

NEWS RELEASE

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RADICAL BILL TO BOOST MUTUAL SECTOR – SECOND READING ANNOUNCED

MPs are being asked to back a radical move to protect co-operative and mutual businesses from carpetbaggers and to create new opportunities for mutual organisations to run public services. The **Industrial and Provident Societies Bill**, a Private Members Bill sponsored by Co-operative Party Chairman Gareth Thomas MP, will receive a Second Reading in the House of Commons at **9.30am on Friday 25th January**.

The Bill is supported by an extensive coalition embracing the TUC, the Co-operative movement and the Institute of Directors. More than 100 MPs have promised to back the Bill, and it is likely to become Law.

Industrial and Provident Societies provide essential services to many communities. They include consumer co-operatives, worker co-operatives, social enterprises, housing associations, credit unions, social clubs, footballer supporters' trusts, allotment societies – even Conservative clubs.

These mutually owned businesses provide an essential alternative to proprietary company structures by putting social objectives before profit. This makes them ideal for the delivery a number of services including social housing, childcare, leisure and residential care.

Gareth Thomas said: “The Government is keen to promote mutual solutions for the reform of our public services. But the legislation governing the sector is badly in need of modernisation.

“My Bill would provide a strong and stable framework within which new and existing community mutuals can grow and prosper, on a level playing field with other businesses”.

The Industrial & Provident Societies Bill proposes to:

- Extend the voting threshold required for de-mutualisation to 75%, with a minimum 50% member turnout. This would mirror recent Building Society legislation.
- Enable the founders of mutual Community Benefit Societies to choose a form of constitution that cannot be converted, thus safeguarding the assets, capital and commitment to serving the community for future generations.
- Empower Parliament to amend present Industrial and Provident Society legislation by statutory instrument, to ensure that it remains modern and flexible. In other words, it would be 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 for Editors

Gareth Thomas MP (Harrow West) is Chair of the Co-operative Party.

The Co-operative Party is the political voice of the co-operative and mutual sector. There are 29 Labour & Co-operative MPs. 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.

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