

2012 UNITED NATIONS
**INTERNATIONAL YEAR
OF CO-OPERATIVES**
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2012
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The Co-operative Party Annual Conference 2012

Annual Report 2011

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#CoopParty

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Chair's Report



2011 was a year in which the Co-operative Party built on our considerable achievements and looked forward to new challenges.

As the movement looked toward the UN International Year of Co-operatives in 2012 and the opportunity to showcase what we value to the world, the Party continued our work to develop and defend our model and our brand in Westminster, in the devolved governments, and in councils across the UK.

That is why Labour and Co-operative MPs sponsored legislation to promote co-operative housing, to provide more support for mutuals in our discredited financial services industry and greater protection from loan sharks for vulnerable people who suffered most in the global economic downturn.

That is why the Party developed and expanded the Co-operative Councils' Network in 2011, a group of Labour local authority groups stretching from Newcastle to Brighton, all dedicated to put into practical effect the values and principles of our movement and providing a co-operative alternative to the Big Society.

That is why we recruited record numbers of new members, provided new and innovative campaigning opportunities for them, expanded our networks for women, for young members and for members from BAME communities, and revolutionised our social networking to get our message to thousands of people every day.

And it was a year in which we doubled our representation in the Welsh Assembly and saw the election of a Co-operative MSP as the Leader of the Labour Party in Scotland for the first time.

In 2012 the Party will continue to do all we can to campaign on and promote the genuinely co-operative policy solutions to the challenges we face not only in our own community but across the world.

A handwritten signature in black ink that reads "Gareth Thomas".

Gareth Thomas MP
Chair, The Co-operative Party

Organisation

National Executive Committee

The Party is directed by its National Executive Committee, which meets 4 times per year.

National Executive Committee 2011

Attendance

Eastern	George Conchie (until June 2011)	P	1/1
	Robin Cherney (from June 2011)	A, R	3/3
East Midlands	Julian Evans	A, P	4/4
London	Gareth Thomas MP (Chair)	A, S, P	4/4
North East	Barbara Hawkins (until June 2011)	A, R	1/1
	Ray Henderson (from June 2011)	D	2/3
North West	Dave Pownall	P, D	4/4
Scotland	Jeanette Timmins (Vice Chair)	A, S, P	1/1
	(until June 2011)		
	Jim O'Neill (from June 2011)	P, Sc	3/3
South East	Bob Harber	A, D, C, R	4/4
South West	Chanel Stevens (until June 2011)	A, P	1/1
	Linda Gilroy (from June 2011)	P	3/3
West Midlands	Richard Bickle (until June 2011)	A, R	1/1
	Paul Kalinauckas (from June 2011)	P	3/3
Wales	Rt. Hon Alun Michael MP	P	4/4
Yorkshire & the Humber	The Revd Paul Flowers	P, S	0/1
	(until June 2011)		
	Neil Rhodes (from June 2011)	R	3/3
Youth	Kiran Mahil (until June 2011)	P	0/1
	Ian Adderley (from June 2011)	P, R	3/3
OMOV (M)	John Wiseman (until June 2011)	A, R	1/1
	Nick Crofts (from June 2011)	A, P	3/3
OMOV (F)	Fay Tinnion (until June 2011)	P	1/1
	Alex Naker (from June 2011)	D	3/3
Co-operatives UK	John Anderson (until March 2011)		1/1
	Clive Fraser (from March 2011)		3/3
The Co-operative Group	Len Wardle (until June 2011)		1/1
	The Revd Paul Flowers	P, S	3/3
	Stuart Ramsay	A, Sc	4/4
	(Vice Chair from June 2011)		
Westminster Parliamentary Group	Meg Hillier MP (until October 2011)		2/3
	Cathy Jamieson MP (from October 2011)		0/1
	Chris Leslie MP		0/4

Key to Sub-Committee memberships:

A	Audit Sub-Committee	P	Policy Sub-Committee
R	Rules Sub-Committee	D	Disputes Sub-Committee
C	Conference Arrangements Committee	Sc	Scottish Committee
S	Staffing & Remuneration Sub-Committee		

Party Staff

The Party Staff in 2011 were:

London Office:

General Secretary	Michael Stephenson
Parliamentary Officer	Joe Fortune
Campaigns & Communications Officer	Martin Tiedemann
Party Support Officer	Joseph Russo
Policy Officer	Peter Jefferys (from June 2011)
Office Manager	Dorota Kseba
	Anna Balntas (maternity cover to August 2011)

Cardiff Office:

Deputy General Secretary	Karen Wilkie
Administrative Assistant	Cheryl Andrews

Glasgow Office:

Secretary, Scottish Co-operative Party	Jim Lee
Administrative Assistant	Linda Mylet

Newcastle Office:

Membership Administrator	Sylvia Hanlon
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Party Membership

(As at 31 December)

Region	2009	2010	2011
Eastern	687	777	778
East Midlands	476	584	635
London	1475	1726	1819
National Party	34	27	29
North	285	327	357
North West	724	897	1007
Scotland	932	1009	1019
South East	638	740	853
South West	483	546	586
West Midlands	431	542	578
Wales	401	437	477
Yorks & Humber	442	533	551
Brussels	14	13	9
Northern Ireland	23	29	32
Total	6877	7045	8730

The Co-operative Party: A review of the highlights of the year

We have based our activities over the last year on five strategic priorities:

- To be recognised by all sectors of the co-operative movement as indispensable; to be protected and defended, politically and financially
- To influence public policy at all levels
- To secure the election of effective co-operators to all levels of government
- To achieve a growing, diverse, active and engaged membership; and
- To make the Party organisationally sustainable

The following sets out what we have achieved in the last 12 months for each of those priorities.

Strategic Priority 1 - To be recognised by all sectors of the co-operative movement as indispensable, to be defended politically and financially

- The expansion of the Co-operative Councils' Network. This network expanded to 17 councils across the country in 2011. These councils are bringing co-operative policy solutions to town halls in all regions and sharing those policy solutions with other local authorities who share our values.
- The recruitment of 1,600 new members of the Co-operative Party in the last 12 months. Our successful recruitment drive has provided not only new members of the Co-operative Party but also boosted membership of co-operative societies. Our aim is to make sure our new members become activists across the entire co-operative movement, not just the Party.
- Strong representation of the Co-operative Party in the Shadow Cabinet. 3 Co-operative MPs (Ed Balls, Stephen Twigg and Lord Bassam) are in the Shadow Cabinet and a further 10 Co-operative Party MPs were appointed shadow ministers in 2011. Also, three Co-operative MPs are Chairs of Parliamentary Select Committees.

