

IPSE Annual General Meeting
Wednesday 26th January 2022
1705h – 1740h
Conference Call

Attendees			
Iain Sturrock (IS)	Co-Chair	Derek Cribb (DC)	IPSE Interim Chief Executive Officer
Mandy Clarke (MC)	Co-Chair	Chris Welch (CW)	IPSE Interim Finance Director
Ian Wood (IW)	Director	Julia Hilger-Ellis (JHE)	Director
Apologies			
N/A			

1. Introduction (IS)

- 1.1.The Chair was delighted to welcome members to the Annual General Meeting held virtually this year due to the continuing pandemic.
- 1.2.The Chair confirmed that the meeting was quorate and being recorded, reporting that the recording would be deleted once the minutes had been received following the next AGM.
- 1.3.It was reported that 42 members had registered to attend the virtual AGM and a further 37 members had given their proxy vote in advance.
- 1.4.It was confirmed that there would be an opportunity for members to ask questions about the organization, and any questions submitted in advance would be answered by the Board in due course.
- 1.5.The agenda for the AGM was provided as follows:
 - 1.5.1.The CEO to provide an update of activities during the year to April 2021.
 - 1.5.2. The Chair to talk through activities since the year end, including some of the governance changes and answering questions that had been raised in advance on that subject.
 - 1.5.3.The voting on the resolutions.

1.5.4. The Board and Nominations Committee to take questions.

1.6. The Chair invited the Chief Executive Officer (DC) to present on experiences in the 2020/2021 year.

2. CEO Report (DC)

2.1. The Directors' Report had been circulated and DC summarised the following points:

- 2.1.1. The climate for many membership bodies had been difficult throughout the pandemic, especially those in the small business sectors as people sought to reduce their costs in the resultant economic downturn. IPSE had suffered more than most, with the situation exacerbated by the migration of workers from self-employment following the implementation of the private sector IR35 changes, and a historic trend in membership decline.
- 2.1.2. IPSE had limited opportunity to invest in growth and innovation as the finances entering the year were in a poor state, with less than one month's expenses in reserves. DC was pleased to report that despite those issues, the company delivered a significant surplus during the year. This had predominantly been through significant cost reductions – reducing administration expenses by one third (£1.4m) on the previous year. DC expressed thanks to the staff for their hard work in challenging times, reporting that without their professional approach and commitment, it would not have been possible.
- 2.1.3. DC reported that despite the cost savings the company had maintained or improved the services to members. IPSE successfully delivered the leading National Freelancers Day event, significantly increased the webinar output, launched the successful Essentials and Safeguard memberships, introduced the Member Policy and Research Committee and the demand for contract reviews reached new highs.
- 2.1.4. DC reported that while the implementation of the IR35 changes after 20 years of campaigning, was disappointing, the company had a number of policy successes i.e., expanding the level of COVID support available to the self-employed through the Self Employment Income Support Scheme, the suspension of the Minimum Income Floor, leniency on the self-assessment deadline (repeated again in January 2022) and the introduction of Bounce Back Loans. IPSE's successful public lobbying activities doubled the awareness of IPSE's identity in their target markets.
- 2.1.5. The balance sheet at the end of the year was reported as being in a better position, but a long way from the financial stability that would enable investment in IPSE's future. As the only membership body in the UK dedicated to the self-employed, DC believed there was a crucial role to play, continuing to work toward a long-term future on behalf of the members, staff and wider self-employed community.

3. Chairs' Statement (IS)

3.1.The Chair expressed thanks to the staff for their hard work to help reduce the cost base which was continuing in the current year.

3.2.The Chair summarised as follows:

