

the Co-operative Party
Annual Conference Edinburgh 2013:

Stronger, together

Annual report 2012

Hilton Grosvenor, Edinburgh
Friday 4th October - Sunday 6th October

 **#CoopParty**

Also available at www.party.coop



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Chair's Report

2012, the International Year of the Co-operative, was an exciting year for the movement that served to highlight how relevant we are, both in the UK and internationally.

The Party was honoured to participate in the spectacular Co-operatives United in Manchester, which provided a wonderful opportunity to meet co-operators from all over the world. The success of the event and the work of the ICA and Co-operatives UK highlighted the extraordinary contribution already made by co-operatives to sustainable business and people lives around the world. It also served as an important reminder of the vital role the co-operative movement more can and needs to play in increasing economic equality and empowering communities in the UK and beyond.

A key focus of this year for the Party has been equipping ourselves to respond to the clear responsibility the Party has, working with the wider movement, to respond to the demand and opportunities we face. The electoral successes the Party achieved this year puts us in a strong position, with our largest ever parliamentary group, including four new MPs elected in by-elections in 2012, and a round of successes in local government elections.

I would like to take this opportunity to acknowledge the contribution of Michael Stephenson, who stood down as General Secretary this year and to thank him again for his service to the Party. In September we had the pleasure of welcoming our new General Secretary, Karin Christiansen

Having been inspired by the International Year of the Co-operative in 2012, we now look to 2013 as a crucial year for putting the key foundations in place to ensure that the Co-operative Party delivers on our potential in the future.



Gareth Thomas MP
Chair, the Co-operative Party



Organisation

National Executive Committee

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

Eastern	Robin Cherney	A
East Midlands	Julian Evans	A, P
London	Gareth Thomas MP (Chair)	S, P, D
North East and Cumbrian	Ray Henderson	D
North West	Dave Pownall (until August 2012) Julia Tickridge (from December 2012)	P, D
Scotland	Jim O'Neill	P, D
South	Bob Harber	A, D, CAC, P
South West	Linda Gilroy	P, S
West Midlands	Paul Kalinauckas	P
Wales	Rt. Hon Alun Michael	P
Yorks & Humber	Neil Rhodes	P
Youth	Ian Adderley	P, D
OMOV (M)	Nick Crofts	A, P
OMOV (F)	Alex Baker	D, S, P, D
Co-operatives UK	Clive Fraser (until March 2012) John Anderson (from March 2012)	P
The Co-operative Group	Rev Paul Flowers Stuart Ramsay (Vice Chair)	P, S A, S, P
The Westminster Parliamentary Group	Chris Leslie MP Cathy Jamieson MP	

Key to Sub Committee memberships:

A	Audit Sub Committee	D	Dispute Sub Committee
S	Staffing & Remuneration Sub Committee	C	Conference Arrangements Committee
P	Policy Sub Committee	Sc	Scottish Committee

The Party Staff in 2012

General Secretary	Michael Stephenson (until April) Karen Wilkie (acting, April to September) Karin Christiansen (from September)
Parliamentary Officer	Joe Fortune
Policy Officer	Peter Jefferys (until June)
Head of Development & Communications	Martin Tiedemann
Party Support Officer	Joseph Russo (until October)
Party Support & Campaign Officer	Rebecca Mattingly (from August)
Office Manager	Dorota Kseba
Deputy General Secretary	Karen Wilkie
Administrative Assistant	Cheryl Andrews
Secretary, Scottish Co-operative Party	Jim Lee
Administrative Assistant	Linda Mylet
Membership Administrator	Sylvia Hanlon

Party Membership (As at 31 December)

Region	2011	2012
Eastern	778	806
East Midlands	635	664
London	1819	758
National Party	29	24
North East	357	346
North West	1007	1041
Scotland	1019	950
South East	853	856
South West	586	609
West Midlands	578	575
Wales	477	463
Yorks & Humber	551	575
Brussels	9	9
Northern Ireland	32	38
Total	8730	7714

The Co-operative Party

Highlights of the year

The Co-operative Party based its activities over the last year on 5 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
- To make the Party organisationally sustainable

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

1. **To be recognised by all sectors of the co-operative movement as indispensable; to be protected and defended, politically and financially**

This means not just acting in the interests of the movement, but getting better at conveying to the movement what we do and why it is important.

- The Party held a number of events to support the International Year of Co-operatives celebrations in 2012 including Parliamentary events and holding our annual conference in Manchester and Rochdale. We joined the global co-operative movement at Co-operatives United in the autumn with a stall and event. Our family of websites highlighted the IYC branding and local parties were encouraged to hold local celebrations.
- Our Westminster Parliamentary work reflected key movement priorities, such as financial mutuals, banking transparency, international development, energy co-ops and housing co-operatives.
- We held a Co-operative Party exhibition at the People's History Museum in Manchester, which ran for the duration of the Co-operative Party and Labour Party conferences. The Co-operative Party Conference reception was held there in September.
- We held a Fairtrade Fortnight event in Parliament bringing together parliamentarians with Fairtrade producers from Palestine, the Chief Executive of Divine Chocolate and the Co-operative Group.
- Another event highlighted the work of energy co-operatives, specifically Brixton Energy and the Energy Saving Co-operative, to a packed committee room in Parliament.
- Fringe meetings at the Annual Conference included an event on the new co-operative sector, with Andy Walsh from FC United of Manchester and Colin Wilkes on Co-operative Schools, an event with Agamemno Otero of Brixton Energy, an event on Fairtrade with Zaytoun and the Co-operative Group, an

event on housing with Rochdale Borough Housing and Nic Bliss of the CCH, and an event on banking with Barry Tootell of the Co-operative Bank.

- We have produced a regular newsletter for member societies and regularly met with Boards and senior executives. We do need to communicate more effectively with our societies though, and would welcome suggestions on how to do this.
- 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.

2. To influence public policy at all levels

This applies not only to Westminster, but to Cardiff and to Holyrood, to the GLA and to scores of local councils across the country. To have Labour and Co-operative politicians in Government in Westminster is important to us, but it isn't everything. And even in opposition there is work to be done to protect legislation previously fought for and to introduce new measures to defend the movement.