Strategic Priority 2 - To influence public policy at all levels

- Promotion of the Co-operative Party Local Government Manifesto. This document brought together a substantial collection of co-operative policies, which have been taken up by councils across the UK.
- Launch of the 2012 Manifestos for Local Government in Scotland and Wales. These documents are playing an important role in promoting co-operative policy ideas in local authorities in Scotland and Wales.
- Launch of the Manifesto for the 2012 campaign in London. Labour's mayoral candidate Ken Livingstone launched this document at the Party's Annual Conference in September.
- Promotion of the Manifestos for elections for the Scottish Parliament and Welsh Assembly. These documents had a central role in the Party's campaigns in 2011 for Holyrood and the Welsh Assembly.
- Expansion of the "Feeling's Mutual" campaign on the re-mutualisation of the failed banks. This campaign has energised Party members to undertake campaigning activities in their local communities and has highlighted the importance of a strong

mutual sector in ensuring that we do not repeat the mistakes of the credit crunch.

In 2011 the Party expanded the campaign to the broader issue of financial inclusion including the expansion of credit unions and the campaign against loan sharks.

The mutual sector is a strong supporter of our campaign, which has done much to raise the profile of mutual financial institutions.

Strategic Priority 3 - To secure the election of effective co-operators to all levels of government

- The selection of 5 Co-operative Party candidates for the next General Election. In 2011 the Party began selecting candidates for the election due in 2015. We are making sure that those candidates are selected in all regions to ensure the co-operative movement continues to be well represented in Parliament.
- The largest ever group of Co-operative MPs in the House of Commons and House of Lords. In 2011 the group of Co-operative MPs in the House of Commons grew to 29 and 15 Co-operative Party peers are now in the House of Lords. This is the largest Parliamentary group ever.
- The election of 9 Co-operative Members of the Welsh Assembly and 5 Members of the Scottish Parliament. Following the elections held in 2011 our numbers are well maintained in those chambers. Plus, the Leader of the Opposition in Scotland is Labour and Co-operative and we have a number of Ministers in the Welsh Assembly Government.
- An increase in the size of the Friends of the Co-operative Ideal group in Parliament. This group, which is made up of MPs who are members of the Co-operative Party but not in the Parliamentary group of Labour and Co-operative MPs, now covers the majority of members of the Parliamentary Labour Party (including Opposition Leader Ed Miliband).

Strategic Priorities 4 and 5 - To make the Party organisationally sustainable and to achieve a growing, diverse, active and engaged membership

- The highest number of Party members for almost 20 years.
Party membership now stands at around 9,000 - the highest it has been for almost two decades. Equally importantly, this growth has been across a wide age range and in all regions.
- Implementation of the Women's Strategy. This strategy is designed to encourage the recruitment and involvement of more women and a greater number of women candidates for public office.
- Doubling of the Party's Youth membership. This important initiative is contributing to a growing membership base and helping to develop the activists the Party and the movement need to successfully take forward the values and principles of the movement into the future. It also reflects the Party's determination to ensure that we are working in concert with the Group on its goal of inspiring young people.
- Expansion of the network for members from Black, Asian and Minority Ethnic communities. The Party's BAME network continued to increase its membership in 2011. The network has an important role in identifying members among the existing membership, attracting and retaining new members from BAME communities, organising events, promoting BAME representation within the Party and as candidates for elected office.

2011: month-by-month

JANUARY

Co-operative Party Youth event –
House of Commons
Co-operative Party South West Week-
end School, Torquay

FEBRUARY

Launch of the Edinburgh University
Labour and Co-operative Club
Co-operative Party Fringe meeting at
Welsh Labour Party Conference,
Llandudno
Reception for Labour Members of
the House of Lords

MARCH

Celebration of the 250th anniversary
of the Fenwick Weavers
Co-operative Party banners and
activists at TUC March for the
Alternative, London

APRIL

Co-operative Party campaigning in
local elections

MAY

Election of Labour and Co-operative
MP Jon Ashworth in a by-election in
Leicester South
Election of Labour and Co-operative
candidates to the Scottish Parliament
and Welsh Assembly
Election of Labour and Co-operative
Councillors in local elections includ-
ing a number of Council leaders

JUNE

Launch of new Co-operative Party
website
Elections to the National Executive
Committee
Stall and fringe at Compass Annual
Conference

<p>JULY</p> <p>Launch of the Co-operative Councils Network, Rochdale</p> <p>Co-operatives Fortnight events</p> <p>Launch of Wandsworth branch of the Co-operative Party</p>	<p>AUGUST</p> <p>Co-operative Party Summerfest and Summerfest Youth held in St Andrews, Scotland</p> <p>Co-operative Party London Manifesto workshops</p>
<p>SEPTEMBER</p> <p>Co-operative Party Annual Conference in London attended by Shadow Cabinet Ministers Ed Balls, several Labour and Co-operative MPs and leaders of Councils.</p> <p>Fringe events on BAME issues, Women's Strategy and financial inclusion.</p> <p>Fringe events on co-operative housing, Co-operative Councils and "the Feeling's Mutual" campaign at Labour Party Conference in Liverpool</p> <p>Launch of Wigan & Leigh Branch of the Co-operative Party</p> <p>The Feeling's Mutual' campaign event at Northern Rock</p> <p>Co-operative Councils event, People's History Museum, Manchester</p>	<p>OCTOBER</p> <p>The Feeling's Mutual' campaign Day of Action</p> <p>Co-operative Councils' Network meeting, Lambeth</p> <p>Co-operative Party Weekend School, East Midlands</p> <p>Co-operative Housing Tenure Act campaign launched in Parliament and online</p>
<p>NOVEMBER</p> <p>Co-operative Party reception at SDLP Conference, Belfast</p> <p>Co-operative Councils' Network fringe meeting, North West Labour Conference</p> <p>Co-operative Housing events, London and Manchester</p>	<p>DECEMBER</p> <p>Seema Malhotra elected Labour and Co-operative MP for Feltham and Heston</p> <p>Co-operative Councils' Network meeting, York</p>

National Politics

Westminster

In 2011 the Westminster Parliamentary group of the Co-operative Party was as follows:

Labour and Co-operative MPs

Mark Lazarowicz	Edinburgh North
Linda Riordan	Halifax
Luciana Berger	Liverpool Wavertree
Geraint Davies	Swansea West
John Woodcock	Barrow and Furness
Gavin Shuker	Luton South
Gareth Thomas	Harrow West
Mark Hendrick	Preston
Alan Keen	Feltham and Heston
(until November 2011)	
Seema Malhotra	Feltham and Heston
(from December 2011)	
Barry Sheerman	Huddersfield
Stella Creasy	Walthamstow
Alun Michael	Cardiff South & Penarth
Cathy Jamieson	Kilmarnock & Loudoun
Mike Gapes	Ilford South
Meg Hillier	Hackney South & Shoreditch
Andy Love	Edmonton
Ed Balls	Morley and Outwood
Adrian Bailey	West Bromwich West
Jim Dobbin	Heywood & Middleton
Meg Munn	Sheffield Heeley
Louise Ellman	Liverpool Riverside
Gemma Doyle	Dunbartonshire West
Ian Davidson	Glasgow South West
Stephen Twigg	Liverpool West Derby
Chris Evans	Islwyn
Tom Greatrex	Rutherglen & Hamilton West
Jonny Reynolds	Stalybridge and Hyde
Chris Leslie	Nottingham East
Jonathan Ashworth	Leicester South

Alan Keen MP passed away in November 2011.

