



HM TREASURY

# Legislative Reform Order

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**November 2009**





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# 1

## Introduction

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**1.1** This Explanatory Document is laid before Parliament in accordance with section 14 of the Legislative and Regulatory Reform Act 2006 ("the 2006 Act") together with a draft of the Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2010 ("the draft Order") which Treasury ministers propose to make under section 1 of that Act.

**1.2** The purpose of the draft Order is to update the legislative framework for credit unions and industrial and provident societies (IPs) in Great Britain to enable those societies to better serve their members and to help in the delivery of the government's financial inclusion programme.

**1.3** This draft Order forms part of a review of legislation started in 2007 with the aim of providing the mutual sector with a cost-effective legislative framework, which will enable them to compete more effectively in the modern economy and to continue to fulfil their valuable social role. Further legislative reforms are being put forward in a private members bill: "The Cooperative and Community Benefit Societies and Credit Unions Bill"



# 2

## Background to the Order

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**2.1** The core of legislation governing IPSs and credit unions goes back to the mid 19th century. Today the main statute is the Industrial and Provident Societies Act 1965 (“the 1965 Act”), which is the key registration vehicle for cooperatives, benefit of the community societies and credit unions. Additional provision is made for the accounts of IPSs in the Friendly and Industrial and Provident Societies Act 1968 (“the 1968 Act”).

**2.2** There are over 4,300 cooperatives in the UK, with over 11 million members and total assets of £8.5 billion. Together they create and sustain nearly 200,000 jobs and contribute some £27 billion in turnover. The most significant in terms of numbers are the consumer and worker cooperatives, cooperatives consortiums, agricultural cooperatives and housing cooperatives.

**2.3** Credit Unions are created by the Credit Unions Act 1979 (“the 1979 Act”) and are, in effect, financial cooperatives which take deposits from and lend to their members. All members of a credit union must fulfill membership criteria (known as “common bonds”) and there are limits on the range of products credit unions may offer. They are regulated as deposit takers under the Financial Services and Markets Act 2000 (FSMA). The FSA acts as both the registrar and regulator for credit unions in the UK.

**2.4** While the provisions of the 1979 Act only apply to credit unions, some of the provisions of the 1965 Act and 1968 Act relevant to the draft Order apply to both credit unions and IPSs. Throughout this document references to “societies” include IPSs and credit unions.

### Reasons for Reform

**2.5** The existing legislation governing societies is not geared for running modern organisations, is inflexible and hampers their ability to serve their members.

**2.6** There are numerous restrictions on the operations of societies, which inhibit their operational effectiveness, provision of services to members as well as their ability to deal with other corporate bodies.

**2.7** Increasingly these bodies have become important vehicles for Government policy on issues such as financial and social inclusion, however concerns over their powers and governance constrain the efficiency of their delivery. The legislative framework, rooted in the 19th century, constrains their ability to meet their members’ needs and to compete fairly with companies. For example, credit unions in Great Britain face problems related to the scope and eligibility criteria of their membership qualifications and agricultural cooperatives are significantly constrained both by the artificial £20000 cap on the level of investment that their members can invest and the statutory fixed year ends making them unable to tie in their financial year end with their agricultural cycles.

### Summary of proposals

**2.8** The proposals covered by the draft Order are summarised below. For ease of reference they are given the same numbering as used in the consultation documents.

### **Amendments to the 1965 and 1968 Act**

- A1 Abolish the minimum age for membership and reduce the minimum age for becoming an officer of a society
- A2 Remove the restriction on the maximum holding of non-withdrawable shares in an IPS
- A3 Amend the provision on charging a fee for a copy of a society's rules
- A4 Facilitate the easier dissolution of societies
- A5 Give IPSs the flexibility of choosing their own year-ends
- A6 Remove the requirement on IPSs to have interim accounts audited.

### **Amendments to the 1979 Act**

- B1/2 Amend the requirements for membership of a credit union
- B3 Reform restrictions on non-qualifying members of credit unions
- B4 Allow credit unions to admit bodies corporate to membership
- B5 Allow credit unions to offer interest on deposits
- B6 Abolish the 8% per annum limit on dividends
- B7 Amend the "attachment of shares" provisions
- B8 Allow credit unions to charge the market rate for providing ancillary services to their members.

