



Half Year Report

For the six months to **2nd March 2024**

Society Registered No. 141R

Ian Haldenby
(Appointed Director)
Audit and Risk
Committee Chair



James Scott
Committee Member
Member Engagement
(Current Society employee)



Stephen Hughes
Audit and Risk
Committee Member
Member Engagement
Committee Member



David Cowell
Chair
Search and Governance
Committee Chair
Remuneration
Committee Member



Julia Romney
Member Engagement
Committee Member



Your Board of Directors



Richard Wills
Audit and Risk
Committee Member
Member
Engagement
Committee
Member



Nicola Berry
President
Member Engagement
Committee Chair



Jane Moate
Remuneration
Committee Chair
Search and Governance
Committee Member



Mark Fields
Search and
Governance
Committee Member



Claudia Nel
Remuneration
Committee Member



Jackie Munn
Audit and Risk
Committee Member
Remuneration
Committee Member
Search and Governance
Committee Member

Our elections for the Board of Directors were held in May with ballot papers sent out via post and email to our members.

There were four seats on the board available and the results of the election were set to be announced at the half yearly members' meeting in June.

Director Julia Romney retired from the board in June after **23 years** of service. In her time on the board she **served as president three times in 2005/6, 2010/11 and 2017/18**. We thank Julia for her sterling service and wish her well in her retirement.

Find out more
about our Board
of Directors



on our website

Alison Hands

Chief Executive Officer



Steve Leach

Chief Operating Officer



Paul Howard

Chief Financial Officer



Laura Dunne

Chief Purpose & Proposition Officer



Executive Leadership Team



Heather Lee

Chief People Officer



Robert Allen

Group Secretary
& General Counsel

We have welcomed two new members to the Executive Leadership Team.

Paul Howard became **Chief Financial Officer** and **Steve Leach** took on the role of **Chief Operating Officer**.

Paul has experience across both private and listed retail businesses, both in the UK and overseas. He joined from international fashion retailer boohoo group plc, where he was Head of Supply Chain Finance.

Steve has a breadth of retail leadership experience and was most recently interim Chief Operating Officer at Vets Now.