- 3.2.1. IPSE had been, and continues to operate, in a difficult market with limited financial resources. The Board is very aware of the challenges and is working to secure a future for IPSE.
- 3.2.2. With the stabilisation of the balance sheet in the year to 2021, and a continuation of cost saving activities and greater member engagement, the Board had entered a phase of strategically reviewing its future options, something which would be reported back to members during the summer of 2022.
- 3.2.3. At this point in time, the Board had temporarily suspended certain activities, such as further Director elections, the appointment of independent Chairs of the Board, Audit and Risk and Nominations Committees. In the interim period, Julia has taken Board responsibility for the Nominations Committee whereas the Board as a whole is fulfilling the responsibilities of the Audit and Risk Committee.
- 3.2.4. Following a skills audit of the Board, and to ensure IPSE maintains the balance of skills and experience, it had been decided to extend Ian Wood's term through his appointment as Director for a period of six months.
- 3.2.5. The Chair wished to note that, in support of the cost challenges the organisation had faced, the Directors' stipends had been reduced to £6k per Non-Executive Director and £8k per annum for the Co-Chairs, reducing the overall Board costs significantly. Unlike the temporary changes to governance, these stipends reductions are intended to be for the longer term.
- 3.2.6. The temporary suspensions and extensions will be reviewed before the Board reports back to members in the summer, which will include any proposed changes to governance. An important point to note was that IPSE's activities and decisions are and would align with the Articles of Association at all times.
- 3.2.7. As reported by the CEO, and despite the tough times, IPSE continues to serve its members and the wider self-employed community with ever greater effectiveness. IPSE had stepped up member engagement and would be launching a series of member events around the U.K. to not only support members but to listen closely to their needs in a rapidly changing market. IPSE are actively campaigning on important issues such as late payment, umbrella companies, financial wellbeing and fairer taxation as IPSE push towards their vision of a fair environment where self-employment is an aspirational and sustainable career option.
- 3.2.8. As the UK exit the pandemic, it was shared that there was greater opportunity to grow core membership in the medium term for the first time in many years, with increased awareness of IPSE and more innovative membership offerings IPSE can increase penetration into self-employed and increase the power of their voice.

4. Voting on the Resolutions (IS)

- 4.1. The Chair reported there were three resolutions, all of which the Board recommends approval.
- 4.2. The Chair explained the terms of the voting process and to take the resolutions as published explaining he would ask that those online who had not already voted do so for each resolution, at which time they would be added to the proxy votes already held. The Chair would then announce the results.
- 4.3. A poll was presented on screen dealing with all three resolutions and members were asked to cast their vote.
- 4.4. The Chair confirmed the final voting had taken place and was pleased to announce that all resolutions had been passed.

5. Q&A (IS)

- 5.1 The Chair invited members to ask questions in the chat box in Zoom reporting that they would remain anonymous from the Board members, however names would be visible to the events team.
- 5.2 Questions had been raised regarding Governance, in particular the Independent Chair of the Nominations Committee, appointed Chair of Audit and Risk and appointment of Ian Wood as a Director. The Chair advised, as mentioned earlier in the opening comments that the Board were very aware of the Articles of Association, and where appropriate had taken advice to ensure the Board complies. The Board had taken the decision to put a temporary hold on appointments pending the outcome of a review of IPSE's strategic options, at which point IPSE will report back to members in the summer. The Board believed this would be the best approach given its current short-term focus on ensuring a secure financial future for the organisation, including delivering on cost savings. The Chair advised that before coming to this decision, the Board completed a skills audit of its current membership which confirmed that there were adequate skills available to progress the Board's activities.

6. Submitted Questions for the Board (QRB)

- 6.1. Iain Sturrock stated he would now answer questions for the Board that had been raised in advance of the meeting.

QRB1 IPSE's approach to lack of payments from Business Interruption Insurance, especially with regard to Insurance policies that IPSE have recommended / promoted?

ARBI It would not be appropriate to discuss any specific claims, albeit we are happy to follow up directly with the member should they wish. Overall, in the year to April 2021, 35 claims for Business Interruption Insurance were accepted. The total value of the accepted claims exceeds £110,000. Five claims were rejected. IPSE sees this product as a key benefit to Plus members and, with our partners at Markel Tax, will continue to provide this cover as part of our Plus package.

QRB2 With the currently reduced size of the board, can NomCom confirm that the skills balance of the board is appropriate? If there are skills gaps, what are they, what impact is the lack of

appropriate director skills having on the organisation, what steps are being taken to resolve the issues and what is the timeline for resolution?

ARB2 Yes I can confirm the balance of skills is appropriate. As previously mentioned, before taking any decisions the Board completed a skills gap analysis, this confirmed that with the extension of Ian Wood's role on the Board the required skills were available amongst the existing Board members.

QRB3 The Articles of Association make no provision for a co-chair. With Mandy's term originally expiring this week, has she been appointed Chair and therefore had her term extended by three years? Has Iain's term been extended to three more years from appointment as co-Chair as well?

ARB3 The Articles are silent on the possibility of Co-Chairs. The appointments are an interim measure, as such Iain's term remains consistent with his election last year and we have extended Mandy's contract for just over 6 months period from the December 10th Board to the end of May to allow conclusion of the review of our strategic options.

QRB4 What are the terms of office for each of the current Directors?

ARB4 Myself (IS) and Julia are on three year terms starting 1st March 2021, Iain's term has been extended to the end of May as has Mandy's position as Co-Chair.

QRB5 What is the total membership numbers & % change YoY? What is the % split between SE/Freelancer/Contractor? What is the membership strategy for 2021/22 and indicative outcomes to date? Hence what is the membership strategy for 2022/23?