# 3

## Ministerial duties under the 2006 Act

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**3.1** Treasury Ministers have fulfilled the obligations laid down to undertake a full and extensive consultation on the LRO proposals through the Treasury consultation exercises described below.

**3.2** The Exchequer Secretary to the Treasury has assessed the responses to the consultation and in the light of these has decided that it is appropriate to proceed with the proposals in the draft Order.

**3.3** Treasury Ministers are satisfied that the Order serves the purpose set out in section 1(2) of the 2006 Act and meets the conditions imposed by section 3(2) of that Act.

### Overview of Treasury Consultation

**3.4** As part of its review of mutuals legislation, the Treasury informally consulted the sector on modernising the legislative framework for cooperatives and credit unions in Great Britain before publishing its first consultation document in June 2007 (“Review of the GB cooperative and credit union legislation: a consultation”). This was followed by a summary of responses in December 2007.

**3.5** The Treasury consulted on the proposals which form the basis of the draft Order in July 2008 (“Proposals for a Legislative Reform Order for Credit Unions and Industrial & Provident Societies in Great Britain”) and published the Government’s response in April 2009 (“Proposals for a Legislative Reform Order for credit unions and Industrial and Provident Societies in Great Britain: response to consultation”).

**3.6** Copies of the above-mentioned consultation documents can be found at:

[http://www.hm-treasury.gov.uk/d/consult\\_coopreviewresponses211207.pdf](http://www.hm-treasury.gov.uk/d/consult_coopreviewresponses211207.pdf)

[http://www.hm-treasury.gov.uk/d/consult\\_lro230708.pdf](http://www.hm-treasury.gov.uk/d/consult_lro230708.pdf)

[http://www.hm-treasury.gov.uk/d/consult\\_lro\\_summary.pdf](http://www.hm-treasury.gov.uk/d/consult_lro_summary.pdf)

**3.7** The Treasury set up a Working Group of experts to help develop policy and to advise on their implementation. The members are listed in Chapter 6 of the 2009 response document. A series of meetings was held with the Working Group, and their views were invited on a draft of the Order in May 2009. A near final version of the Order was published on the Treasury’s website in July 2009. The Working Group has had the opportunity to comment on the draft Order and is content with its provisions.

### Overview of consultation responses

**3.8** The Treasury received 85 responses to its July 2008 consultation on the proposals for the draft Order. The responses were from a wide group of stakeholders ranging from individual members of credit unions and IPSs, representative bodies, individual societies, other Government departments and firms providing professional service to the sector.

**3.9** We have included responses relating to specific proposals in chapter 4. The responses relating to the use of an LRO are detailed below.

## **Removal of burdens and expected benefits**

**3.10** The consultation document asked whether the proposals would remove or reduce burdens on societies and whether they had any views on the expected benefits of the proposals addressed in the partial Impact Assessments.

**3.11** With the exception of the proposal to abolish the attachment of shares for credit unions (B7), respondents were of the view that the proposals would serve to remove or reduce burdens to the growth of membership and development of societies.

**3.12** IPS respondents said that clarity in the legislation would assist currently registered societies as well as those considering whether to use the IPS legal form. They considered that there would be considerable cost savings as well as other benefits such as greater diversity in the membership base of cooperative societies and heightened profile, which could not readily be quantified. IPS respondents were of the view that it was common knowledge that IPS legislation was out of date and in need of reform, citing in particular the minimum age for membership and the limit on charging for copies of the rules. They considered that the proposals would lighten the administrative burdens, provide flexibility for societies on membership issues and remove limitations on financial planning and reporting.

**3.13** Credit unions respondents agreed (with the exception of proposal B7) that the proposals would remove or reduce burdens in the 1979 Act and agreed with the analysis provided in the Impact Assessment. Some expressed the view that the reforms would provide access for more people and make it easier for credit unions to attract more members. The membership surveys provided by credit union respondents were supportive of the proposed reforms, especially the reform of the common bond, removal of the 10 per cent limit on non-qualifying membership, enabling credit unions to admit to their membership bodies corporate, unincorporated associations or partnerships and for credit unions to be able to pay interest on members deposits.