Labour/Co-operative Members of the House of Lords

Baroness Nicol
 Lord McAvoy
 Baroness Smith of Basildon
 Lord McFall of Alcluith
 Baroness Thornton
 Lord Moonie
 Lord Bassam of Brighton
 Lord Morris of Manchester
 Lord Bilston
 Lord Thomas of Macclesfield
 Lord Davies of Coity
 Lord Tomlinson
 Lord Foulkes of Cumnock
 Lord Touhig
 Lord Graham of Edmonton

Lord Fyfe of Fairfield passed away in February 2011.

The Westminster Parliamentary Group's highlights in 2011 included;

- The election of 3 Labour and Co-operative MPs to the Shadow Cabinet, 11 shadow ministers, 3 Select Committee Chairs and the Opposition Leader's Parliamentary Private Secretary.
- The bringing forward and promotion of the Co-operative Housing Tenure Bill – a bill to establish co-operative housing tenure for the first time in UK law.
- Co-operative and mutuals-related amendments to the Localism Bill, Energy Bill and Public Bodies Bill.
- A Backbench Business Debate called by Parliamentary Group members on the role of 'co-operatives in the economy'. This coincided with Co-operatives Fortnight, for which the group also promoted an Early Day Motion
- Westminster Hall Debates on the 'Future of Financial Mutuals' and 'Football Governance'. The Football Governance debate included the promotion of a supportive Early Day Motion.
- The Parliamentary Group provided scrutiny on the Government's decisions with regard to the future of Northern Rock, this included; promotion of Treasury Select Committee recommendations, written and oral questions and significant attendance and contribution to statements in the House.
- There have been five 'Friends of the Co-operative Ideal' events, which have highlighted a range of co-operative and mutual policy areas to a wide range of parliamentarians and stakeholders. These have included; Transport, Housing, Environment and Rural Affairs, Energy and Climate Change.

Scotland

Eleven candidates stood as Scottish Labour and Co-operative Party candidates in the Scottish Parliament elections in May 2011. Three were elected. A further two list candidates, who had been on the Scottish Co-operative Party's parliamentary panel, were also elected.

Elected to the Scottish Parliament and serving in the Labour and Co-operative Group were:

Johann Lamont (Glasgow Pollok)
Helen Eadie (Cowdenbeath)
James Kelly (Rutherglen)
Claudia Beamish (South of Scotland list candidate)
Kezia Dugdale (Lothians list candidate)

The following three members were not re-elected:

Bill Butler (Glasgow Anniesland)
Marilyn Livingstone (Kirkcaldy)
Frank McAveety (Glasgow Shettleston)

The following five candidates were unsuccessful:

Ewan Aitken (Edinburgh Eastern)
Stephen Curran (Glasgow Southside)
Paul Godzik (Edinburgh Southern)
Lesley Hinds (Edinburgh Western)
Richard McCready (Dundee City West)

In December 2011, Johann Lamont was elected Leader of the Labour Party in Scotland. This was the first time that a Co-operative Party MSP had been elected to this position.

In 2011 the Scottish Parliamentary Group's activities included;

- Holding a Members' Debate to commemorate the 250th Anniversary of the Fenwick Weavers, the world's first recorded co-operative
- Hosting the Scottish event on the UK tour by John Restakis, the well-known Canadian co-operator and author of the book "Humanising the Economy: Co-operatives in the Age of Capital"
- Tabling a member's motion supporting Supporters Direct and providing general support to Supporters Direct in a very difficult year for the organisation
- Tabling a member's motion welcoming and highlighting the World Credit Union Conference which was held in Glasgow in July 2011 and addressed by Gordon Brown MP
- Supporting Energy4All with parliamentary questions and arranging a meeting with the appropriate Scottish Government minister to discuss difficulties with the Green Energy Fund
- Meeting with The Co-operative Group and Scotmid jointly to discuss a number of trading concerns including the Scottish Government's proposals for a Public Health Levy
- Tabling a member's motion congratulating Scotmid Society on its initiative supporting defibrillators in Semichem stores
- Meeting with a number of front bench MSPs to discuss Scottish Manifesto issues
- Meeting with Co-operative Housing in Scotland to discuss manifesto issues
- Meeting with the Campaign for Economic Justice to discuss their proposals for a Land Value Tax

Bill Butler MSP was Chair of the Scottish Parliamentary Group from December to May 2011 and Helen Eadie MSP was Chair from June to December.

Wales

There were thirteen Labour and Co-operative candidates in the elections in May 2011, nine of whom were elected. This more than doubled the size of the Co-operative Assembly Group from last term. The election brought a Labour Assembly Government with a substantially co-operative Programme for Government.

Alun Davies gained Blaenau Gwent from Independent with 64% of the vote (+32.6). Alun was previously a Regional AM (Mid & West Wales), so was standing as a Labour and Co-operative candidate for the first time.

Vaughan Gething held the Cardiff & South Penarth seat, previously held by the Chair of the Co-operative Assembly Group Lorraine Barrett who retired at this election. Vaughan polled 50.3%, an increase of 12.5%, which is a stunning result for a new candidate.

Christine Chapman, who has been a member of the Co-operative Assembly Group since 1999, increased her share of the vote in Cynon Valley to 62%, an increase of 5.3%.

Sandy Mewies, previously a Labour AM but new to the Co-operative Assembly Group, increased her share of the vote in Delyn by 11.5% to 46.1%. Although the election was reported in the media as good for the Conservative Party as well as for Labour, this is one of a number of seats where there was a swing from the Conservatives to Labour/Co-op.

Huw Lewis, who was Vice Chair of the Co-operative Assembly Group and ran for the Leadership of Welsh Labour on a Co-operative manifesto, increased his share of the vote in Merthyr Tydfil & Rhymney by 17.2% to 54.3%.

John Griffiths, also a member of the Group since 1999, increased his share of the vote in Newport East by 18.7%, to 50.8%.

Mick Antoniwi, a new member of the Co-operative Assembly Group, also polled 50.8% in Pontypridd, an increase of 9.1%. This is a great result for a new candidate.

Lynn Neagle held Torfaen with 46.2%, an increase of 3.5%.

Ann Jones held Vale of Gwent with 50.7%, and increase of 14.3%. This was a key target seat for the Conservatives but saw an 8.5% swing from the Conservatives to Labour/Co-op.