- There is strong representation for the Co-operative Party in the Shadow Cabinet. Three Co-operative parliamentarians (Ed Balls, Stephen Twigg and Lord Bassam) are in the Shadow Cabinet and a further 14 Co-operative Party MPs and peers serve as shadow ministers. Also, three Co-operative MPs are Chairs of Parliamentary Select Committees.
- Four Private Members Bills were introduced: 'The Co-operative Housing Tenure Bill'; 'Banking Disclosure and Education Bill'; 'Energy Generation (Community Right to Invest)'; and '0.7% GDP for International Development'.
- Four Westminster seminars brought together a wide range of Members of Parliament, co-operative movement and public policy experts: Mutual Railways; Fairtrade; Financial Transparency and food prices; Co-operative Energy and community energy development.
- There was considerable work on the Financial Services Bill, including the promotion of issues such as financial education, financial inclusion, data transparency, high cost of lending and increasing the number and membership of financial mutuals.
- The work on food commodities and speculation fits with the Co-operative Group's involvement with the Oxfam 'Grow' campaign; this work has also seen the Co-operative Party partner with a wide range of organisations including Fair Pensions, FSA Consumer Panel, Better Markets, TUC and European fair finance campaigners.
- Considerable scrutiny of the Government decision to sell off rather than re-mutualise Northern Rock, including questioning of ministers by 17 members of the Co-operative Parliamentary Group.
- An alternative co-operative Queen's Speech was produced and promoted, setting out a coherent mutual alternative to the Government's programme of business. A wide range of co-operative issues were raised in the Queen's Speech parliamentary debate.
- Co-operative Housing (Berrisford vs Mexfield), food poverty and banking were subjects of debate raised in Parliament by Co-operative Parliamentarians.
- The expansion of the Co-operative Councils' Network. This network expanded to 21 councils across the country in 2012 and is preparing to be an independent and self sufficient network. 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.

- In the London Assembly, Jennette Arnold AM in particular has been promoting co-operative issues, including IYC and housing co-operatives. Murad Qureshi AM has been working to promote energy co-operatives in London.
- Two new publications were published during 2012 in partnership with trade unions, co-operative organisations, local government think tanks and environmental groups, both of which had strong endorsement from Shadow Cabinet members: 'The Power Book – Co-operative and community energy' and 'Rail Cymru – A people's Railway for Wales'.
- The Co-operative Party has worked closely with the Labour Party's Policy Review Process, including the Energy, Transport, Banking, Cabinet Office/Civil Society and Housing strands.
- A full fringe programme at Labour Party Conference included events on co-operative schools, community energy, fair finance and local government. The reception at the Conference in Manchester raised funds to invest with Lend with Care, the microlending initiative backed by the Co-operative Group.
- Co-operative MP Stella Creasy has been leading parliamentary work on the issue of legal loansharks and payday loans in Westminster with Co-operative MSP Kezia Dugdale taking the issue on in Scotland. Stephen Doughty MP and other activists have been campaigning to end payday loan company sponsorship of football clubs.
- The Party strengthened its own campaigning capacity with the appointment of a Development & Campaigns Officer, supporting local parties to campaign to End Legal Loansharking and to develop their own local campaigns.
- At the 2012 Party Conference, a new policy making process was agreed that enables members, local parties and experts across the co-operative movement to contribute to policy development. The NEC has chosen six issues for 2013 to be discussed by local parties, culminating in the October 2013 Conference in Edinburgh.

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

By all levels, this means from Westminster to Scotland, Wales, London and local government.

- We now have the largest ever group of Co-operative MPs in the House of Commons and House of Lords. There are 32 Co-operative MPs in the House of Commons and 19 in the House of Lords.
- Four new Co-operative Members of Parliament were elected in November 2012 in Croydon North (Steve Reed), Manchester Central (Lucy Powell), Corby (Andy Sawford) and Cardiff South and Penarth (Stephen Doughty).
- Four members of the House of Lords joined the Co-operative Parliamentary Group, including Lord Kennedy of Southwark, Vice Chair of the All Party Credit Unions Group.
- In November, there was the election of two Labour & Co-operative Police and Crime Commissioners, Alun Michael in South Wales and Oliver Martins in Bedfordshire.
- A further Parliamentary candidate has been selected in Redcar.
- The Co-operative Party had its most comprehensive manifesto ever for the 2012 London elections, fully endorsed by Labour Mayoral candidate Ken Livingstone. Ken's five key pledges included one for a London wide energy purchasing co-op and another for a co-operative lettings agency. Although Livingstone was not elected, Labour now has its largest group in the London Assembly since its creation, with eight Labour & Co-operative members.

- In the May 2012 elections, there were 250 Labour and Co-operative candidates and many more Co-operative Party activists standing as Labour in the multi-member wards.
- The all-out elections for councils in Scotland and Wales in May saw dedicated local government manifestoes playing an important role in promoting co-operative policy ideas in local authorities in Scotland and Wales.
- One of the NEC's priorities is to secure the selection and election of more women co-operators to all levels of elected office.

4. **To achieve a growing, diverse, active and engaged membership**

- We recruited over 1000 new members to the Co-operative Party in the last 12 months, although this is not immediately evident in the numbers due to a cleaning up of a number of key local parties' membership lists. 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.
- This growth is across a wide range of ages and in all regions.
- The Party's priority local campaign has been the End Legal Loansharking Campaign. Building on the Party's work on fair finance and the campaign to re-mutualise Northern Rock, this campaign aims for a cap on the total cost of credit, to highlight the problem of debt, payday loans and money shops in the community and to promote credit unions. The campaign is working with local parties, councillors and campaign organisation Movement for Change alongside Co-operative Parliamentarians and Assembly Members. A major aim of the campaign is to develop local parties' and members' campaigning capacity so that they can undertake better local campaigns of their own.
- We launched a new website in 2011, with regular articles throughout 2012, and have become very effective at working with the social media. The Party has almost 12,000 followers on Twitter, for example, not all of whom overlap with the membership.
- 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.
- The Party's Youth membership continues to grow, with the Co-operative Party Youth national committee meeting through 2012 and organising local events. This important initiative is 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 movement on its goal of inspiring young people.
- The Party's national training event, Summerfest, moved to Birmingham in 2012 to be more accessible to a wider range of members. Training elements included workshops from co-operative movement experts and politicians, a day of training on campaign methods and parliamentary training for those considering standing for office.