**3.14** As explained in more detail in Chapter 4, the Treasury took on board concerns raised about the proposal to repeal the attachment of shares (B7) and revised it accordingly.

## **Non-legislative means of securing the policy objective**

**3.15** The consultation document asked whether there were any non-legislative means of remedying the difficulties which the proposals are intended to address.

**3.16** Respondents were not aware of any non-legislative means that would satisfactorily remedy the difficulties which the draft Order addresses.

## **Proportionality and fair balance**

**3.17** The consultation document asked whether the proposals are proportionate to the policy objective and, when taken as a whole, strike a fair balance between the public interest and any person adversely affected by it.

**3.18** Respondents were in agreement that the proposals in the consultation document were proportionate to the policy objective and that the proposals taken as a whole struck a fair balance.

## **Removal of any protection**

**3.19** The consultation document asked whether the proposals remove any necessary protections.

**3.20** IPS respondents were of the view that the proposals did not appear on the face of it to remove any necessary protection. Credit unions respondents were of the same view save for the above-mentioned attachment of shares proposal, which was subsequently revised.

### **Infringement of rights or freedoms**

**3.21** The consultation document asked whether the proposals prevent any person from continuing to exercise any right or freedom which they might reasonably expect to continue to exercise.

**3.22** Respondents were not aware of any instances where the proposals in the consultation could prevent any person from continuing to exercise any right or freedom.

### **Constitutional significance**

**3.23** The consultation document asked whether readers considered the proposals to be constitutionally significant.

**3.24** Respondents did not consider the proposals in the consultation document to have constitutional significance.

### **Parliamentary procedure**

**3.25** There were no objections to the use of a Legislative Reform Order.

**3.26** IPS respondents were of the view that the proposals were unlikely to be controversial. Credit union respondents were of the view that the proposals would be uncontroversial with the exception of the above-mentioned attachment of shares proposal (B7), which has subsequently been revised. The Working Group is now content with the draft Order.

### **Devolved administrations**

**3.27** Matters relating to societies are reserved to Westminster under the Scottish and Welsh devolution agreements.

**3.28** The legislation covering Industrial and Provident Societies and credit unions is devolved to the Northern Ireland Assembly and the amendments in the draft Order will extend to Great Britain only.

**3.29** The original 1965 Act did extend to the Channel Islands. However given that subsequent amendments to it have not been extended to the Channel Islands, the draft Order does not extend to the Channel Islands

### **Ministers' recommended Parliamentary process**

**3.30** Treasury Ministers recommend that the draft Order and the Explanatory Document should be laid in Parliament under the super affirmative resolution procedure for which provision is made by section 18 of the 2006 Act.

**3.31** Given the relative complexity of some of the provisions it is considered appropriate for the draft Order to receive a degree of Parliamentary scrutiny greater than that which would be available under the negative resolution procedure. The draft Order does not contain any proposals of wider political or public importance, and has wide-spread support from the sector. However, Ministers believe that there is justification for the use of the super-affirmative procedure provided for in section 18 of the 2006 Act, on the basis of the breadth and relative complexity of the amendments made by the draft Order.

## **Compatibility with the Convention on human rights**

**3.32** The Exchequer Secretary to the Treasury, Sarah McCarthy-Fry, has made the following statement regarding human rights:

"In my opinion the provisions of the Legislative Reform (Industrial and Provident Societies and Credit Unions) Order 2010 are compatible with the Convention rights."

**3.33** The Minister does not consider that the provisions set out in this draft order engage any of the Convention rights protected under the Human Rights Act 1998.

## **Compatibility with the obligations arising from membership of the European Union**

**3.34** It is the Treasury Ministers' view that the proposals included in the draft Order are compatible with all the requirements of EU membership and with EU legislation.

# 4

## The draft Order

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**4.1** The draft Order amends the 1965 Act, the 1979 Act, and the 1968 Act and makes a consequential amendment to s76 of FSMA. Consolidated texts and “Pre-consolidated texts” of the 1965, 1979 and 1968 Acts and s76 of FSMA have been provided.

