

## IPSE Annual General Meeting

Wednesday 5<sup>th</sup> May 2021

17h00 – 17h30

Conference Call

Attendees			
Matthew Searle (MS)	Chair	Derek Cribb (DC)	IPSE Interim Chief Executive Officer
Peter Baynham (PB)	Appointed Director Chair of Audit and Risk Committee	Ian Sturrock (IS)	Elected Director
Mandy Clarke (MC)	Elected Director Audit & Risk Committee and Nominations Committee	Julia Hilger-Ellis (JHE)	Elected Director
Ian Wood (IW)	Elected Director Audit & Risk Committee and Nominations Committee	Des Hudson (DH)	Chair of Nominations Committee
Apologies			
N/A			

### 1. Interim CEOs' Report.

#### 1.1. Summary of 2019-2020

Business and Financial performance was poor due to a number of reasons:

- Decline in membership, which is a continuing trend over the last 5 years.
- Cost base hadn't been recognised in the reduced revenue.
- Significant investment in market research which lead to product launches.
- Restructure costs to reduce the cost base, was realised in 2020/21 financial year.
- Early stages of COVID and economy retraction.
- US investment (IPSE US) wrote off the cost of investment, which equated to 20% of the losses of the year.
- Positive effect for 2020, was the increased profile of IPSE working with the Chancellor of Exchequer and representing the self-employed. However, this did not convert into increased membership.

Audit report – IPSE experienced many challenges in the year but can announce a clean report on a going concern basis.

### 2. Chairs Report

**Invited the members to raise any questions through the online message facility.**

#### 2.1. Summary of 2019-2020

The Chair advised 2020 had been a dramatic year for the self-employed, with many expecting the changes to IR35 to present challenges. However, the COVID pandemic presented additional difficulties that resulted for many in both health and financial crisis, with the self-employed exposed by these effects. IPSE had been affected and revenue had been adversely hit. The Board and Executive made some difficult decisions, resulting in a much firmer financial position going forward. There are still challenges but IPSE has a strong leadership team and expect membership will grow.

There is optimism for IPSE and the self-employed going into 2021. IPSE is working closer and developing relationships with the membership, through regular activities such as weekly newsletters, and webinars, Members Forum, virtual member meetup and flagship event – National Freelancers Day, taking place virtually on June 17<sup>th</sup>, 2021.

Policy and Advocacy work had been taking place on behalf of its members, with involvement in ministerial meetings and discussions with the Chancellor, consultations with civil servants and many media appearances. IPSE has been at the forefront of major policy decisions.

IPSE has experienced disappointment with IR35 changes but are pleased to report the approval of a delay. IPSE continues to challenge IR35 as a barrier to the self-employed and the economy as a whole and have not given up the fight against IR35.

Through the difficult but right decisions the Board and SLT have taken, together with IPSEs high profile reputation with Government and the media, and through engaging with our members more than ever, IPSE has a stronger future in the years ahead.

### **3. Resolutions for Approval**

**Three resolutions were brought to the AGM for discussion and voting.**

#### **3.1 To accept and approve the Report of the Board of Director for the financial year ended 30 April 2020.**

Voting as follows:

281 in favor

16 against

5 abstentions

#### **3.2 To accept and approve the Accounts as submitted by the Board of Directors for the financial year ended 30 April 2020.**

Voting as follows:

289 in favor

9 against

4 abstentions

#### **3.3 To appoint Menzies LLP as Auditors of the Company for the financial year ending 30 April 2021.**

Voting as follows:

288 in favor

9 against

5 abstentions

All three resolutions passed.

#### 4. Questions tabled in advance of AGM

**Q1: Why is the AGM just before the financial year end, when all the information is a year out of date?**

The Chair advised that ordinarily the AGM is held in Q1. Normally in January, it had been delayed this year to report with greater certainty.

**Q2: What stage was it that IPSE was running through the reserves and the US investment was not working for us?**

**What actions did they take to mitigate are losses?**

**Please can you explain further the losses from the disappointing results from the investment in the US subsidiary that weakened the balance sheet?**

**Why are IPSE investing in the US, I don recall this being something the members had a vote on did I miss it? I believe this present a significant risk for the ongoing company.**

The Chair advised IPSE had been approached with a proposal to set up IPSE US for the sale of medical insurance for the self-employed as a core product. Subsequent consultation took place with Consultative Council in August 2017, who were then updated by the Board in early June 2018. An all-member communication regarding IPSE US was circulated at the end of June 2018. In 2019 the American government made changes to the Affordable Care Act which removed the requirement for self-employed workers to hold medical insurance and placed prescriptions on group medical sales which impacted the member sign up. IPSE US under performance was formally flagged by the CEO at May 2020 Board meeting with proposals of how to de-risk the balance sheet.