The four candidates who were not successful (Eifion Williams, Aberconwy; Crispin Jones, Clwyd West; Mark Whitcutt, Monmouth and Nick Colbourne, Montgomeryshire) were not in seats considered to be winnable, but nevertheless fought excellent campaigns. Mark Whitcutt did particularly well to secure a 4.1% swing from Conservative to Labour/Co-op in the safe Conservative seat of Monmouth. Eifion Williams also did well to increase the Party's percentage of the vote, despite only being selected to contest the seat very shortly before the election.

A large number of other members of the Labour Group, including Leighton Andrews, Rosemary Butler, Jeff Cuthbert, Joyce Watson, Keith Davies, Gwyn Price and Mike Hedges are active in the Co-operative Party and will continue to be invited to meetings of the Co-operative Assembly Group.

The following Labour and Co-operative AMs were confirmed as Ministers and Deputy Ministers in the new Labour Welsh Assembly Government;

- Huw Lewis AM, Minister for Housing, Regeneration & Heritage
- John Griffiths AM, Minister for Environment & Sustainable Development
- Alun Davies, Minister for Agriculture, Food, Fisheries & European Programmes

Prior to the Assembly elections, the yes vote in the referendum brought increased legislative powers for the Assembly Government. This will signal exciting opportunities for the Labour Assembly Government and our Labour & Co-operative Ministers in the current term.

At the first meeting of the new Co-operative Party Assembly Group, Mick Antoniwi was elected as Chair.

The Co-operatives and Mutuals Cross Party Group was reconstituted after the May elections. Labour and Co-operative AM Vaughan Gething was elected to Chair the Group, which was previously chaired by a Conservative AM.

Local Government

The Co-operative Party made a major contribution to the local election campaigns held in England in May 2011.

The Party's local government manifesto set out a comprehensive range of co-operative policy ideas that were incorporated into the manifesto campaigns of Labour groups around the country.

As well as contributing policy ideas, the Co-operative Party fielded a large number of candidates. 382 certificates were issued to Labour and Co-operative Party candidates in the local council elections. This is in addition to the many candidates who were endorsed by local Parties as Labour and Co-operative but must stand as Labour in multi-member wards.

In addition, Patrick Canavan stood in Torbay as the first ever Labour and Co-operative candidate for directly-elected Mayor. He was unsuccessful but fought a very effective campaign.

The following are notable examples of the Co-operative Party's success on election day.

Oldham

Labour regained control of Oldham with 34 of the 50 seats. Leader Councillor Jim McMahon has appointed a Cabinet member for Co-operatives and Community Development and announced a Co-operative Commission.

Earlier in 2011, while in opposition, the Labour Group published an alternative budget statement entitled 'Oldham, A Co-operative Future'.

Brighton & Hove

The 13 strong Labour Group on the NOC Brighton & Hove Council voted formally to change its name to the Labour and Co-operative Group, and all are listed on the council's website as 'Labour and Co-operative'.

Plymouth

The Co-operative Party hosted a phone bank for Labour & Co-operative candidates in Plymouth who secured five gains and are well placed to regain control of the council in 2012.

Chelmsford

Chris Fegan was elected as a Labour and Co-operative Councillor in Chelmsford Borough. As the only Labour councillor in Chelmsford, he could challenge the Brighton & Hove group's claim to be the first and only complete Labour & Co-op group on a council.

Stafford

Former NEC member Jack Kemp was re-elected, standing as Labour and Co-operative for the first time in 37 years.

Walsall

The first ever Labour and Co-operative councillor was elected, taking what was the Lib Dems' safest seat.

Cheshire West & Chester

All of the Co-operative Party candidates were successful, including a first time candidate who unseated the Tory chief whip.

Co-operative Councils' Network

On 15 July 2011 Labour Party Leader Ed Miliband officially launched the Co-operative Councils' Network. Fittingly, the launch was held in Rochdale, recognised as the birthplace of the Co-operative Movement in England.

The Co-operative Councils' Network is a group of leading Labour local authorities who are driving forward new co-operative approaches to transform the way local public services are delivered in their areas.

The mission of the Network's members is to improve people's lives by giving them more power and choice over the services and decisions that affect them and their community. By encouraging people to co-operate together, it strengthens networks within communities, and with the local authority, and in this way builds greater resilience.

This involves changing the way services are designed and delivered, changing the role of local authorities, and reshaping the relationship between people and the local public services they rely on. There is no single model of delivering or structuring services that defines a co-operative council, but co-operative services will always be based on a shift in power from the service provider to the service user because this results in services that meet needs more effectively.

These councils are determined to support their local communities in the face of a coalition government which is deliberately undermining local services with its brutal cuts, using the Big Society as a cloak for the withdrawal of support.

They aim to reclaim the founding traditions of the Labour and Co-operative movements – of collective action and co-operation, of empowerment and enterprise, in order to help transform local services and local communities. They are determined to end the era of top-down services where people are expected to put up with whatever's on offer. In future, residents, rather than town hall officials, will be in the driving seat.

The Network acts as a forum where councils and councillors supporting this approach can share new thinking and work together to drive change in their local areas.

At the end of 2011 there were 17 Labour councils and opposition groups in the network – Brighton, Cambridge, Lambeth, Liverpool, Newcastle, Oldham, Plymouth, Redbridge, Rochdale, Salford, Sheffield, Stevenage, Stoke, Sunderland, Kirklees, Telford and Wrekin and York.

Expanding and developing the Co-operative Councils' Network will be a major priority for the Co-operative Party in 2012.

London campaign

During 2011 the Co-operative Party was a strong supporter of Labour's campaign in the run up to the election due in May 2012.

In September, Labour's mayoral candidate Ken Livingstone and his running mate Val Shawcross officially launched the London Co-operative Party manifesto. In an event at the Party's Annual Conference in London, Ken stated that "I've read the manifesto and there's not a single sentence I don't agree with".

He was good to his word, as he subsequently supported the Party's proposals on housing, energy, financial inclusion and a number of other issues of crucial importance to Londoners.

A number of further policy announcements and campaigning events have been scheduled for 2012 and London Assembly Members in the Labour group have received the backing of the Co-operative Party.

Campaigns

In 2011 the Party ran the following national policy campaigns;

‘The Feeling’s Mutual’

This campaign calls on the government to undo the damage done to our building societies by the Thatcher Government and re-mutualise the failed banks that were previously mutual institutions.

Up to December the focus of the campaign was on returning Northern Rock to ownership by its customers, reversing the failed policy of demutualisation from the Thatcher years. The Party made the case for a mutual Northern Rock and secured Labour’s support for our proposals.

Unfortunately, the Tory/Lib Dem government did not support returning Northern Rock to its customers. Rather than support the mutual solution, they sold it to Virgin, for a loss of over £400 million. For all their claims about supporting co-operatives, the Tory-led government failed to act.

