpe Road and Warsop, near Mansfield.

We bought a pharmacy in Winterton, near Scunthorpe, and our busy travel branch in Market Rasen was given a new look.

To be a successful business, we have to make difficult decisions about our services to ensure we're sustainable in the future. This half year, we transferred Springfields Filling Station to a new specialist forecourt operator that is better placed to run this outlet going forward.

Energy costs have greatly impacted on the society. For example, in our food business usage has dropped by 1.1% but our bills have increased from **£1.3m** to **£2.6m**. We buy ahead to protect ourselves from the worst of the price rises, but it is still a significant extra expense.

Coupled with other rising costs, such as increased wages and food distribution, it means our **surplus** has dropped from **£8.9m** in the last half year to **£6m** – though last year's result was buoyed by one-off property receipts and a reduction in the provision set aside for holiday cancellations needed in our travel business, as departures returned to more normal patterns.

It's a healthy surplus but we need to proceed with caution during the challenging months to come.

We have several projects ongoing to increase efficiency and improve services in our outlets, such as centralised dispensing in pharmacies and we are considering electronic shelf edge labels in food stores.

We will also be reviewing our profit share schemes, including the rate of members' year-end dividend bonus and the colleague profit share, to ensure they remain in line with the surplus.

Our aim is to continue to support our members, colleagues and communities by making sensible and considered decisions about our resources.

Thank you for your support.



PROVIDING AND SUPPORTING VALUED SERVICES

Construction work is ongoing at four new food store locations. We're looking forward to opening our doors at Bilsthorpe, Corringham Road in Gainsborough, Laceby near Grimsby and Carlton near Selby over the coming months.

Now that the travel industry has bounced back, our travel teams have been able to run events again and we were delighted to see over **500 people** attend our **Cruise and Escorted Touring Show** in January – 24% of bookings were from new customers.

In travel branches, we collected **1,094 Christmas presents for families** in need as part of the Travel Toy Bank campaign, which supports local good causes in each area including children's charities, food banks and local Salvation Army branches.

Our food stores have connections with local food banks and run collection points all year round. We supplement this with targeted campaigns to increase donations when the organisations need them. **The Food Bank Advent Calendar campaign** in December saw the equivalent of **26,589 meals** and **£4,900 donated**.

Housing is an issue across our area and this is something we are keen to help address. We built two dwellings next to our new food store on Skellingthorpe Road in Lincoln, and are looking at developing our old food store site nearby with further accommodation.

In Tattershall, we own an empty undeveloped site and are working with the community and East Midlands Community Led Housing to assess what housing need is in the area.

Our colleagues are key to all the valued services we provide and in October, we rewarded them with a **colleague bonus** equal to **45%** of a weekly wage.

During the half year we consulted with our union Usdaw on the retail pay agreement, which covers the majority of colleagues. Those covered by the agreement have now received at least a **6% pay increase**, with some customer facing roles seeing a larger increment.

There are other ways we support our colleagues, including **free counselling** which **82 colleagues** benefited from this half year. Discounts on IT equipment and gym membership are also on offer, as well as a colleague discount on our services.



Cruise and Escorted Touring Show



Travel's Toy Bank appeal

First class

Our post office team was honoured with a national award from Post Office Ltd.

There are 10 awards shared yearly with 2,000 partners so we were delighted to be named as the **Best In Class Travel Partner of the Year**.



We opened a new store in Skellingthorpe Road in Lincoln and built two new houses alongside it.



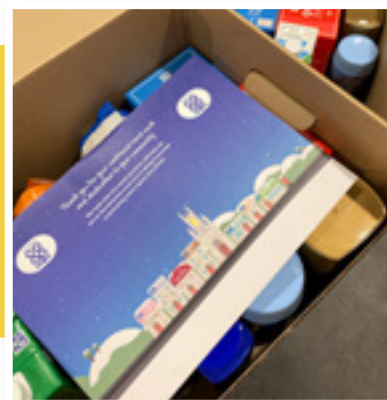
Earthquake aid donation

On behalf of our members, we made a **£10,000 donation** to the Disasters Emergency Committee (DEC)'s Turkey Syria Appeal to help those stricken by the earthquakes on the border in February.