5. To make the Party organisationally sustainable

- A new General Secretary, Karin Christiansen, was appointed in the summer of 2012 following the departure of Michael Stephenson. Karin comes from an international development background and is the first woman to be General Secretary of the Party.
- In 2012, the Party also appointed a Campaigns & Development Officer, Rebecca Mattingly, to support local parties, particularly with their campaigning effort.
- Local Parties supported by the Co-operative Group are now required to submit an annual development plan and audited accounts to qualify for a grant. Other parties are also encouraged to use the model development plan available from the Party Support team.
- The Party has embarked on a plan to implement a National Membership System, making the process of joining and renewing membership easier, with a new membership database being procured enabling better contact with and data on our members.
- The membership rate of the Party was increased to £25 for 2013 from £15 in 2011. This means that an increased proportion of income now comes from individual members' subscriptions.
- The Party appointed new internal auditors for 2012, leading to a full and ongoing review of internal financial systems in the Party

2012 Month-By-Month

January

- Co-operative Party South West Weekend School, Torquay

February

- Fringe event at Welsh Labour Conference, Cardiff.
- Fairtrade Fortnight event in Parliament with Divine Chocolate and Zaytoun

March

- Co-operative Councils event in Newcastle.

April

- Campaigning in the London and council elections.

May

- Election of Labour and Co-operative Councillors in local elections in Scotland, Wales and English districts including a number of Council leaders.
- Election of Labour and Co-operative Members of the London Assembly.

June

- Selection of Anna Turley as Labour & Co-operative parliamentary candidate for Redcar.
- North West Co-operative Party local government conference, Preston.
- Eastern Regional Co-operative Party International Year of Co-operatives event, Stevenage.
- Food speculation and commodities event, House of Commons.

July

- London Co-operative Party councillor training event.
- Co-operative and community energy event, House of Commons.
- Appointment of Karin Christiansen as General Secretary.

August

Co-operative Party training event Summerfest and Summerfest Youth held in Birmingham.

September

- Co-operative Party Annual Conference in Manchester attended by Shadow Cabinet Ministers Ed Balls, Stephen Twigg and Tom Watson, most Labour and Co-operative MPs and leaders of Councils.
- Fringe events on co-operative energy, co-operative housing, Fairtrade, banking, football and schools.
- People's History Museum exhibition on the history of the Co-operative Party.
- End Legal Loansharking night of action on football sponsorship by loansharks at Wembley Stadium.
- East Midlands weekend school, Corby.

October

- Labour Party Conference in Manchester with fringes on co-operative schools, co-operative energy, legal loansharks and local government.
- North Eastern Co-operative Party European policy event, Gateshead.

November

- Co-operative Party presence at Co-operatives United in Manchester.
- Election of new Labour and Co-operative Members of Parliament in by-elections: Lucy Powell in Manchester Central, Stephen Doughty in Cardiff South & Penarth, Andy Sawford in Corby, and Steve Reed in Croydon North.
- Election of Labour and Co-operative Police and Crime Commissioners Alun Michael in South Wales and Oliver Martins in Bedfordshire.
- Stall at the Mutuels Forum, London.
- Stall at the Eastern Regional Labour Party Conference, Norwich, with fringes on co-operative schools and co-operative energy.
- Launch of new policy document Rail Cymru in Cardiff

December

- North of England and Scotland weekend school, Gilsland Spa.
- Meeting of Scotland's Labour and Co-operative councillors.

National Politics

Westminster

In 2012 the Westminster Parliamentary group of the Co-operative Party was as follows:

Labour and Co-operative MPs

1. Jon Ashworth MP (*Leicester South*)
2. Adrian Bailey MP (*West Bromwich West*)
3. Rt Hon Ed Balls MP (*Morley & Outwood*)
4. Luciana Berger MP
(*Liverpool Wavertree*)
5. Dr Stella Creasy MP (*Walthamstow*)
6. Ian Davidson MP (*Glasgow South West*)
7. Geraint Davies MP (*Swansea West*)
8. Jim Dobbin MP (*Heywood and Middleton*)
9. Alun Michael MP (to October)
Stephen Doughty MP (from October)
(*Cardiff South & Penarth*)
10. Gemma Doyle MP (*West Dunbartonshire*)
11. Louise Ellman MP (*Liverpool Riverside*)
12. Chris Evans MP (*Islwyn*)
13. Mike Gapes MP (*Ilford South*)
14. Tom Greatrex MP
(*Rutherglen and Hamilton West*)
15. Mark Hendrick MP (*Preston*)
16. Meg Hillier MP
(*Hackney South and Shoreditch*)
17. Cathy Jamieson MP
(*Kilmarnock and Loudoun*)
18. Mark Lazarowicz MP
(*Edinburgh North and Leith*)
19. Chris Leslie MP (*Nottingham East*)
20. Andy Love MP (*Edmonton*)
21. Seema Malhotra MP (*Feltham and Heston*)
22. Meg Munn MP (*Sheffield Heeley*)
23. Lucy Powell MP (*Manchester Central*)
24. Steve Reed MP (*Croydon North*)
25. Jonathan Reynolds MP
(*Stalybridge and Hyde*)
26. Linda Riordan MP (*Halifax*)
27. Andy Sawford MP (*Corby*)
28. Barry Sheerman MP (*Huddersfield*)
29. Gavin Shuker MP (*Luton South*)
30. Gareth Thomas MP (*Harrow West*)
31. Stephen Twigg MP
(*Liverpool and West Derby*),
32. John Woodcock MP (*Barrow and Furness*)

Labour/Co-operative Members of the House of Lords

1. Lord Bassam of Brighton
2. Lord Bilston of West Midlands
3. Lord Davies of Coity
4. Lord Foulkes of Cumnock
5. Lord Graham of Edmonton
6. Baroness Hayter of Kentish Town
7. Lord Kennedy of Southwark
8. Lord Knight of Weymouth
9. Lord McAvoy of Rutherglen
10. Lord McFall of Alcuith
11. Lord Moonie of Bennoch
12. Baroness Nicol of Newnham
13. Lord Patel of Bradford
14. Baroness Smith of Basildon
15. Baroness Thornton of Manningham
16. Lord Thomas of Macclesfield
17. Lord Tomlinson of Walsall
18. Lord Touhig of Islwyn

Lord Morris of Manchester passed away August 2012.