However, the Co-operative Party continued the campaign, and based it on the following priorities:

- Honesty from the banks. Campaigning for a new settlement between banks and society to incentivise fair banking and community investment. Banks should be transparent about what sorts of people they are lending to and who is being excluded.
- Access to fair finance. Working to ensure that everyone has access to fair and affordable financial services. This does not just mean working to limit the problems of high cost lenders, such as legal loan sharks, but also actively promoting co-operative alternatives such as credit unions.
- Mutual values at the heart of business. Co-operatives, mutuals and employee owned companies performed strongly through the recession. More should be done to promote these sorts of sustainable business models as well as reforming non-mutual companies to reflect the best aspects of mutualism. Government can look at targeting the money it spends on procurement, as well as increasing worker representation in the boardroom and ensuring transparency about pay.
- Financial education for consumers. Education is a core co-operative value and co-operative societies invest billions around the world in educating their members. Following the crisis it is crucial that people are educated about how to manage their finances sustainably and that there is greater understanding of the co-operative model.

In 2012 the Party will continue to campaign for these priorities.

‘People’s Rail’

This campaign calls for Network Rail to be made a mutual organisation, in which ordinary members of the travelling public can have a say in how the railways are run. In 2011 “People’s Rail” was expanded to look beyond Network Rail governance reform and include mutual options for train operating companies and to support community rail.

Party staff met with key stakeholders in 2011 to discuss these ideas, including transport campaign groups and key trade unions.

At the Labour Party's Annual Conference a fringe event was held on this topic. In December the Party held a Westminster based event to discuss our ideas with Shadow Transport Secretary of State Maria Eagle. Several articles were also published that articulated our case for mutualisation in Labour's rail policy.

In Parliament, Labour and Co-operative MPs, including shadow transport minister Jonathan Woodcock, pressed the Tory-led government to look at our plans for a more accountable Network Rail.

The Party will continue to build the case for mutual and co-operative models in rail policy by encouraging members, branches, party councils, Labour/Co-operative councillors and others to contribute to the debate. Party staff have developed campaign materials and packs for local parties and councillors as well as continuing to speak to key stakeholders to ensure that our ideas are well reflected in the debate in 2012 and beyond.

The Party's pamphlet setting out how Network Rail can be mutualised can be found at <http://peoplesrail.org.uk>

Policy

In 2011 the Co-operative Party released its manifestos for the 2012 local government elections in Wales and Scotland, and the campaign in London.

The Party also campaigned strongly on its manifestos for the 2011 elections for the Scottish Parliament, Welsh Assembly and local government.

With the relaunch of the Co-operative Party website in June 2011, the policy information online was greatly increased and forms the basis of much of the website.

The Co-operative Party's manifestos and policy pamphlets are available for download at www.party.coop/publications

Party Support

In 2006 the Party's National Executive Committee agreed to set up a Party Support Unit with the following objectives:-

- Helping to improve local parties
- Building links
- Recruitment, particularly younger members
- Putting the Party's policies into practice locally
- Members' development – finding future councillors, MPs etc.

The strategic aims of the Party Support Unit are to:-

- To enable all parties to translate the Party's national policies and priorities into local campaigns
- To assist all local parties to comply with statutory financial and electoral requirements
- To help parties to recruit members, particularly with regard to specific national priorities such as young members, women.
- To help parties to develop current and future officers and elected representatives
- To target support to where it is most needed
- To work as a team to provide support that is focussed and co-ordinated

Key elements of the Party Support Unit's work in support of the strategy are:

- Party Support Handbook
- Party Support Website
- Party Support Mailing
- Ledger (Health check)
- Recruitment
- Model Development Plan
- Weekend Schools, including Summerfest
- Party Support workshops
- Campaign Briefings
- Model Branch Agenda
- Links to local Societies

The Party Support Handbook

The Party Support Handbook is a rolling project to build a resource for party officers covering all aspects of local party organisation.

Party Support Website

The Party Support website – www.party.coop/support was launched to give officers access to the Handbook, Party Support mailings archive etc.

In 2011, the Party's main website was completely replaced. Party staff are working on a new online version of the Handbook.

Party Support Mailing

The full Party Support mailing is posted to all Party Council Secretaries, emailed to Party Council Secretaries and other party or branch officers who request it, and avail-

able as a download on the website. Additionally, a summary of each Party Support Mailing is sent to all branch secretaries.

Recruitment

Targeted recruitment leaflets have been produced for Young members, Society members, Labour Party members and Women.

Model Development Plan

Every CG Party is required to submit an annual development plan by 31 December the previous year.

Almost all parties use the template supplied by the Party Support Unit, and this should encourage a high level of consistency across the country in terms of recruitment targets, campaign themes etc.

Weekend Schools

In addition to Summerfest, there are three well established weekend schools that are organised by local parties/regions –

- NE & Cumbria Party
- Midlands Eastern & Southern Party
- South West Region

Our aim is to ensure a weekend school or event in each region, where feasible, either by supporting existing events or organising new ones. The PSU recognised that this requires the co-operation of local and regional parties to ensure that, with our help, events that had previously targeted members in a small area can be widened to members in the whole region.

Party Support workshops/briefing days

Party Support Briefing Days are offered regionally. Ideally, they take place in the afternoon following a meeting of the Regional Party in the morning. They are targeted at branch and party officers, and put together according to demand from suggested modules e.g.

Finance

- Briefing on the PPERA & Electoral Commission returns
- Membership: collecting subs and the direct debit system
- The financial relationship between the local Party and its branches

Supporting Co-operative Candidates

- Official and unofficial parliamentary candidates
- Local councillors

Recruitment

- Using the opportunities survey

Better meetings

- Using the 5 minute questionnaire
- Using the model branch agenda

Regional networks

- The role of the regional council
- Weekend schools

Campaign Briefings

The campaign briefings were launched during the 90th Year to match the 12 themes, but are intended to accompany all of the Party's key campaigns. They explain the campaign's objectives and give ideas for local action.

Model Branch Agenda

The model branch agenda is intended to be produced monthly with the PSM. It gives ideas for topics to branches to focus on that month (e.g. a particular campaign, or recruitment), as well as key tasks for that month.

Links to local Societies

The PSU aims to produce model reports for regional and area society meetings.

NEC Sub-Committee on Party Organisation

In November 2011 the National Executive Committee decided to establish a sub-committee to look at issues relating to party organisation.

The terms of reference of the new sub-committee are to;

- Check that the objectives for the Party Support Unit match the NEC's agreed Strategy
- Consider whether the Party Support Unit's objectives meet the needs of local Parties and are achievable within the Party's staffing and financial resources
- Make recommendations to the NEC where appropriate

The first meeting of the new Sub-Committee was due to be held in early 2012.