We also publicised the appeal through our outlets promoting how our customers could also show support.

Warm spaces

We donated over **1,500 items** including tea, coffee, UHT milk, sugar and biscuits to **100 groups** that had set up Warm Spaces this winter. The donations were our way of saying thank you and showing support.



HELPING TO GROW THE LOCAL ECONOMY

Our Love Local range supports small producers from our trading area. In the range, there are **195 different products** from **46 local businesses**.

We pay extra dividend on those products all year round and also run regular promotions to members to encourage them to buy local – **44,000 members** benefitted from **10% dividend** during Love Local fortnight this autumn.

The team at our own bakery Gadsby's provide freshly baked goods to all of our food stores and have offered seasonal special products including chocolate orange truffles for Mother's Day, a hot cross loaf for Easter and cupcakes sold to raise money for The Prince's Trust.

The Cornhill Quarter in Lincoln welcomed new tenants in the half year including Three Joes pizza restaurant and locally-owned clothing store Jailhouse Frock.

We worked with the City of Lincoln Council and Heritage England on a project to restore the shops at **38 to 44 Sincil Street**, which are rare surviving examples of traditional 'back-to-back' houses. The buildings were unveiled during the autumn and the scheme won the **Heritage Led** and **Outstanding Project** categories in the **Lincoln Good Design Awards**.

Work is continuing on the Barbican Creative Hub, a joint scheme with the University of Lincoln which will see the 150-year-old hotel opposite Lincoln Central railway station turned into a multi-use facility including a public gallery, freelance art studios and a café.

We also partner with the University on the Lincoln Science and Innovation Park (LSIP). Phase two of the scheme – expected to create around **800 jobs** and provide **10,000 sqm of commercial floorspace** – is underway. The newest buildings, Alchemy and Gravity, were awarded the Commercial Development honour at the Lincoln Good Design Awards.



Our Love Local range



Products from Gadsby's



The 38 to 44 Sincil Street development won a Lincoln Good Design award.



Get Into Retail

Giving local people the tools to improve their employability is at the heart of many of the schemes we're involved in.

One such initiative is Get Into Retail, which we run alongside charity The Prince's Trust. We ran our 17th programme this half year. It involves participants undertaking training, getting practical experience in our outlets, as well as benefiting from the expertise of mentors from our business.



CARING FOR HEALTH AND WELLBEING

During autumn, we run community flu clinics in venues across our area, designed to give people local and convenient access to the vaccine. We held 17 clinics between September and October, administering 2,599 jobs.

Hygiene poverty means being unable to afford the basic items many of us take for granted, like shampoo, soap, toothpaste and toothbrushes, deodorant and period products. It is a growing problem with an estimated 6% of the population affected.

We wanted to help so, using our connections with local food banks and homelessness and domestic abuse charities, we've introduced **hygiene bank donation points** in all our pharmacies, supporting **16 different good causes** in our area.

Our funeral branches united in support of national **Baby Loss Awareness Week** in October. Colleagues from across the business and customers crocheted and knitted over **5,900 keepsake butterflies**, which were available in our branches during the week as a gesture of remembrance for those who have experienced such a loss.

The rest were donated to maternity wards and local branches of Sands, a national charity that provides support services to bereaved parents and families.



Our funeral team supported Baby Loss Awareness Week.



Toiletry collection points help charities like the Lincoln Hygiene Bank.



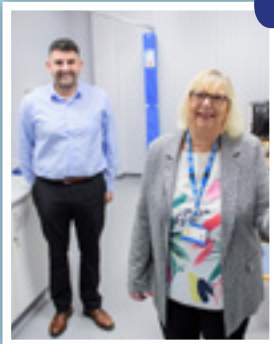
Abbey Medical Practice in Lincoln.



Not only do we want to provide the best possible environment, we also want to provide our patients with better choice, including the ability to access services that they may have previously had to go to hospital for.



- Abbey Medical Practice Manager, Mark Henella (left).