The Westminster Parliamentary Group's highlights in 2012 included:

- Through the election of four by-election candidates, namely – Andy Sawford, Lucy Powell, Stephen Doughty and Steve Reed, the Westminster group of MPs has grown to its largest in the Co-operative Party's history. There were also a further two candidates selected for the 2015 General Election in Hastings and Stroud.
- The Group's work on the Financial Services Bill culminated in a range of much needed amendments being tabled in both Houses of Parliament. These amendments focussed on banking transparency, financial inclusion, interest cap on short term loans, consumer rights and new duties to promote mutuals. The Group also produced amendments and championed change to Government legislation on issues such as the Growth and Infrastructure Bill. This was required following the Government's view of 'rights for shares' within employee owned businesses. Working alongside the Labour Party and TULO, we saw a number of Government defeats on the floor of the House.
- Members of the Parliamentary Group tabled and pursued four pieces of Private Members' Legislation in line with Co-operative Party policy: Energy Generation (right to invest); Banking (Disclosure and responsibility); Co-operative Housing Tenure; and Mark Hendrick's 0.7% of GDP for international aid.
- The Group issued a full alternative Queen's Speech which contained the Party's programme for Co-operative and mutual legislation, this was picked up many online news services and The Guardian.
- The Group also promoted a range of co-operative and mutually themed Westminster Hall Debates. These included; banking competition debate, co-operative housing debate, credit union debate and a campaign on the governance of Network Rail.
- Following the disappointing decision taken by the Government on the future of Northern Rock, twelve members of the Co-operative Parliamentary Group provided close scrutiny to the Chancellor in the House. This work was followed by numerous news stories and a resulting National Audit Office report.
- There were a number of Friends of the Co-operative Ideal events held in Westminster. These included an event attended by over 90 people on Community Energy, and another well attended event on banking transparency that was co-sponsored by Oxfam and TUC.

Scotland

In 2012 the Scottish Parliamentary Group was as follows:

1. Claudia Beamish MSP
(South of Scotland List)
2. Kezia Dugdale MSP *(Lothians List)*
3. Helen Eadie MSP *(Cowdenbeath)*
4. James Kelly MSP *(Rutherglen)*
5. Johann Lamont MSP *(Glasgow Pollok)*

Highlights for the year in the Scottish Parliament included:

- Helen Eadie MSP secured a debate in the Chamber to mark the UN International Year of Co-operatives. This debate was also contributed to by other members of the MSP Group.
- The issues surrounding financial inclusion were studied by the MSP Group who met with a range of stakeholder organisations such as ABCUL and the Co-operative Group. Individual members of the Group then followed up this work in their areas and with other organisations such as Money Advice Scotland.
- With the Support of the Co-operative Party MSP Group member Kezia Dugdale has led high profile and active campaign on the issue of pay day loans. There has been a wide range of local activity on this campaign and an event was also held in Holyrood with Labour leader and Co-operative Group member Johann Lamont MSP.
- A members' motion was submitted calling for greater support for co-operative banking solutions.
- Leading members of the Group met with senior members of both the Scotmid and Co-operative Group.
- A working group was established for the MSP Group work on the Community Empowerment and Renewal Bill, which looked at issues such as energy and land reform.

Wales

In 2012 the Welsh Assembly Group was as follows:

1. Mick Antoniw AM (*Pontypridd*)
2. Christine Chapman AM (*Cynon Valley*)
3. Alun Davies AM (*Bleaneau Gwent*)
4. Vaughan Gething AM
(*Cardiff South & Penarth*)
5. John Griffiths AM (*Newport East*)
6. Ann Jones AM (*Vale of Clwyd*)
7. Huw Lewis AM (*Merthyr Tydfil & Rhymney*)
8. Sandy Mewies AM (*Delyn*)
9. Lynne Neagle AM (*Torfaen*)

The Welsh Co-operative and Mutuals Commission commenced work in 2012, with Professor Andrew Davies, who was previously a Minister in the Welsh Government, as chair. Other members included Dame Pauline Green. The Party's Deputy General Secretary worked closely with the Commission as a member of the Advisory Board.

Other highlights for the year in the Welsh Assembly included:

- Roles in the Government for several members of the Co-operative Party's Assembly group, which doubled in size in 2011.
- Rail Cymru - A report commissioned by the Co-operative Party, together with Co-operatives UK, Co-ops & Mutuals Wales, ASLEF and SERA on a mutual model for the Wales & West franchise was published and presented to the Minister in conjunction with a short debate in the Assembly.
- Housing - In October, the Welsh Government published responses to the consultation on the Housing White Paper. A majority of respondents were in favour of proposals to define community land trusts and enable a new co-operative tenure.
- Vaughan Gething AM, Labour & Co-operative AM for Cardiff South and Penarth and chair of the Cross Party Group on Co-operatives and Mutuals hosted an event in the Senedd to launch a new report commissioned from the Bevan Foundation for the Wales Co-operative Centre on Co-operatives in the Welsh Economy.
- Vaughan Gething also sponsored a short debate on Participation and Empowerment in the Future of Care Services in Wales—Co-ops, Mutuals and Direct Payments.
- The Assembly Government announced that the Community Food Co-operative Programme would be extended for a further three years. The Community Food Co-operative Programme was first established as a two-year pilot scheme (in the North and South East regions) in 2004 to improve access to fruit and vegetables, particularly in disadvantaged areas, and to support local suppliers. It has since been expanded to cover the whole of Wales. There are now over 330 Food Co-ops across Wales, serving approximately 4,500 customers with nearly 7,000 bags of produce per week. The programme generates nearly £1 million worth of business per year for over 80 Welsh suppliers.

- Labour and Co-operative AM and Environment Minister, John Griffiths visited Crest Co-operative following his announcement of £685,000 funding to support Fareshare Cymru's plans to develop across Wales. Crest Co-operative launched the first Fareshare scheme in Wales in 2010, and it now helps 29,000 people daily to access food that would otherwise go to landfill.

Following a period of discussion and consultation, including on the website and at a forum for all members, the Party's new manifesto for local government in Wales was launched at a packed fringe meeting during Welsh Labour Conference in February.

During that conference, the Co-operative Party also seconded and spoke in support of the ASLEF motion on the rail franchise; and there was a Welsh Executive Committee statement to conference on co-operative councils - which facilitated debate on conference floor - and a workshop. Karen Wilkie, the Co-operative Party's delegate to Labour's Welsh Executive, was elected chair of Welsh Labour for 2012.

