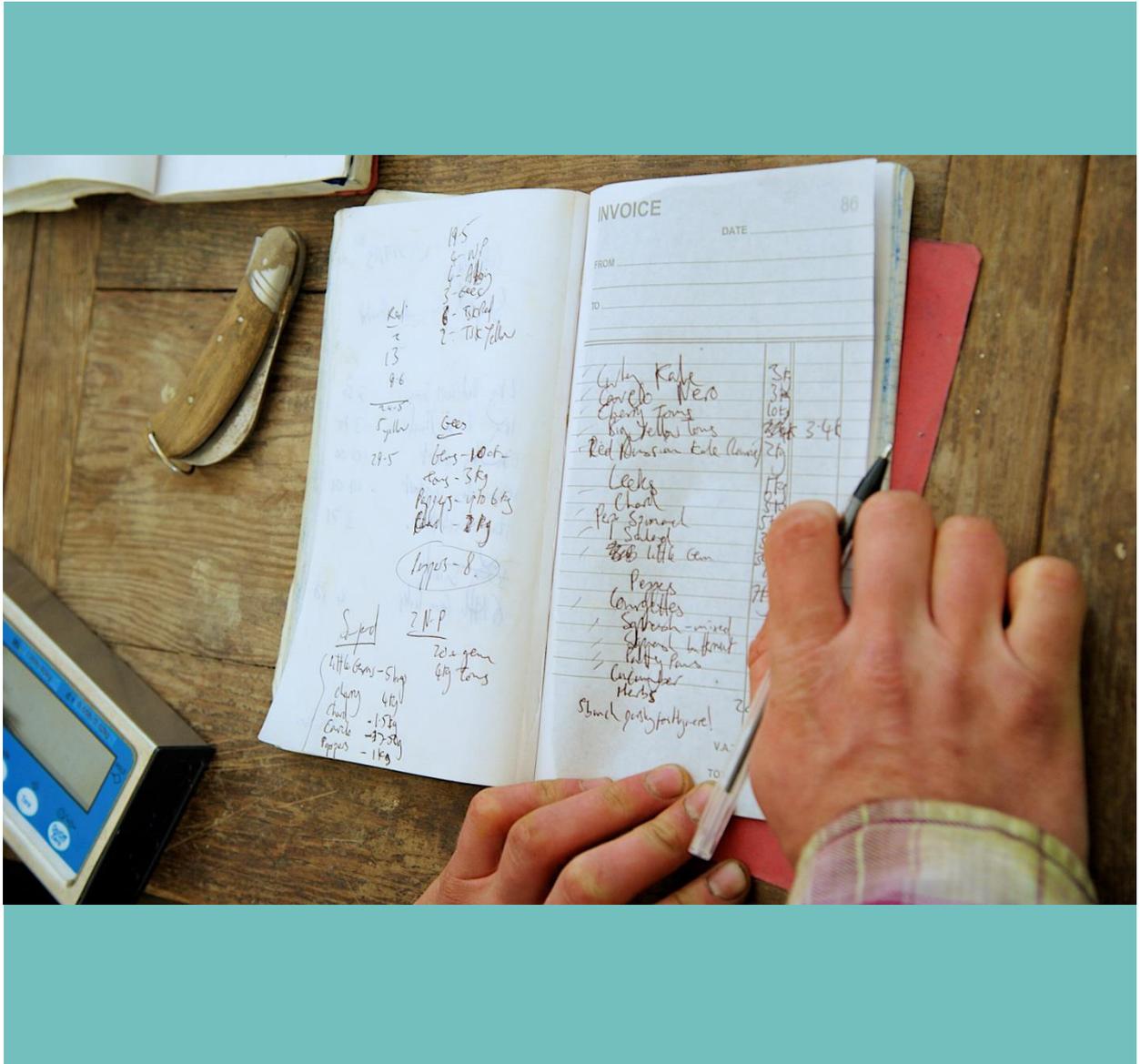


# Community Shares



## Community Shares Unit: Briefing Note Co-operatives and Community Benefit Societies Act 2014

August 2014



---

# Co-operatives and Community Benefit Societies Act 2014

## How will the act affect you?

### What is the Co-operatives and Community Benefit Societies Act?

The Co-operative and Community Benefit Societies Act 2014 came into force on August 1<sup>st</sup> 2014. It consolidates and brings together all the legislation governing societies and changes their name.

It also introduces the requirement for prospective societies to be registered as either a co-operative or a community benefit society. So, before 1 August 2014 all societies registered under the Industrial and Provident Societies Act 1965 (or its predecessors) were legally referred to as 'industrial and provident societies'. From 1 August they will be referred to as 'registered societies'.

Any new societies registered on or after 1 August will be referred to as a co-operative society or a community benefit society.

### What does it mean for existing societies?

Ultimately it depends on the society, but generally there is no requirement for existing societies to amend their rules. Although societies may decide to update the reference in their rules to the 'Co-operative and Community Benefit Societies Act 2014' and take advantage of some of the legislative changes which have been brought in. More information on these legislative changes can be found [here](#).

All societies registered before August 2014 will be recognised as a 'registered society' by the FCA and so any business stationery such as headed as letter-headed paper, invoices etc. should refer to the society in this way.

Existing societies may still promote themselves as co-operatives or community benefit societies, should their rules refer to them in this way, but they should describe themselves in relation to the Co-operative and Community Benefit Societies Act 2014 as 'registered societies'.

If a society wanted to be registered under the new Act as a bone fide co-operative or community benefit society then it will be necessary to:

- Register a new society with the FCA under the new act
- Transfer engagements from the existing society to the new society

Even if a society does not want to be registered under the new Act, the provisions do require *all societies* to be either a bona fide co-operative or exist for the benefit of the community. As such, societies which are not recognised as either form will need to determine which conditions of registration they think they meet and act accordingly.

This applies to any offer of withdrawable share capital that a society undertakes (a community share offer), in which the terms of the share offer will need to be in line with the respective conditions of registration that the society is registered under and / or commits to.

### What does it mean for new societies?

For new societies, they will simply have to register as either:



- 
- a co-operative society
  - a community benefit society

The society will then be able to refer and promote itself as to whichever form it registers under, both within its business stationery and more generally.

Similar to existing societies it will be necessary to meet the conditions of registration associated with either form and act accordingly. This will apply to any prospective offer of withdrawable share capital, in that the society will need to ensure the terms of the offer are in line with the respective conditions of registration that the society is registered under.

### More information:

- The FCA has published a useful '[One Minute Guide](#)' on the Act. It also has a useful [note](#) on registering a society with considerations set out for the two forms.
- Co-operatives UK has produced a whole [section of its website](#) dedicated to explaining the act, including a useful FAQ, list of resources, and links to further guidance.
- The Community Shares Unit continues to maintain its [Handbook](#) which acts as the most comprehensive guidance document on community share offers, developed in conjunction with a technical committee comprising representatives from the FCA.

### Get in touch

The Community Shares Unit can respond to any queries relating how the act impacts on a society's intentions to raise capital through an offer of withdrawable share capital (community share offer). Get in touch with us [here](#)

### About the Community Shares Unit

The Community Shares Unit is supported by the Department of Communities and Local Government (DCLG) until March 2015 and is delivered in partnership by Co-operatives UK and Locality. Modelled on the highly successful Asset Transfer Unit within Locality, the unit works with partners to develop standards of good practice, encourage policy reforms and raise awareness to support the growth of community shares.

[www.communityshares.org.uk](http://www.communityshares.org.uk)