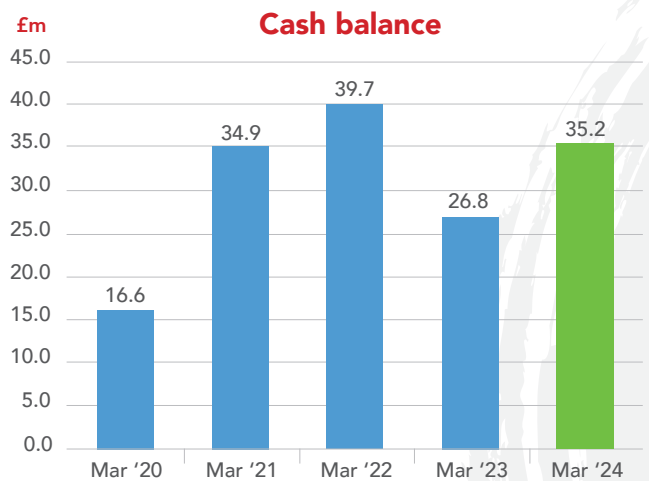
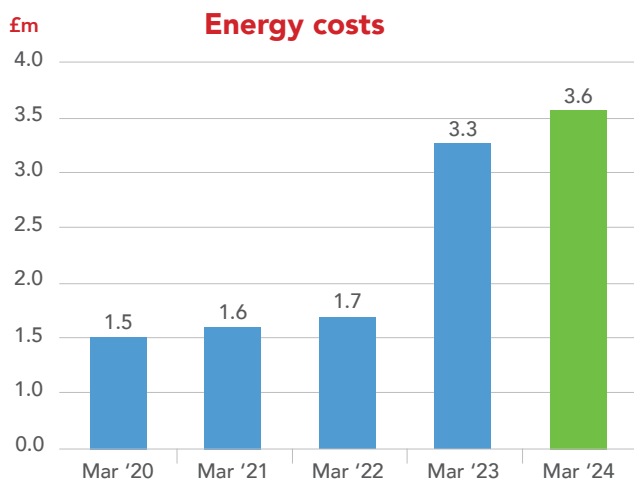
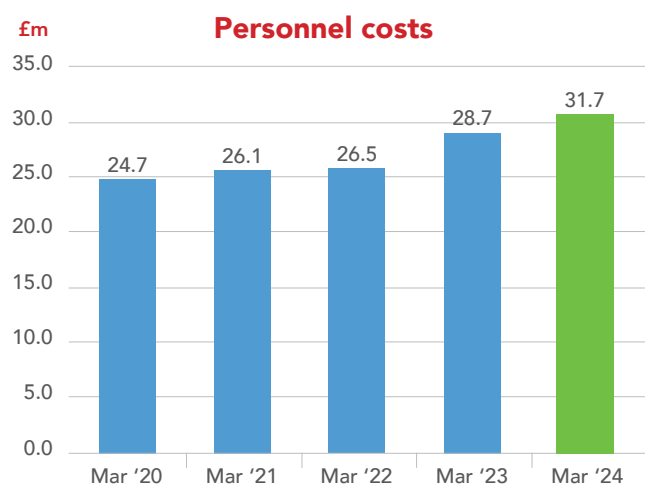
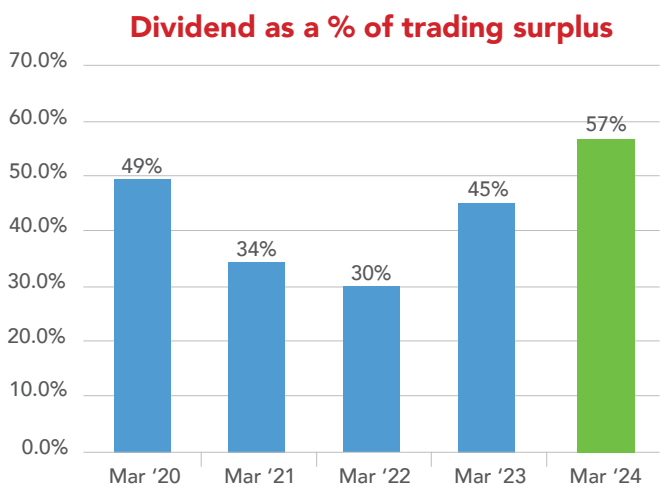
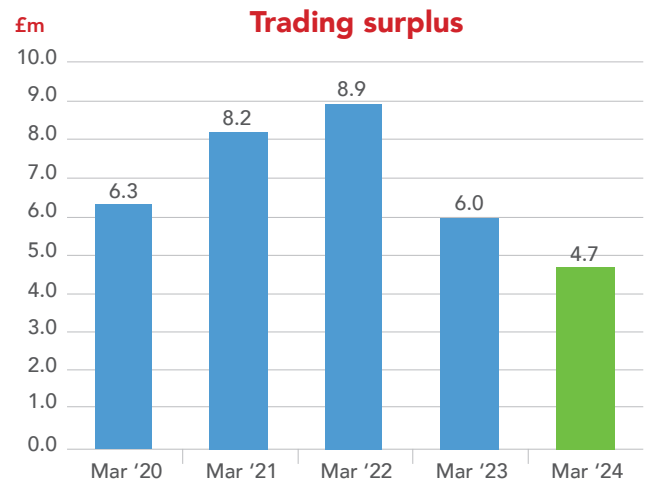
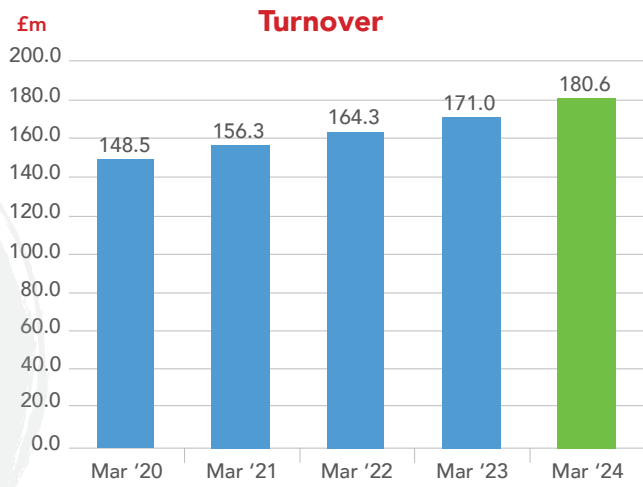
Henry Breese, Interim Chief Financial Officer, and Mark Finn, Acting Chief Operating Officer left their roles at the end of March after a handover period. We'd like to thank them both for their significant contribution.

Find out more
about our ELT



on our website

Trading performance





CEO's overview and strategic report

Chief Executive Officer - Alison Hands

Our trading performance

Our trading performance in the first half of the year has been solid, with sales showing an increase of 6.4% on the same period of the past financial year. We have traded above budget by 2.7%.

This performance has primarily been driven by strong sales in food. Continued inflation has contributed to this result, but we have also benefited from volume increase, which is extremely positive as we enter into the second half of the year. With the onset of big sporting events in the summer, this gives us continued opportunity for growth.

There have been challenges in other parts of our business.

Funerals have seen a decrease of 5.7%. With the continued trend toward low cost unattended funerals, combined with our operating costs being set towards the higher value attended funerals, this is a risk to our budget.