Local Government

Electoral Success

The Co-operative Party made a major contribution in elections in Scotland, Wales and number of elections in councils in England. Two hundred and forty six candidates stood as 'Labour and Co-operative'. This number excludes the many who stood in multi-member wards and identified just as Labour on the ballot paper, but were endorsed and supported by local Co-operative Councils or branches.

Two Labour & Co-operative district councillors elected in David Cameron's Oxfordshire constituency were the headline success of the night. Duncan Enright was elected for Witney and Rob Evans as the councillor for Chipping Norton.

Wigan elected its first Co-operative councillors in thirty years, and in Sunderland, where recently there had only been a single Labour & Co-op councillor, a whole group including the Leader of the Council, the Mayor and the Secretary of Sunderland Co-operative Party were elected.

Cardiff was one of a long list of councils where Labour took power from the Liberal Democrats or Conservatives or No Overall Control – with the election of new Labour & Co-operative councillors as part of Labour's overall success. These included Birmingham, Swansea, Reading, Exeter, Norwich, Southampton and elsewhere.

In Scotland, which held all-out elections, 24 of the 30 Labour & Co-operative candidates who stood were elected. These included Bill Butler and Frank McAveety, former Co-operative MSPs elected to Glasgow City Council.

Wales too held all-out elections, which saw several councils return to Labour control, including Cardiff, Swansea and Newport. Among their successes, the Secretary of the West Wales Co-operative Party, Jan Williams, was elected a Labour Co-op councillor in Carmarthenshire, and the Secretary of Cardiff & the Vale Co-operative Party, Phil Bale, was one of eight new Labour and Co-operative councillors in Cardiff.

Other particularly well-known Co-operative Party activists were also elected. Nick Crofts, a member of the National Executive Committee, became a new Co-operative councillor in Liverpool, and Leeds campaigner Alex Sobel was elected as a Labour & Co-operative City Councillor.

Several local Labour campaigns put co-operative policies at the very heart of their offer. Cardiff Labour candidates stood on a co-operative council manifesto.

In Scotland, Glasgow and Edinburgh's new Labour administrations also strongly committed themselves to implementing co-operative ideas.

It was particularly welcome to see Labour take control in Plymouth, whose Labour Group put forward a specific co-op manifesto as trailed on our website by new leader Cllr Tudor Evans.

Two members of the Co-operative Councils' Network, Liverpool and Salford, saw resounding victories for the Labour candidates for Mayor of their cities, with both Joe Anderson and Ian Stewart making commitments for credit unions and co-ops. Salford councillors established a Co-operative Commission has been set up to be co-chaired by Co-operative Party activists Cllr Jim King and Cllr Tom Murphy.

Local government results in Co-operative Parliamentary seats

A particularly positive aspect of the election news was that every seat with a new Co-operative prospective parliamentary candidate saw Labour gains, which bodes well for our future representation in Parliament.

- Hastings (Sarah Owen PPC) – five gains for Labour, council remains Labour controlled
- Manchester (new MP, Lucy Powell) – twelve gains for Labour, council remains Labour controlled
- Milton Keynes (Andrew Pakes PPC) – seven gains for Labour, council remains no overall control
- Stevenage (Sharon Taylor PPC) – three gains for Labour, council remains Labour controlled
- Stroud (David Drew PPC) – five gains for Labour, council remains NOC
- Corby (new MP, Andy Sawford) – did not hold local government elections

Co-operative Councils' Network

In 2012, the Co-operative Councils Network discussed how to develop a new model for the network that would enable it to grow and develop through funding by the constituent councils themselves, rather than relying on the limited funds of the Co-operative Party.

Members of the network worked closely with the Party and with the Local Government Association Labour Group to enable the new Co-operative Councils Innovation Network to be launched in 2013. The Co-operative Party, along with other parts of the movement, will continue to play a role in the CCIN through its Values & Principles Board.

A leading member of the Co-operative Councils Network, Lambeth Council Leader Steve Reed, who was also formerly the Deputy Chairman of the Local Government Association, was elected as a Labour and Co-operative MP for Croydon North in November 2012.

In 2012, Party councils ran successful training sessions for councillors and council candidates in Preston and in London. Both events were attended by 60-70 members and were addressed by councillors and co-operative movement experts, as well as Members of Parliament and Party staff.

It is intended to support more regions running similar events to develop new policies and campaigns, bring representatives of the co-op movement closer to local government and highlight the existing good work of co-op councillors.

London Mayoral and Assembly elections

The London Co-operative Party was a major financial supporter of Labour's campaign in London, funding both the central campaign as well as the campaigns of several Assembly candidates. The Co-operative Group also made a donation to the Ken Livingstone campaign via the Co-operative Party. Pete Jefferys was seconded to the policy and rebuttal team of the Ken Livingstone campaign from Party staff, working alongside former Policy Officer Robbie Erbmann.

Among Ken Livingstone's six headline pledges, there were commitments to a London-wide energy co-op and a mutual housing letting agency – the highest profile co-operative offer at a major election in living memory.

Labour did very well in the Assembly elections, gaining four seats to take 12 out of 25. Existing Labour & Co-operative AMs – John Biggs, Jennette Arnold, Joanne McCartney, Val Shawcross and Len Duvall – were all re-elected and were joined by new AM (and former MP) Andrew Dismore, who gained the Barnet & Camden seat from the Tories as a Labour & Co-operative candidate. The other new constituency Assembly Member and the two new list members are all members of the Co-operative Party.

Highlights of Policy, Publications & Campaigns

Key highlights and campaigns of the Co-operative Party have included:

The Power Book

The Co-operative Party worked with colleagues with Shadow Secretary of State for Energy and Climate Change, Socialist Societies and local Government to produce a comprehensive compendium of case studies relating to local and community energy from around the country. This piece of policy work was launched at a hugely well attended rally at Labour Party Conference and has been used by various stakeholders at a range of subsequent events and the Labour Party's Energy and Climate Change policy reviews sessions. The document included chapters from Co-operative Members of Parliament, energy specialists, Labour/Co-operative Council leaders and international contributors.

Rail Cymru

In conjunction with the rail Trade Union ASLEF, SERA, Co-operatives UK and Co-operatives and Mutuals Wales a paper titled 'Rail Cymru' was produced and published. This policy document was launched by Vaughan Gethin AM in the Welsh Assembly and was subsequently debated and endorsed by the then Minister Carl Sargeant. This document set out for the first time what a mutualised rail franchise would look like and how it would operate. We were able to commission a rail expert Dr Paul Salveson to produce the paper, it is hoped a similar piece of work will be conducted for Scottish Rail operations. The Paper also features a foreword from The Co-operative Party General Secretary Karen Wilkie.