ARB5 The membership numbers are commercially sensitive, so I would ask for some discretion with this information. We don't split the membership in the way the question does, however in the year to April 2021 our membership ended at 13,000 with core members – i.e. Standard and Plus – being 11,500, down about 25% but partially offset by good growth in the new but lower priced Essentials membership. This trend continued into the current financial year and follows the statistics for contractors active in our core fields. However, our research has also shown that this flight from self-employment should slow down, and possibly reverse, as we move into 2022.

Our strategy is about **Empowering, Protecting and Connecting** our members for success, making IPSE the association of choice for the self-employed. To this end we are continuing to innovate our membership offering, and in 2022 will look to launch a wider level of services and more flexibility to members. We are also ramping up our direct engagement activity with a series of physical member meetings to go alongside our extensive online offering and will be increasing the opportunities for our members to engage more directly in helping set the direction of IPSE, this has been trialed successfully with the Policy and Research Committee.

6.2. On concluding the questions raised to the Board in advance Iain Sturrock invited Julia Hilger-Ellis to answer questions directed towards the Nominations Committee.

7. Questions for Nominations Committee

7.1. Julia Hilger-Ellis noted that the questions raised in advanced overlapped with themselves, and previously covered questions, and so would seek to answer them all together rather than individually. Derek Cribb read out the totality of the questions, which were then answered by Julia Hilger-Ellis.

- QRN1 Who are the current members of the Nominations Committee? Who is the independent Chair (as required by the NomCo Terms of Reference)? If Des Hudson is no longer the independent chair of NomCo, when did he leave and who replaced him?
- QRN 2 Who is leading the recruitment of the independent Chair of IPSE? What is the status of the Chair recruitment, and what is the timeline for replacing the last Chair who left in August?
- QRN 3 The NomCo report from the last AGM states that they will "recommend to the IPSE Board a programme of review and improvement following the start of discussions with the Board. Naturally we will share any changes with the wider membership." Apart from not replacing Peter Baynham, Anette Nabavi, Caroline Morgan, and Matthew Searle, did NomCo recommend any other improvements to the Board, and if so, what actions are forthcoming?
- QRN 4 With a declining Board to only three non-executive Directors, what steps are in place to remove any perception of conflict of interest within the Nominations Committee? The ToR state that there will be three members, but with Ian Wood's term of office as an elected Director expiring on January 25th, that only leaves one Director who is neither an executive non co-chair.
- QRN 5 Will you be updating the NomCo terms of reference? If so, when will they be shared with the membership?
- QRN 6 How frequently do the nominations committee meet? When were the meetings held in the past year, and who attended?
- QRN 7 The Nominations Committee is responsible for advising the Board on the size and composition of the Board, and the skills of the Directors. In November, members were told that the committee was "formally looking at the skills and backgrounds of the current Board members before helping define what might be needed from the new Board members. Is that process complete or is it ongoing? If ongoing, what is the timeline for completion, and will the Nominations Committee be sharing their review with the wider membership?
- QRN 8 What size of Board do the Nominations Committee consider to be appropriate for IPSE? In the past we have ranged from 12 (which seemed too many) to the current 4 (which seems too few).
- QRN 9 Will the Nominations Committee be recruiting for independent non-executive Directors to replace the skills and experience that Anette Nabavi and Peter Baynham brought? If so, what is the timetable; if not, why not?
- QRN 10 In previous years, IPSE has published the remuneration for non-Executive Directors. Please can you share that information for the NEDs who served in the year, along with any changes during the year. The accounts show a drastic (and much needed) reduction in Director's remuneration

in the year, which is to be applauded, but what are the current rates of remuneration for each Director.

QRN11 The Nominations Committee is responsible for setting the remuneration of the Directors. When was this last reviewed by the Committee and what was the output from the Committee?

ARN1 A large number of questions regarding governance around the Nominations Committee had been received, some overlap and some had been addressed in earlier comments, so rather than dealing with them all individually it was agreed to address the remaining questions en masse.

As mentioned in Iain's earlier comments there is a temporary suspension on Board level recruitment, this is a core activity usually undertaken by the Nominations Committee. We have therefore also suspended the search for an Independent Chair of Nominations Committee pending the outcome of our strategic discussions and I (Julia H-E) have stepped in as Acting Chair. When these discussions are complete, we will revert to the membership including any proposed changes to governance. With a small Board the potential perception of conflicts of interest is almost inevitable, however we have been diligent in ensuring that any conflicts, or potential conflicts, are minuted and that Directors exclude themselves from Board voting as appropriate.