Financial Accounts

Co-operative Party Limited (Reg No 30027R)

Board Report

The Co-operative Party's main priorities in 2011 were:

- The election campaigns for the Scottish Parliament and Welsh Assembly
- The formal launch and development of the Co-operative Council's Network
- The development, publication and distribution of manifestos for the 2012 election campaigns for the London Mayoralty and Greater London Assembly, local elections in Scotland and local election elections in Wales
- The selection of 5 Labour and Co-operative candidates for the next General Election
- The expansion of the "Feeling's Mutual" campaign to broader issues of financial inclusion
- The implementation of the Women's Strategy and the further development of a strategy for members from Black, Asian and Minority Ethnic communities
- The recruitment of new members, leading to the highest number in around 20 years; and
- Parliamentary activities to promote co-operative issues in legislation, Parliamentary Committees and the scrutiny of the government

The Party's Strategic Plan was updated by the National Executive Committee in light of developments in 2011 and focussed around 5 key priorities:

- To be recognised by all sectors of the co-operative movement as indispensable; to be protected and defended, politically and financially
- To influence public policy at all levels
- To secure the election of effective co-operators to all levels of government
- To achieve a growing, diverse, active and engaged membership; and
- To make the Party organisationally sustainable

A major emphasis of planning on the latter part of 2011 was focussed on preparations for activities to support the United Nations International Year of Co-operatives in 2012.

Financial Review

The Party's finances in 2011 were challenged by higher than usual costs for external events, particularly the Party's Annual Conference in London and the Labour Party Conference in Liverpool.

The costs of election campaigns in Scotland and Wales were within manageable expectations but overall expenditure was slightly over budget.

On the income side, the Party's recruitment campaigns resulted in additional subscriptions from new members and an increase in membership fees for 2012 may have an impact going forward.

On the expenditure side, spending on committees was higher than usual in 2011 because of the cost of elections for positions on the Party's National Executive Committee. The costs of the introduction of a new Party website were reasonably well absorbed and the benefits to the organisation from a much higher online profile show the value of this expenditure.

The cost of staff travel was higher, as was printing and administration, reflecting higher levels of activity in an election year.

Statement of Responsibilities of the Board

The Board are responsible for preparing the financial statements of the Co-operative Party Limited in accordance with applicable law and regulations.

Industrial and Provident Society Law requires the Board to prepare financial statements for each financial year. Under that law the Board have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to give a true and fair view of the state of affairs of the Co-operative Party Limited and of the income and expenditure of Co-operative Party Limited for that period.

In preparing those financial statements, the Board are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Co-operative Party Limited will continue in business.

The Board are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the society and enable them to ensure that its financial statements comply with the Industrial and Provident Society Acts. They have general responsibility for taking such steps as is reasonably open to them to safeguard the assets of the society and to prevent and detect fraud and other irregularities

Corporate Governance

The Party has established procedures necessary to comply with the provisions of the Turnbull guidance, insofar as applicable to the Co-operative Party, as at the year-end. The review process will continue throughout future years and will be considered regularly by the NEC and its audit sub-committee. The Party has continued to review and report on internal financial controls in accordance with the Co-operatives UK's Corporate Governance Code of Best Practice pre May 2005. The process used by the NEC to review the effectiveness of the system of internal control includes the following:

- A full risk assessment has been carried out to identify and evaluate the risks faced by the Party. Procedures have been established to regularly identify, evaluate and to manage significant risk.
- The Audit Committee reviews the effectiveness of the risk management process.
- A part-time Internal Auditor appointed by Co-operatives UK to report direct to the Party Audit Committee.
- Considering reports from management and external audit on the system of internal control and any material control weaknesses.
- To embed the process within the culture of the Party, all staff have been consulted and engaged in the risk management process.
- The Chair of the Audit Committee reports on all audit committee meetings to the NEC.

The Board has agreed to adopt the Co-operatives UK Corporate Governance Code of Best Practice, subject to consideration of amendments that are consistent with the nature of the organisation. These amendments relate to Board size, frequency of meetings and length of term of Board members.

The Party has adopted an internal control framework that contains the following key elements:

Internal Control

The NEC is ultimately responsible for the Party's system of internal control and for monitoring its effectiveness. The NEC through its Audit Committee monitors these systems through a review of:

- Monthly and annual accounts
- Reports of Internal Auditor
- Reports of External Auditors

The Audit Committee also reviews steps taken in response to significant findings or identified risks.

The system of internal financial controls are designed to provide reasonable but not absolute assurances regarding:

- The safeguarding of assets
- The maintenance of proper accounting records
- The reliability of financial information
- General responsibility for taking such steps as are reasonably open to it prevent and detect fraud and other irregularities

However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

Key procedures that have been established and are designed to provide effective internal financial control are:

Control Environment

An organisational structure is in place with clearly defined lines of responsibility for planning, executing, controlling and monitoring business operations. The NEC approves the Party's annual budgets. The Party has a policy of communicating its management accounts on a monthly basis to each member of the Audit Committee. Results are reported against budgets with any significant variances considered by the NEC and remedial action taken where appropriate.

Risk Identification

The NEC and Party management have the primary responsibility for identifying the key risks to the business. The Party operates a risk management process identifying key risks facing the Party. Each risk is assessed for probability and likelihood of occurrence with the existing controls in place or controls required necessary to manage the risk. All risks are logged and categorised with the key risks reported to the Audit Committee and NEC.

Control Procedures

The Party have implemented control procedures designed to ensure complete and

accurate accounting for financial transactions and to limit the potential exposure to loss of assets or fraud. Measures taken include physical controls, segregation of duties, reviews by management and external audit to the extent necessary to arrive at their audit opinions.

Information and Communication

The Party operates a comprehensive membership database and communication takes place through Party Newsletters.

Monitoring

There are clear and consistent procedures in place for monitoring the system of internal financial controls. The Audit Committee meets at least twice a year and, within its remit, reviews the effectiveness of the Party's internal financial controls. The Party utilises the services of an Internal Auditor who carries out a review of control procedures on a regular basis having due regard to the key risks identified. Audit reports will be issued to the appropriate level of management, containing recommendations to improve controls where weaknesses are found, together with management's response.

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Crowe Clark Whitehill LLP were re-appointed as auditors on 5 March 2012.

Going Concern

The Board have prepared forecasts for the forthcoming twelve month period which indicate that the Society has sufficient committed subscription income and financial resources in order to enable it to meet its obligations as they fall due. As a consequence the board believes that the society is well placed to manage its business risks successfully in the current economic environment.

After making all enquiries, the NEC has a reasonable expectation that the Party has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the Party's accounts.

National Executive Committee Certification

The accounts and notes on pages 27 to 35 are hereby signed on behalf of the National Executive Committee.