Banking transparency and lending patterns

Following work carried out by the Party for the Financial Services Bill and the Banking (Transparency and Responsibility) Bill and individual Parliamentary Group members – the Labour Party issued a new piece of policy in the area. This paper was titled 'Transparency in banking'. The work was championed by Chris Leslie MP and Gareth Thomas MP. The results of this work were used in a range of amendments to the second Financial Services Bill of this Parliament. It is expected that this work will be included in the next Labour Party manifesto.

Co-operative Nurseries

The Shadow Secretary of State for Education Stephen Twigg (Lab/Co-op) issued a new piece of Labour Party policy and consultation on the need for co-operative nurseries. This work is still on-going but it is the first time Labour party policy has reflected this stream of co-operative movement policy. This stream of work and other aspects of co-operative education policy were debated in a Labour Party annual conference fringe event.

“End Legal Loansharking”

The End Legal Loansharking campaign has been gaining momentum over the autumn as more Labour and Co-operative representatives have taken action on the issue in their communities, including Stephen Doughty as PPC in Cardiff South & Penarth and Kezia Dugdale MSP in Edinburgh. The Co-operative Party also had a strong presence at a campaign rally at Wembley in September. Gareth Thomas and Stella Creasy both spoke at the event and got the leaders of Camden and Brent Councils to pledge to tackle legal loansharks in their boroughs. Events and campaign actions like this are adding to a bank of case studies

which will help in engaging other party members around the country with the campaign in the new year.

The partnership between the Co-operative Party and Movement for Change continues with training sessions for members around the UK, including a recent day in Liverpool, and led to a joint fringe at Labour Conference. Stella Creasy MP and Kathryn Perera from Movement for Change facilitated the fringe as a workshop and ideas exchange between councillors and activists. The event was introduced by Karin Christiansen and by Tessa Jowell MP who spoke about the importance of community organising for local parties and for developing issue-based campaign actions. It was then led by Stella and Kathryn as a group discussion and skill-share, with participants contributing ideas and comments from their campaigns and local areas and learning from each other. The result was a motivated and highly engaged group of campaigners and councillors who will take new ideas, knowledge, support and contacts back to their communities.

Party Support

Party Support Website and handbook

The Party Support website – www.party.coop/support gives officers access to the Handbook, Party Support mailings archive etc. This is major resource for all aspect of Party's organization

Summerfest & Weekend Schools

Summerfest 2012 was attended by 72 members of whom the vast majority were under 30 years of age. The speaking programme was led by Stephen Yeo from the Co-operative College and presentations were also heard from Carl Taylor of Birmingham Co-operative Housing Services and Chris Bain of South Birmingham Credit Union.

Two parliamentarians also led sessions of Summerfest – Chris Evans MP attended on the first afternoon and Gavin Shuker MP was the final speaker of Summerfest. Karin Christiansen and Karen Wilkie led a session in which the members were encouraged to consider the Party's priorities. A complete day was given over to Movement for Change with Ben Maloney and Stewart Owadally developing the members campaigning skills. This included a visit to Birmingham City Council and some street campaigning in Birmingham city centre.

A parliamentary training session was organised by Joe Fortune, Parliamentary Officer, and attended by a small group of members. This session took place alongside the main Summerfest event. A Youth Forum was organised by Joseph Russo, Party Support Officer. The Birmingham Film Co-operative spoke about their work and showed a film. The venue was well received with excellent support from the staff and volunteers at the Quaker Study Centre.

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

- North East & Cumbria Party
- Midlands Eastern & Southern Party
- South West Region

Listening Exercise

In 2012 the General Secretary began a membership listening exercise, conducting workshops at party meetings to encourage members to explore what they like about the Party, what they want to change, and their ambitions for the Party in 2017, the centenary of the Co-operative Party. The exercise will continue into 2013, and a report of the results will be published.

The Co-operative Party Plans for 2013

Strategic Objective 1

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

There are major strengths around the co-operative brand from which the Party benefits – the high levels of trust, ethics and awareness. However, given the opportunities and demands facing the Party, current levels of understanding and awareness are not high enough. We need to build greater clarity in co-operative, Labour and political circles about what the Co-operative Party is and how it relates to both the co-operative movement and the Labour Party. Without that clarity, the Party will not be able to have the consistent impact on the discussions and debates we need to have.

As part of the new staff structure, we will introduce an External & Political Affairs Team which will in part focus on building and strengthening our brand to form the basis of a new communications and messaging strategy. Once there is clarity on who needs to understand what about the Party and what we would like them to feel about us, we will develop new and innovative ways to engage these audiences and raise awareness about the Co-operative Party's vision, policies and campaigns.

Strategic Objective 2

To influence public policy at all levels

One of the Co-operative Party's overarching goals is to shape the broader narrative of the Labour Party and British politics. A co-operative vision can, and should, fundamentally shape the answers to the challenge of how our social, political and economic institutions are organised. The new national policy-making process, being run for the first time this year, is a major shift to engaging with Party members and drawing in more explicitly co-operative movement expertise.

From the rolling programme of six policy areas this year and a further six next year, we will be able to develop a series of key policy and political change goals per year adding relevance and urgency to this vision and helping to advocate co-operation in day-to-day policy-making. Reinforcing the policy development and coordination function within the Party is a key first step towards this. The appointment of a dedicated Policy Officer is key to achieving this.

Strategic Objective 3

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

The Party's politicians are the face of the Party in many ways. A significant level of resource and time goes towards supporting them. The Party's role is to make them the best they can be. In candidate selection, the Party needs to pick winners, but also prioritise building and training winners from the within co-operative movement who have a collective sense of endeavour and a clarity of ambition around co-operative policy and objectives. The Party's role needs to focus on ensuring the quality of candidates in terms of their skills and ethics, building even more coherent groups, whether at parliamentary, councillor, London, Cardiff Bay or Holyrood levels.

In addition, local governments play a crucial role in delivering co-operative policy. Councils are not only at the frontline of politics that affect people's day to day lives most directly, but they are also in power when Labour is not in power nationally. Therefore, rejuvenating the Co-operative Party councillors' group and ensuring the vitality of the Co-operative Councils Innovation Network needs to be one of our core ambitions.

