

NEWS RELEASE

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Co-operative Party overturns registration injustice

Threat of major increase in fees averted

The Co-operative Party has persuaded the Government to drop plans to drastically increase registration costs for Industrial and Provident Societies. The turnaround followed an announcement from the Party that it planned to organise a mass lobby of Parliament over the issue.

Following a decision to incorporate the Registry of Friendly Societies into the Financial Services Authority, the cost of registration and maintaining registration as an industrial & provident society was set to rise exponentially. As a result community groups seeking to register new societies were becoming discouraged from using the correct legal model due to the prohibitive cost.

The initial cost of registration of a new industrial & provident society varies from £100 to £950, and the annual fee to remain registered was set to rise from **nothing** to £240 from 1 July 2002. The comparable costs for a limited company are £20 for registration, and an annual charge of £15. Following the Co-operative Party's discussions with Ministers, the Financial Services Authority has committed itself to substantially reducing the fees, and is consulting with Societies to put in place a tiered system to minimise the cost to smaller societies.

The issue first came to the attention of the Party and the Co-operative Union during the course of discussions with groups who supported Gareth Thomas MP's Private Members Bill, the Industrial and Provident Societies Bill, which seeks to remove some of the disadvantages faced by community-based organisations wishing to maintain or adopt a mutual structure.

National Secretary Peter Hunt said: “Although the Party is on the cusp of achieving more protection for co-operatives against carpetbaggers, it would have been unacceptable to ignore the issue of registration fees. I am delighted that the Government has shown itself ready to listen to us, and that its commitment to social enterprise is genuine. The cumulative effect of all this is that the co-operative option is more attractive than ever before.”

Cliff Mills of Cobbetts Solicitors adds: “Industrial & provident societies include co-operatives, housing associations, social clubs and many other organisations. Their primary purpose is to serve the community or to achieve some other social priority than securing a return for investors. The industrial & provident society is the right legal model for such organisations to use, and indeed effective regulation depends on organisations using the correct legal structure in which to operate. It was therefore wholly unjust that many of these organisations were to be charged ten times the amount proprietary companies pay to register.”

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