MICHAEL STEPHENSON
General Secretary



GARETH THOMAS
Chair

Independent Report of the Auditors Crowe Clark Whitehill LLP, to the Members of the Co-operative Party Limited

We have audited the financial statements of the Co-operative Party Limited for the year ended 31 December 2011 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Society's Members as a body, in accordance with section 9, of the Friendly and Industrial and Provident Society Act 1968. Our audit work has been undertaken so that we might state to the Society's Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society's Members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the Board and Auditors

As described in the Statement of Board Responsibilities on page 1, the Board is responsible for the preparation of financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the accounting policies set out on page 8 and the requirements of the Industrial and Provident Societies Acts 1965 to 2002. We also report to you if, in our opinion, the Report of the Board is not consistent with the financial statements, if the Society has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the financial statements and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Society's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatements whether covered by fraud or other irregularity of error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the society's affairs as at 31 December 2011 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2002.

Crowe Clark Whitehill LLP
Arkwright House
Parsonage Gardens
Manchester M3 2HP

5 March 2012

CO-OPERATIVE PARTY LIMITED

INCOME AND EXPENDITURE ACCOUNT

Year ended 31 December 2011

	Note	2011	2010
		£	£
Income			
Subscriptions			
- Co-operative Societies	2 (b)	672,161	671,793
- Service Agreements	2 (a)	234,000	213,000
- Individual Members		<u>110,080</u>	<u>93,881</u>
		1,016,241	978,674
Annual Conference		26,717	22,880
Grants and Donations	3	26,685	60,073
Constituency Plan Agreements	5	14,196	14,196
Other Income		<u>7,939</u>	<u>3,462</u>
Total Income		<u>1,091,778</u>	<u>1,079,285</u>
Expenditure			
Salaries and wages		376,191	366,469
Social security costs		34,763	32,306
Other employment costs		30,717	26,905
Pension - current service cost		<u>52,871</u>	<u>49,629</u>
Personnel costs	4	494,542	475,309
Rent,Rates,Insurance		66,118	66,003
Light,Heat,Cleaning		4,791	4,668
Postage,Telephone		21,513	18,533
Repairs & Renewals		310	1,877
Printing & Administration		59,007	46,609
Committees		22,166	9,689
Staff Travel		24,515	24,669
Schools,Conferences		95,682	57,963
Professional Fees		14,763	6,480
Auditor's Fees - for audit		12,804	10,283
" " - for other work		2,825	1,381
Grants to Party Councils		244,391	186,299
Constituency Plan Agreements	5	43,320	39,520
Election Campaign expenses		18,025	75,860
Depreciation		11,790	9,485
Miscellaneous		5,878	14,662
Total Expenditure		<u>1,142,440</u>	<u>1,049,290</u>
(Deficit)/Surplus from Party activities before interest and taxation		(50,662)	29,995
Interest		2,021	2,717
(Deficit)/Surplus from Party activities before taxation		(48,641)	32,712
Corporation Tax	6	(409)	846
(Deficit)/Surplus for the year	10	(49,050)	<u>33,558</u>

The above relates entirely to continuing operations.

The notes on pages 30 to 35 form part of these financial statements

CO-OPERATIVE PARTY LIMITED

BALANCE SHEET

as at 31 December 2011

	Note	2011		2010	
		£	£	£	£
Fixed Assets					
Tangible Fixed Assets	7		19,238		28,401
Current Assets					
Debtors	8	60,401		83,054	
Investments		150,000		175,000	
Cash in hand		32,199		30,570	
		<u>242,600</u>		<u>288,624</u>	
Creditors					
Amounts falling due within one year	9	(57,529)		(63,666)	
Net Current Assets			<u>185,071</u>		<u>224,958</u>
Net assets			<u>204,309</u>		<u>253,359</u>
Financed by Reserves					
Revenue	10		204,309		253,359
			<u>204,309</u>		<u>253,359</u>

The notes on pages 8 to 13 form part of these financial statements

Industrial & Provident Society Registration No 030027R

The financial statements on pages 5 to 13 were approved and authorised for issue by the National Executive Committee on 5th March 2012

and signed on its behalf by :

The notes on pages 30 to 35 form part of these financial statements

CO-OPERATIVE PARTY LIMITED

CASH FLOW STATEMENT

Year ended 31 December 2011

	Note	2011 £	2010 £
Net cash (outflow)/inflow from operating activities	14	(22,356)	85,331
Returns on investments and servicing of finance	15	2,021	2,717
Taxation			
Corporation tax		(409)	(379)
Capital expenditure and financial investment	16	(2,627)	(19,439)
Cash inflow/(outflow) before use of liquid resources		<u>(23,371)</u>	<u>68,230</u>
Management of liquid resources	17	25,000	(75,000)
Increase/(Decrease) in cash		<u>1,629</u>	<u>(6,770)</u>
Reconciliation of net cash flow to movement in net fund	18		
Net fund at 1 January		205,570	137,340
Increase/(Decrease) in cash		1,629	(6,770)
Change in liquid resources		(25,000)	75,000
Net fund at 31 December		<u>182,199</u>	<u>205,570</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR YEAR ENDED 31 DECEMBER 2011

	2011 £	2010 £
(Deficit) / Surplus before taxation	(48,641)	32,712
Taxation	(409)	846
Total gains and losses recognised since last annual report	<u>(49,050)</u>	<u>33,558</u>

The notes on pages 30 to 35 form part of these financial statements

CO-OPERATIVE PARTY LIMITED

Notes to the Financial Statements

1. STATEMENT OF ACCOUNTING POLICIES

Basis of Accounting

The financial statements reflect the transactions of the national organisation of the Co-operative Party, including its regional officers. The transactions of local Party organisations and of the political activities of individual Co-operative Societies, which are not under the control of the National Executive Committee, are not included. Grants to local Party organisations are shown as expenditure in the financial statements when they are made.

The financial statements are prepared on the historical cost accounting basis and in accordance with regulations made by the Electoral Commission and applicable accounting standards.

Going Concern

The NEC have prepared forecasts for the forthcoming twelve month period which indicate that the Party has sufficient committed subscription income and financial resources in order to enable it to meet its obligations as they fall due. As a consequence the NEC believes that the Party is well placed to manage its business risks successfully in the current economic environment.

After making all enquiries, the NEC has a reasonable expectation that the Party has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the Party's accounts.

Income Recognition

Income is recognised when all of the following conditions have been met;

- the Party is entitled to the asset;
- there is reasonable certainty that the asset will be received; and
- the value of the asset can be measured with reasonable certainty.

Applying these criteria to specific types of income results in the following treatment:

Subscription and Conference income is recognised on an accruals basis and includes all amounts receivable for the year.

Grants and donations are recognised in the income and expenditure account when the conditions for receipt have been met.

Investment income is accounted for on an accruals basis.