Strategic Objective 4

To achieve a growing, diverse, active and engaged membership

Co-operative Party members and potential members are our greatest asset. The aim is to encourage Party growth and activism, focusing on diversity in age, gender, ethnicity as well as geography; and to attract people from the co-operative movement to join us. The Party also aspires to support the activism of dynamic and engaged people – even non-members - who see the Party as a route to generating co-operative change both in their own communities and nationally. To achieve these aims, the Party needs to:

- develop a range of membership journeys and activities such as fostering peer to peer relationships (for example, Cllr to Cllr, treasurer to treasurer) and creating platforms for policy groups,
- ensure that joining the Party is not the only starting point for engagement, by providing other technology-enabled and targeted “micro-support” based on people's various interests, needs and skills
- empower our members and supporters by supporting and providing training for outstanding volunteer management skills throughout the Party

This will be aided by the new membership database which will be implemented towards the end of 2013, and which will help us move forward towards a full National Membership System over the next few years.

Strategic Objective 5

To make the Party organisationally sustainable

The co-operative movement's values and principles should be embedded in how the Party operates at all levels. The Party can set a benchmark for other, expressing the ethics including a focus on accountability, transparency, and a focus on people and resource management. An organisational review is planned to assess Party functions. A particular focus this year will be placed on laying robust, best practice foundations within the central HR, IT and finance systems. This approach will be expanded so that the central Party can provide systematic, if light touch, support for local parties' equivalent functions, such as volunteers and financial reporting.

In addition to building a well-managed and thriving central staff team and supporting more and more effective volunteer management across the Party, we must build a diverse and sustainable funding base. That includes a focus on high-quality fundraising from a range of existing and new co-operative sources, as well as small and high value donors. An initial step is developing a fundraising strategy which will be developed and rolled out over the course of the next year.

More broadly, the Party will move beyond the annualised approach to activity planning towards medium-term budgeted plans, bringing in zero based budgeting and working towards 3-year funding arrangements with clear developed financing agreements and reporting processes with our major institutional members.

Co-operative Party Limited (Reg No 30027R)

Board Report

The Co-operative Party's main priorities in 2012 were:

- Successful election campaigns for Scottish and Welsh local government; and the London Assembly and Police & Crime commissioners
- Our Westminster Parliamentary work, which reflected key movement priorities such as financial mutuals, banking transparency, international development, energy co-ops and housing co-operatives
- Campaigns, focussing on fair finance
- Publications on energy and rail
- The election of four new Labour and Co-operative MPs to join the largest ever group of Co-operative MPs in the House of Commons and House of Lords.
- Recruitment of 1000 new members

The Party's Strategic Plan which was reviewed in November 2011 placed a focus on 5 priorities:

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

Financial Review

There was a surplus over budget, due to primarily to a higher level of subscriptions from Co-operative Societies, local party affiliations (identified as individual members subscriptions), donations and grants; and an underspend on staffing.

On the expenditure side, the lower than anticipated spending was primarily due to reduced personnel cost (primarily due to the previous General Secretary leaving in April and not being replaced until September) and lower levels of grant making as a consequence of the non-qualification of a number of grant recipients.

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 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.
- 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

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 some physical controls, some segregation of duties, internal and external audit to the extent necessary to arrive at their audit opinions.

Information and Communication

The Party operates a membership database and communication takes place through a regular Party Support Mailing to local Party officers and activist direct member mailing as well as through social media.

A tender for the New National Membership database and IT system is underway to develop a new foundation for the communications of the Party.

Monitoring

There are 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 utilise the services of an Internal Auditor who carried out a review of control procedures 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 they ought to have taken as a director to make themselves 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 4 March 2013.

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 7 to 15 are hereby signed on behalf of the National Executive Committee.



Karin Christiansen

General Secretary, the Co-operative Party

CO-OPERATIVE PARTY LIMITED

INCOME AND EXPENDITURE ACCOUNT

Year ended 31 December 2012

	Note	2012		2011	
		£	£	£	£
Income					
Subscriptions					
- Co-operative Societies	2 (b)	715,618		672,161	
- Service Agreements	2 (a)	242,424		234,000	
- Individual Members		<u>146,641</u>		<u>110,080</u>	
			1,104,683		1,016,241
Annual Conference			26,750		26,717
Grants and Donations	3		22,825		26,685
Constituency Plan Agreements	5		18,252		14,196
Other Income			<u>6,155</u>		<u>7,939</u>
Total Income			<u>1,178,665</u>		<u>1,091,778</u>
Expenditure					
Salaries and wages		396,773		376,191	
Social security costs		34,109		34,763	
Other employment costs		16,336		30,717	
Pension - current service cost		<u>46,010</u>		<u>52,871</u>	
Personnel costs	4		493,228		494,542
Rent,Rates,Insurance			70,388		66,118
Light,Heat,Cleaning			3,712		4,791
Postage,Telephone			19,181		21,513
Repairs & Renewals			625		310
Printing & Administration			48,263		59,007
Committees			10,942		15,149
Committees Election Expenses			-		7,017
Staff Travel			25,673		24,515
Schools,Conferences			69,022		95,682
Professional Fees			16,264		14,763
Auditor's Fees - for audit			9,240		12,804
" " - for other work			11,285		2,825
Grants to Party Councils			217,234		244,391
Constituency Plan Agreements	5		56,240		43,320
Election Campaign expenses			10,425		18,025
Depreciation			9,001		11,790
Miscellaneous			3,778		5,878
Total Expenditure			<u>1,074,501</u>		<u>1,142,440</u>
Surplus/(Deficit) from Party activities before interest and taxation			104,164		(50,662)
Interest			1,919		2,021
Surplus/(Deficit) from Party activities before taxation			<u>106,083</u>		<u>(48,641)</u>
Corporation Tax	6		(383)		(409)
Surplus/(Deficit) for the year	10		<u>105,700</u>		<u>(49,050)</u>

The above relates entirely to continuing operations.

The notes on pages 10 to 15 form part of these financial statements

There were no recognised gains or losses for 2012 or 2011 other than those included in the income and expenditure account.