Through our property team, we have been working in partnership with local NHS organisations on developments which help improve services for patients. **Abbey Medical Practice in Lincoln** reopened in January after a two-year **£1.2m project** to significantly redevelop and expand the practice, which serves **8,100 patients** in the local area. We were proud to have invested in this project, which will mean the surgery can provide more services.

MEMBERSHIP

9,550 new members signed up to be part of **Lincolnshire Co-op** this half year, bringing our total membership to **305,627** in **March 2023**.

Our online and in-person **annual members' meeting** took place in December with **1,033 people** in attendance – 46% of whom hadn't come to the meeting before.

We trialed a **Cook With Co-op** event, showcasing how to make tasty, good value dishes. We had some great feedback and we'll be doing more demonstrations at our Summer Members' Event and the Lincolnshire Show.

Exclusive offers from other local businesses are available to members via our website, where there are also a variety of quizzes, surveys and competitions.

Being a member of Lincolnshire Co-op also means you can support good causes near you through our Community Champions scheme. Members can vote on which charities we support and **3,667 votes were cast** for our winter quarter last year.



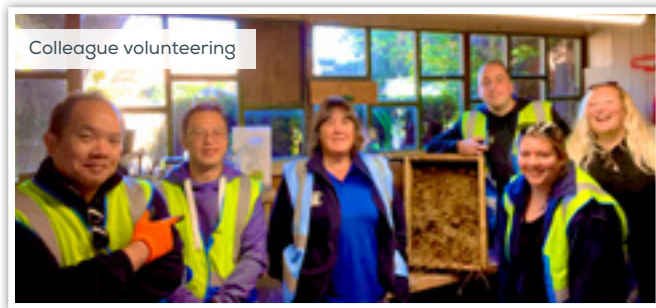


LOOKING AFTER OUR LOCAL ENVIRONMENT

Our employer-support volunteering programme **Busy Bees** has seen many colleagues undertake work which often includes sprucing up a local building or space, whether it's gardening, painting or litter picking.

The scheme links outlets and workplaces to their local communities, gives colleagues a boost and builds teamwork skills, as well as helping local good causes. This half year **214 colleagues** have taken part in **40 projects**.

We're making progress on setting our goals as part of the Science Based Targets initiative (SBTi). These are focused on reducing our emissions from activities such as gas and electricity use, vehicle use, and refrigeration, as well as reducing emissions within our supply chain.



Making changes

Our buying group is constantly reviewing products, procedures and packaging to make what we offer through food stores more sustainable.

Steps taken this half year have included the removal of best before dates on lots of fruit and veg – encouraging people not to waste goods which are still edible – and changing the tops of our milk bottles to clear, which is much easier to recycle than coloured plastic.

We're exploring how we can use our sites and developments to benefit the local environment further, on top of bringing sites back into economic use. At our Barrowby Food Store for example, we have a community seating area, and raised beds.



More **electric car charging points** have been introduced at our outlets, with a total of **13 in service** at the half year.

COMMUNITY CHAMPIONS

We've had two periods of **Community Champions** fundraising during the half year.

From September to November, we raised over **£153,000** for **26 groups** providing first response for people feeling suicidal and dealing with mental ill health.

As well as money, the campaign highlighted the important services these groups provide and we have a section on our website signposting to these good causes – lincolnshire.coop/youarenotalone

From December to February, we raised money for **252 local community groups** – voted for by our members. They ranged from wildlife schemes and friendship groups to sports clubs.

We were able to share over **£164,000** with these organisations making a difference in their community.



In farming and agriculture, it's so important to talk about mental and emotional health. We work hard to share this message, and let people know that we are here to listen.

Unfortunately, there is a greater need for our services than ever before, and we are seeing a significant increase in the number of people reaching out to us for support.

So, on behalf of everyone at Lincolnshire Rural Support Network, thank you. Every penny will be put to good use, helping us to deliver emotional and mental health support as well as physical health screening for the farming and agricultural community across Lincolnshire.

– Head of Charity at Lincolnshire Rural Support Network Amy Thomas (centre).





lincolnshire.coop