Depreciation

Fixed assets are depreciated by equal annual instalments over their expected useful economic lives at the following minimum rates:

Fixtures, Fittings and equipment - 20% to 50% per annum.

The foregoing rates are used to write off the cost of the various assets over their expected useful economic life.

Corporation and Deferred Taxation

The Party is liable to tax on investment income. No deferred tax is recognised in the Party's accounts as investment income is taxed on the same basis as it is recognised in the income and expenditure account.

Pensions

The Co-operatives Party was accepted into the Co-operative Group PACE scheme commencing on 1st January 2009. Contributions of 16% of gross pensionable salary are recognised by the employer and charged through the income & expenditure account on a monthly basis.

1. STATEMENT OF ACCOUNTING POLICIES (continued)

Operating Leases

Rentals payable under operating leases are charged to the Income and Expenditure account as they arise.

2. INCOME

- (a) Service agreement subscriptions represent management fees for managing the political services of the Co-operative Group Limited.

	2011	2010
(b) Society	£	£
Chelmsford Star	3,592	3,421
Co-operative Press	110	52
East of England	20,968	20,967
Glenhall Housing	130	124
Midcounties	35,432	33,745
Midlands	66,178	63,027
Scottish Midland	12,751	12,380
Southern	-	18,784
the Co-operative Group	533,000	519,293
Total Subscriptions	<u>672,161</u>	<u>671,793</u>

3. GRANTS & DONATIONS

	2011	2010
	£	£
the Co-operative Group donation	26,000	40,550
Other grants and donations	685	19,523
	<u>26,685</u>	<u>60,073</u>

4. EMPLOYEES

The average number of staff, who are employed by the Co-operative Party was as follows:

2011		2010	
Full time	Part time	Full time	Part time
9	2	8	2

The costs incurred in respect of these employees were:

	2011	2010
	£	£
Wages and salaries	376,191	366,469
Social security costs	34,763	32,306
Pension contributions	52,871	49,629
Others	30,717	26,905
	<u>494,542</u>	<u>475,309</u>

Others include an amount for consultancy of £28,500 (2010 - £23,226)

Pensions

Actual pension contributions to the PACE scheme for its employees are disclosed above. There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

4. EMPLOYEES (continued)

Senior Management remuneration

The total remuneration of the members of the management team was as follows:

	2011	2010
	£	£
Salaries	194,534	182,816
Pension Contributions	31,799	29,251
	<u>226,333</u>	<u>212,067</u>

The remuneration of the General Secretary included above was as follows:

	2011	2010
	£	£
Salary	84,177	72,203
Pension Contributions	13,750	11,553
	<u>97,927</u>	<u>83,756</u>

5. CONSTITUENCY PLAN AGREEMENTS

These are agreements entered into between the Co-operative National Executive Committee and the Labour Party Constituencies to which partner Societies Co-operative parties contribute one third of the cost. Payments are made direct, from the Co-operative Party, to the Constituency Labour Parties.

6. TAXATION

	2011	2010
	£	£
Corporation tax	<u>409</u>	<u>(846)</u>

7. TANGIBLE FIXED ASSETS

	Fixtures, Fittings & Equipment £	Total £
COST		
1 January 2011	221,258	221,258
Additions	2,627	2,627
31 December 2011	<u>223,885</u>	<u>223,885</u>
DEPRECIATION		
1 January 2011	192,857	192,857
Charge for year	11,790	11,790
31 December 2011	<u>204,647</u>	<u>204,647</u>
NET BOOK VALUE		
1 January 2011	28,401	28,401
31 December 2011	<u>19,238</u>	<u>19,238</u>

Capital Commitments

As at 31 December 2011 there were no capital commitments (2010 - £nil).

Capital expenditure authorised but not committed amounts to £nil (2010 - £nil).

8. DEBTORS

	2011	2010
	£	£
Trade Debtors	30,231	58,373
Prepayments and accrued income	29,620	20,010
Other Debtors	550	4,671
	<u>60,401</u>	<u>83,054</u>

Debtors are shown net of a provision for bad debts of £nil (2010 - £ 9,300).

9. CREDITORS

	2011	2010
	£	£
Trade Creditors	17,191	25,040
Taxation and Social security	10,822	9,498
Corporation tax	1,118	571
Accrued charges	28,398	28,557
	<u>57,529</u>	<u>63,666</u>

10. RESERVES

	2011 £	2010 £
Revenue reserve		
Balance at 1 January	253,359	219,801
(Deficit)/Surplus for the year	(49,050)	33,558
Balance at 31 December	<u>204,309</u>	<u>253,359</u>

11. OPERATING LEASE COMMITMENTS

At 31 December 2011 the Party had annual commitments under non-cancellable operating leases as follows:

	Land and Buildings 2011 £	Land and Buildings 2010 £
Operating leases expiring:		
Within one year	36,425	-
in the second to fifth year inclusive	<u>-</u>	<u>36,425</u>

12. NATIONAL EXECUTIVE COMMITTEE

The directors of the board (National Executive Committee) receive no remuneration for their services as members.

They do receive reimbursement for expenses incurred in discharging their responsibilities. Expenses reimbursed for 2011 were £ 22,166 (2010 - £9,689). Certain directors of the board are also members of the boards or governing committees of other bodies in the Co-operative Movement (see note 13). Information regarding transactions between the Party and such bodies is given in note 2.

13. RELATED PARTIES

The Co-operative Group

At 31 December 2011, The Co-operative Party Limited held shares amounting to £150,000 in the Co-operative Group

Co-operatives UK Limited

Co-operatives UK Limited provides accounting and payroll services for the Party. The charges for the services for 2011 were £4,500 (2010 £3,500) and are fully paid.

14. RECONCILIATION OF (DEFICIT) / SURPLUS TO NET CASH (OUTFLOW) / INFLOW FROM OPERATING ACTIVITIES

	2011 £	2010 £
Deficit for the year before interest	(50,662)	29,995
Depreciation charge	11,790	9,486
Decrease in debtors	22,653	53,742
Decrease in creditors	(6,137)	(7,892)
Net cash (outflow)/ inflow from operating activities	<u>(22,356)</u>	<u>85,331</u>

15. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2011 £	2010 £
Interest received	<u>2,021</u>	<u>2,717</u>

16. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2011 £	2010 £
Purchase of tangible fixed assets	(2,627)	(19,439)
	<u>(2,627)</u>	<u>(19,439)</u>

17. MANAGEMENT OF LIQUID RESOURCES

	2011 £	2010 £
Investment in Coop Group corporate investor shares	<u>150,000</u>	<u>175,000</u>

18. ANALYSIS OF NET FUND

	1 January 2011 £	Cash Flows £	31 December 2011 £
Cash in hand	30,570	1,629	32,199
Current asset investments	175,000	(25,000)	150,000
Total	<u>205,570</u>	<u>(23,371)</u>	<u>182,199</u>

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