CO-OPERATIVE PARTY LIMITED

BALANCE SHEET

as at 31 December 2012

	Note	2012		2011	
		£	£	£	£
Fixed Assets					
Tangible Fixed Assets	7		12,344		19,238
Current Assets					
Debtors	8	73,864		60,401	
Investments		225,000		150,000	
Cash in hand		61,007		32,199	
		359,871		242,600	
Creditors					
Amounts falling due within one year	9	(62,206)		(57,529)	
Net Current Assets			297,665		185,071
Net assets			310,009		204,309
Financed by					
Reserves					
Revenue	10		310,009		204,309
			310,009		204,309

The notes on pages 10 to 15 form part of these financial statements

Industrial & Provident Society Registration No 030027R

The financial statements on pages 7 to 15 were approved and authorised by the National Executive Committee on 4 March 2013

and signed on its behalf by :

CO-OPERATIVE PARTY LIMITED

CASH FLOW STATEMENT

Year ended 31 December 2012

	Note	2012 £	2011 £
Net cash inflow/(outflow) from operating activities	14	104,379	(22,356)
Returns on investments and servicing of finance	15	1,919	2,021
Taxation			
Corporation tax	6	(383)	(409)
Capital expenditure and financial investment	16	(77,107)	22,373
Increase in cash		<u>28,808</u>	<u>1,629</u>
Reconciliation of net cash flow to movement in net fund	17		
Net fund at 1 January		32,199	30,570
Increase in cash		28,808	1,629
Net fund at 31 December		<u>61,007</u>	<u>32,199</u>

The notes on pages 10 to 15 form part of these 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 (NEC), 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-operative Party was accepted into the Co-operative Group PACE defined benefit pension 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. The scheme is a multi-employer pension scheme and it is not possible to identify the assets and liabilities of the scheme which are attributable to the Party. In accordance with FRS17 the scheme is accounted for as a defined contribution scheme.

From 1 October 2012 all new entrants are automatically enrolled into the Co-operative Group's new PACE defined contribution scheme.

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.

	2012	2011
	£	£
(b) Society		
Chelmsford Star	3,700	3,592
Co-operative Press	57	110
East of England	30,860	20,968
Glenhall Housing	134	130
Midcounties	36,495	35,432
Midlands	68,163	66,178
Scottish Midland	13,639	12,751
The Co-operative Group	562,570	533,000
Total Subscriptions	<u>715,618</u>	<u>672,161</u>

3. GRANTS & DONATIONS

	2012	2011
	£	£
The Co-operative Group donation	10,000	26,000
Other grants and donations	<u>12,825</u>	<u>685</u>
	<u>22,825</u>	<u>26,685</u>

4. EMPLOYEES

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

2012		2011	
Full time	Part time	Full time	Part time
8	2	9	2

The costs incurred in respect of these employees were:

	2012	2011
	£	£
Wages and salaries	396,773	376,191
Social security costs	34,109	34,763
Pension contributions	46,010	52,871
Others	16,336	30,717
	<u>493,228</u>	<u>494,542</u>

Others include an amount for consultancy of £10,244 (2011 - £28,500)

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:

	2012 £	2011 £
Salaries	174,877	194,534
Pension Contributions	24,183	31,799
	<u>199,060</u>	<u>226,333</u>

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

	2012 £	2011 £
Salary	53,665	84,177
Pension Contributions	4,421	13,750
	<u>58,086</u>	<u>97,927</u>

The above salary is split as follows:

Michael Stephenson (left 27 April 2012) £ 29,255 and
Karin Christianson (commenced 28 August 2012) £ 24,410

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

	2012 £	2011 £
Corporation tax	<u>383</u>	<u>409</u>

7. TANGIBLE FIXED ASSETS

	Fixtures, Fittings & Equipment £	Total £
COST		
1 January	223,885	223,885
Additions	2,107	2,107
Disposals	(98,082)	(98,082)
31 December	<u>127,910</u>	<u>127,910</u>
DEPRECIATION		
1 January	204,647	204,647
Charge for year	9,001	9,001
Disposals	(98,082)	(98,082)
31 December	<u>115,566</u>	<u>115,566</u>
NET BOOK VALUE		
1 January	19,238	19,238
31 December	<u>12,344</u>	<u>12,344</u>

8. DEBTORS

	2012 £	2011 £
Trade Debtors	73,116	30,231
Prepayments and accrued income	198	29,620
Other Debtors	550	550
	<u>73,864</u>	<u>60,401</u>

Debtors are shown net of a provision for bad debts of £ nil (2011 - £ nil).

9. CREDITORS

	2012 £	2011 £
Trade Creditors	10,559	17,191
Taxation and Social security	10,350	10,822
Corporation tax	383	1,118
Accrued charges	40,914	28,398
	<u>62,206</u>	<u>57,529</u>

10. RESERVES

	2012 £	2011 £
Revenue reserve		
Balance at 1 January	204,309	253,359
Surplus/(Deficit) for the year	105,700	(49,050)
Balance at 31 December	<u>310,009</u>	<u>204,309</u>

11. OPERATING LEASE COMMITMENTS

As at 31st December 2012 the lease on The Party's London premises had expired. A new lease is being negotiated and it is expected to be signed shortly. The Party had commitments under non cancellable operating leases as follows:

	Land and Buildings 2012 £	Land and Buildings 2011 £
Operating leases expiring:		
Within one year	-	36,425
in the second to fifth year inclusive	<u>-</u>	<u>-</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 2012 were £ 10,942 (2011 - £ 22,166). 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 2012, The Co-operative Party Limited held shares amounting to £225,000 (2011 - £ 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 2012 were £ 4,000 (2011 - £ 4,500) and are fully paid.

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

	2012 £	2011 £
Surplus /(Deficit) for the year before interest	104,164	(50,662)
Depreciation charge	9,001	11,790
(Increase)/Decrease in debtors	(13,463)	22,653
Increase/(Decrease) in creditors	4,677	(6,137)
Net cash inflow/(outflow) from operating activities	<u>104,379</u>	<u>(22,356)</u>

15. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2012 £	2011 £
Interest received	<u>1,919</u>	<u>2,021</u>

16. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	2012 £	2011 £
Purchase of tangible fixed assets	(2,107)	(2,627)
Investment in Co-op Group corporate investor shares	(75,000)	25,000
	<u>(77,107)</u>	<u>22,373</u>

17. ANALYSIS OF NET FUND

	1 January 2012 £	Cash Flows £	31 December 2012 £
Cash in hand	32,199	28,808	61,007
Total	<u>32,199</u>	<u>28,808</u>	<u>61,007</u>

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