A search for an Independent Chair of the IPSE Board was conducted in the second half of 2021. A number of candidates were shortlisted; however, we are disappointed to report that in the end none of these candidates were suitable for appointment. This search will be re-commenced depending on the outcome of our review of strategic options.

7.2. On concluding answering the questions raised to the Nominations Committee in advance, Julia Hilger-Ellis invited Derek Cribb to answer questions directed towards the Audit and Risk Committee.

8. Questions for the Chair of Audit and Risk Committee

8.1. Derek Cribb also noted that the questions raised in advanced overlapped with themselves and previously covered questions, and so would also seek to answer them all together rather than individually. He read out the questions in their totality before answering.

QRA1 Please can we have an introduction of who you are and what your background is?

QRA2 How frequently do Audit and Risk meet? When were meetings held in the past year, and who attended?

QRA3 How many strategic and operational risks have the Audit and Risk committee identified? Are the risk ratings changing for the better, worse, or remaining the same?

QRA4 Given the decline in revenues over recent years, a £1 million turnaround from 2019-20 to 2020-21 and a return to profitability is an amazing achievement. Do the Audit and Risk committee see this as an ongoing trend to long-term profitability and sustainable growth?

QRA5 The Terms of Reference include a reference to the Honorary Treasurer, a post that has not existed in the Articles since 2019. Will you be updating the Audit and Risk Committee terms of reference? If so, when will they be shared with the membership?

ARA1 Following the handful of questions around the Audit and Risk Committee, for simplicity these were addressed en masse.

As has been described elsewhere, the Board has temporarily suspended some activities pending a wider review, this includes the appointment of a Chair for the Audit and Risk Committee. In the interim period the work of the Audit and Risk Committee is now undertaken by the Board as a whole, who meet at least six times a year. The key risks for IPSE have not changed materially, and remain based around the economic and political environments, the trend away from traditional membership bodies and the accessibility of free materials on the internet. The current financial difficulties have also made attracting and retaining key skilled staff harder.

The trend for losses in membership is unlikely to reverse in the short to medium term, though the organisation remains financially stable due to bringing its cost base into line with its income. In the longer term the Board believes that maintaining its position representing and campaigning for the self-employed, a more innovative and flexible approach to the membership offering, attracting a wider membership base, and greater member engagement are the right ways to stabilise and then grow the membership numbers.

8.2. On concluding answering the questions raised to the Audit and Risk Committee in advance, Derek Cribb moved to questions raised by the attendees online.

9. Questions raised in online chat room

Q1 What are the strategic options being considered by the Board?

A1 Given its sensitivity it would significantly disadvantage IPSE if the current discussions were in the public domain. When the Board reports back to the members in the summer we will be able to disclose both the outcomes and options considered

Q2 Will the members be asked to vote on any strategic decisions?

A2 Depending on the outcomes of the Board discussions a member vote may be desirable, however as no decisions have been reached it is too early to say.

Q3 You and Mandy are Interim Chairs – how long is the appointment for?

A3 The appointment term is definitely interim, the length will depend on the outcome of strategic decisions and will be reported back in the summer

Q4 In 2019 the Board committed to have an Independent Chair of the Nominations Committee to guard against nepotism, yet here we are with no Independent Chair and two Board members extended beyond their elected and remunerated terms. How is this not a massive conflict of interest?

A4 The current governance arrangements are temporary until the Board can revert to the members in the summer. Any conflicts have been duly noted and acknowledged by the Board, and those conflicted have not voted in matters that directly impact them.

- Q5 If the business is in such a mess, can you assure us that previous leadership was removed without additional compensation?
- A5 The leaving arrangements for **any** member of staff are confidential and should remain so.
- Q6 The previous CEO is now working for another organisation that IPSE deals with, is this a risk or opportunity for IPSE
- A6 The appointment is very recent, however we have a very good relationship with the FCSA and see no reason why that will not continue
- Q7 With IR35 now in place, why does IPSE exist?
- A7 Our mission is ***Empowering, Protecting and Connecting*** our members for success, making the association of choice for the self-employed. IPSE is the UK's only not-for-profit association dedicated to the self-employed, a substantial part of the UK workforce that needs support and representation, and as such we believe that if IPSE did not exist, it would have to be invented.

The Chair summarized that there was some positive news with regards to the reduction of costs which has given IPSE a longer future. Membership numbers have been going down and the Board will need to address this and turn it around. The Board will strategically review options to ensure the board does its best to be a vibrant membership body, representing the self-employed.

The CEO thanked everybody for their attendance and reminded those present those questions could be posted via the IPSE Forum.

Meeting closed at 1740h



Signed Dated 21.03.2022

Name Iain Sturrock Co-Chair