Southern Co-op merger with the Co-op Group approved following financial difficulties

The approval of Southern Co-op's merger with Co-op Group represents progress towards the organisations' stated objective of combining financial strength and operational scale. It also records the loss of Southern Co-op's independent position following sustained financial pressure. The published explanations identify the immediate reasons for the rescue, but do not constitute an independent examination of every factor behind the losses or establish whether different earlier decisions could have prevented them.

The Co-operative Group has received competition clearance to integrate Southern Co-op, bringing its 173 food stores into a larger co-operative organisation. The development, reported by The Sun, marks a significant stage in a transaction driven by Southern Co-op's financial difficulties and the need to secure its future.

On 5 November 2026, the Competition and Markets Authority accepted undertakings addressing competition concerns arising from the acquisition. These include selling 15 convenience stores and two funeral homes across the combined estate. The decision allows integration planning to progress without an in-depth second-stage investigation.

Behind the announcement lies a rescue story. Southern Co-op told members that it had experienced declining profitability over three years and that efforts to stabilise the business had not resolved its financial position. Its board presented joining Co-op Group as the strongest available means of protecting its co-operative future.

For the financial year ending 26 January 2025, Southern Co-op reported a £4.5 million loss before tax on sales of £543.9 million, following a £2.6 million loss the previous year. By the merger proposal, it reported an operating loss exceeding £20 million, subject to audit. These figures concern different reporting periods and accounting measures.

Southern Co-op also said the cyberattack affecting Co-op Group had significantly disrupted both societies, with its trading deteriorating afterwards. The board said further financial support was needed urgently and that alternative arrangements could not provide sufficient backing within the necessary timescale.

Members were warned that administration was the most likely outcome without the merger, potentially threatening jobs, stores and suppliers. This was the board's assessment of the risk, rather than confirmation that administration had occurred. Some members challenged the proposal and sought greater transparency and consideration of alternatives, according to sector reporting.

Southern Co-op announced member approval on 22 May. The transaction subsequently transferred its businesses into Siena Co-operative Limited, a wholly owned Co-op Group subsidiary. The businesses continued operating separately during the competition review. November's clearance therefore concerns their integration, rather than the first announcement or approval of the transaction.

The businesses involved extend beyond food retail. Southern Co-op's portfolio includes 83 Starbucks coffeehouses, 69 funeral homes, three crematoria, four burial grounds and more than 70 Welcome franchise stores. It has approximately 330,000 members. Co-op Group reports 2,300 food stores, 800 funeral homes and 7.5 million members.

Both organisations say operations will continue normally while detailed migration arrangements are finalised, with no immediate changes to existing membership benefits or rewards. Their stated objective is to combine financial strength and operational scale while maintaining shared co-operative values and supporting members, colleagues and communities throughout the transition.