The sale of the initial founding shares back to the co-founders was agreed and executed in June 2020 at the same price per share at which IPSE had bought, leaving IPSE with the now written down preferred stock holding and transactions costs – the total impact to the P&L is approximately £115k. Should the US business recover IPSE's holding will increase in value.

IPSE US continues to trade, and should its fortune turn around IPSE will benefit from its remaining shareholding even though it is currently valued at zero in the Balance Sheet.

**Q3: Do you intend to pressure the government to overturn the recent IR35 rule change which is damaging to the economy and personal finance of thousands of contractors?**

The Chair advised that IPSE still believe that IR35 is a heavily flawed piece of legislation and we continue to push for it to be overturned. It is unfortunate that the government has been intransigent in pushing through IR35 into the private sector at a time when so many caught by it have had little or no support to survive the Covid crisis, it has such a significant majority that it has not listened to those speaking against it including a Lords' Select Committee. IPSE has had a number of successes, including delaying implementation and gaining a small business exemption.

IPSE feels the taxation system is fundamentally too complex and not a good fit the self-employed as a whole. We are also providing members with relevant advice in the here and now, helping them to understand their entitlements when working through an umbrella company, how to structure their engagements to best avoid IR35 and compelling clients to undertake a proper assessment of each engagement and avoiding blanket decisions.

**Q4: With 37 employees and a £285k per annum lease, the operating costs are a serious threat to the solvency of the company, what steps are being taken to address this?**

The Chair of Audit and Risk Committee advised that the Board as a whole has the responsibility for the financial performance of the company the A&R doesn't have the final say of the financial performance of the company. A number of steps had been put in place to reduce the operating cost and better align with the revenue figures. This had resulted in reducing head count by one third and reducing other costs. Rental costs are subject to contractual arrangements, but discussions are taking place with the landlord to discuss moratorium for some of the rent. The Chair of the Audit & Risk Committee also shared that the Board had been in discussions in regard to the future of the office arrangements.

**Q5: What steps have the Nominations Committee planned to take to ensure the diversity of the self-employed people is represented at all levels within IPSE?**

The Nominations Committee Chair noted that currently the Nominations Committee terms of reference are restricted to appointments to the Board. The Terms of Reference is part of a wider governance review and as a result the authority of the committee will be wider. However, the Nominations Committee is committed to ensure that the current board is diverse whether based on professional background or by gender. IPSE is always seeking to have a board that is completely representative as possible of the membership. There are role specifications which help ensure the most suitable candidates are selected.

**Q6: Bearing in the mind the introduction of freelance corner of the IPSE product base, does the nominations committee feel the final pool of candidates on the ballot of the recent elections provide diverse choice that affectedly represented the IPSE membership?**

The Chair of the Nominations Committee advised that a review of the most recent election had taken place. A summary will be published on the IPSE website. Two objectives had been identified as a result of the review:

1. Strive to deliver a fair election process which has a representative and diverse pool of candidates.
2. Learn from each election process, to ensure a transparent and fair process to stimulate the widest possible pool of candidates.

## **5. Live Questions from the membership**

**Q1: Does IPSE have any plans to bolster its efforts to support freelancers to engaging clients directly? Does IPSE still view the Freelancer Limited Company as a solution to IR35?**

The interim CEO advised IPSE continues to believe that IR35 is a fundamentally flawed piece of legislation, which is too complex. IPSE continues to have discussions alongside other organisations and Select Committees. At this time the government remains intransigent. IPSE continues to push back and continues to seek a fundamental review of the taxation system to ensure it is fairer and simpler to understand.

The Interim CEO advised IPSE is actively supporting members with a series of webinars and through the IPSE contract review service.

The Interim CEO advised in regard to supporting its members in terms of engaging clients, there are a number of changes planned on the website. A community area will be introduced where members can connect with each other. A discussion is also taking place on how IPSE can bring a jobs board online for the contractor market.

**6. Any of Business**

The Chair formally welcomed Julia Hilger-Ellis and Ian Sturrock as the newly elected directors of the IPSE board.

The Chair thanked everyone for attending.

**7. The Chairman closed the Annual General Meeting at 17h30.**



18.06.2021

Signed ..... Dated .....  
Matthew Searle  
Chair