As a result, our team have carried out detailed work reviewing the funeral proposition, which has led to price changes, a more 'member/customer first' approach in offer and clarity on our commercial requirements. Work will continue in the second half of the year to improve our operating model to best serve our clients' needs.

Pharmacy's performance has been level but has been challenged by NHS funding clawbacks from Government, which is impacting on our profitability as we gain more share of the prescription market.

However, there are opportunities to improve our income in the second half of the financial year. We are rolling out a dispensary system which centralises the majority of our prescribing, freeing up time for pharmacists and pharmacy teams to concentrate on Pharmacy First care and new private health services, including healthy heart checks and travel vaccinations, that were introduced this year.

Travel, with an increase of 16.8 % and post office, with a uplift of 7.6%, have both performed well and are ahead of budget at the half year. We have seen some improved trading surplus performance within travel due to better terms with our suppliers.

We still offer base dividend on purchases in travel and funeral - 1% and 5% respectively. From January 2024, purchases in those two areas were no longer eligible for dividend bonus on top of base dividend. This does not appear to have impacted performance in either travel or funeral.



Carlton Food Store



Healthy Hearts Checks

To continue to be successful, we have to review our trading sites to ensure they fit with our strategic direction and in the past half year, we have transferred four pharmacies and one combined food store and post office to new operators.

We are keen to grow our business too and have opened two new food stores in Carlton and Gainsborough and have plans for more new outlets in the second half of the year and beyond.

Inflation has had an impact on our costs. A key cost is personnel, which has increased in the first half year by £3m on the previous year. The majority of this is due to the increased National Living Wage, which resulted in pay increases of between 6% and 9.4% last year for colleagues and further increases from April 24. We have equally introduced some new roles into the society to drive our strategy, including the focused improvement of our IT capability.

As a result of this our trading surplus, though ahead of budget by £246,000, is £4.7m, £1.3m behind last year's position.

We will continue to push forward and improve our performance as a business in the second half, but our surplus will still be reduced on previous years.

As surpluses reduce, like last year, we will have to review the amount we share with members in dividend bonus.

This will help ensure we retain the appropriate funds to reinvest back into the business to continue to drive the top line growth for the society, and enable not only long term sustained success, but further investment into our purpose of making life better in our communities.



Corringham Road Food Store, Gainsborough

Bringing together
ideas, energy and resources
to make life better in our communities

 **PURPOSE BEYOND PROFIT 2030**

Our pillars

<p>Providing and supporting valued services</p>  <p>Driving volume, driving revenue</p>	<p>Building strength in the long term</p>  <p>Cost prevention, drive profit</p>	<p>Caring for our health and wellbeing</p>  <p>Delivering for the needs of our communities</p>	<p>Looking after our local environment</p>  <p>Reducing our impact on the environment</p>
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Our foundation

Being data-led	People and culture	Stable technology	Good governance	Cyclical refreshes
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Our roots - our membership

During the last six months, we have been finalising a new business strategy for our society - **Purpose Beyond Profit 2030**.

The development of our strategy has involved colleagues from right across the business - listening to their feedback and ideas for the future.

We want to drive onwards and invest further in our purpose of making life better in our communities and ensure we are a sustainable society for the future.

Our new strategy clarifies our direction and forward focuses. It's shown as a house and initially, we'll focus on ensuring we have strong foundations, so work will be focused on areas like IT, data and rejuvenating our outlets through a cyclical refresh programme.



Our impact

Community Champions scheme raised...

£161,428

for **45** local youth groups

£155,552

for **192** community groups

Currently supporting **200 local breakfast clubs** giving youngsters a good start to the day.



1,245 gifts

given to struggling families through Travel's Toy Bank appeal, funded by donations from travel customers.

January 2025

the former Barbican Hotel in Lincoln reopens as a community-focused creative hub featuring...



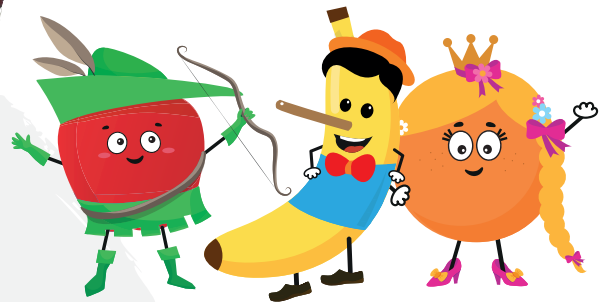
- Exhibitions and event space
- Café • Creative workspaces



Colleagues gave

604 hours

to the community through employer-supported volunteering.



10,573

pieces of free fruit

given to youngsters linked to an adult member's dividend card account.



213 colleagues

recognised with honours during our Colleague Awards Week...

It celebrated the best stores, team members going above and beyond & **47** learning heroes who completed advanced training.



15-23 Tentercroft Street, Lincoln, LN5 7DB