

## NEWS RELEASE

10/07/02

### New Law will protect Mutuals

The Industrial and Provident Societies Bill, a Private Members Bill sponsored by Co-operative Party Chairman Gareth Thomas MP (Harrow West) has become Law following a year-long campaign in Parliament.

The Act enshrines greater protection against carpet bagging and enables future modernisation of rules governing, for example, the role of directors and accounts reporting. It constitutes the first modernisation of the legislation governing the sector for more than 30 years, and has been widely praised by MPs as a boost for mutuality.

The Act safeguards the mutual status of a wide range of organisations including consumer co-operatives, worker co-operatives, housing associations, credit unions, social clubs, footballer supporters' trusts, and working men's clubs.

Gareth Thomas said: "These organisations provide essential, value-for-money services to many communities, but have been hampered by the threat of asset-stripping. This legislation will provide a strong and stable framework within which community mutuals can grow and prosper, on a level playing field with other businesses."

Ministers are keen for more public services, including social housing, healthcare and childcare to be provided by mutual organisations. Greater legal support for the sector will increase the scope for new forms of ownership for the delivery of community-based facilities such as housing, childcare and residential care.

## The Industrial & Provident Societies Act:

- Extends the voting threshold required for de-mutualisation to from 50% to 75%, with a minimum 50% member turnout. This mirrors recent Building Society legislation.
- Empowers Parliament to amend present Industrial and Provident Society legislation by statutory instrument, to ensure that it remains modern and flexible. In other words, it is possible for the many beneficial amendments that have been applied to company law (including those contained in the current Company Law Review) to be applied to Industrial and Provident Societies.

**- ENDS -**

### **Notes:**

1. A further clause proposing to enable new community benefit societies to secure their assets in perpetuity was withdrawn after Second Reading, following an undertaking by the Government to review the issue under the auspices of the Performance and Innovation Unit.
2. The Co-operative Party is the political voice of the co-operative and mutual sector. There are 29 Labour & Co-operative MPs and 10 Peers. The Party's campaigns formed the basis many of the achievements of the 1997-2001 Parliament, including the establishment of the Food Standards Agency, The Social Exclusion Unit's support for Credit Unions, and the raising of the majority vote required for Building Society de-mutualisation.
3. The Industrial and Provident Societies Bill was supported by a broad cross-party coalition of MPs, the Co-operative movement, the TUC, the Association of Friendly Societies, the Association of British Credit Unions and the Institute of Directors.

### **More information:**

Oliver Fry, Policy and Media Officer

Tel: 020 7367 4158 Mob: 07855 456 453 o.fry@co-op-party.org.uk