**4.2** None of these reforms could have been achieved by non-legislative means. None has constitutional significance.

### **Proposal A1: Membership age**

**4.3** Section 20 of the 1965 Act enables minors between the age of 16 and 18 to join a society unless its rules provide otherwise, but not to become an officer of a society. Thus membership is restricted to persons over 16, and holding office is restricted to persons over 18.

**4.4** This provision restricts the participation of younger people in societies and puts societies at a disadvantage in comparison with companies, which are not subject to such age restrictions. Consultation respondents welcomed the proposal to amend section 20, commenting that it would not only allow for creative engagement with the younger generation but would engender a sustainable membership amongst the next generation.

**4.5** Article 8 of the draft Order amends the 1965 Act to provide for persons under the age of 16 to become members and to reduce the age limit for becoming an officer to 16. Societies retain the ability to make contrary provision in their rules. Article 8 draws a distinction between persons aged 16 and 17 who, as currently, may execute an instrument and give receipt, and persons under 16, in relation to which no express provision is made. It was not thought appropriate to enable anyone, however young, to be able to execute an instrument.

**4.6** The flexibility given to societies by the reform ensures that it is proportionate to the aim sought, namely increased participation of younger people in societies.

### **Proposal A2: Remove the restriction on the maximum holding of non-withdrawable shares**

**4.7** At present, subject to limited exceptions, the maximum shareholding which any one member may have in an IPS is limited to £20,000. This constitutes an unnecessary obstacle to productivity, as it prevents members from investing more than £20,000 in the society and so allowing the society to expand and invest. The limit is particularly onerous for agricultural co-operatives which use their share capital for capital investment in plant and machinery as it restricts the total amount of investment such societies may make. It also constitutes an obstacle to profitability, as increased investment from their members could increase societies’ opportunities to diversify or expand their business and in turn improve their profitability.

**4.8** IPSs may issue shares which are transferable i.e. which can be transferred to another person who also qualifies for membership of the society and / or withdrawable i.e. which the member can withdraw and receive the value of the shares from the society. The proposal to remove the limit on shareholding was limited to non-withdrawable shares as doing this for withdrawable shares could have unintended consequences in terms of the application of European banking rules and money laundering regulations to IPSs.

**4.9** Consultation respondents pointed out that for some societies, particularly those with high capital investments such as agricultural cooperatives, restrictions on shares inhibited productivity. They were therefore supportive of the measure.

**4.10** Article 3 of the draft Order amends s6 of the 1965 Act so that the £20,000 limit will not apply to shares which are not withdrawable.

**4.11** The Treasury has power to raise the £20,000 limit in s6 of the 1965 Act but in doing so would not be able to distinguish between withdrawable and non-withdrawable shares. Use of this power would therefore be an inadequate means for securing the policy objective.

**4.12** The amendment to section 6 of the 1965 Act is proportionate to the objective of allowing societies to raise more funds through the issue of shares as (a) it only applies to shares which are not withdrawable; and (b) there are safeguards in place to protect members from exposing themselves to significant risks such as the requirement on societies to provide copies of their annual return (which includes their accounts) to any person on request and, in respect of co-operative societies, requirements under FSMA to issue a prospectus for any offer of transferable shares where the total consideration of the offer exceeds the equivalent of 2.5 million euros. It is not considered to remove a necessary protection: as with any other risk capital, investors will have to take a view as to whether non-withdrawable shares in societies represent a good investment.

### **Proposal A3: Amend the provision on charging a fee for a copy of a society's rules**

**4.13** Section 15 of the 1965 Act prevents a society charging more than 10 pence for a copy of its rules. This limit does not reflect the actual cost of such provision and therefore constitutes a financial burden. There is also currently nothing to prevent societies charging their members for copies of the rules.

**4.14** The position for credit unions and IPSs is different from that for building societies and friendly societies, both of which are prevented from charging members for copies of rules, and are allowed to charge non-members up to the prescribed amount (currently £1).

**4.15** Article 7 of the draft Order amends the 1965 Act to enable societies to specify a fee not exceeding £5 for the provision of rules to non-members. Thus societies will no longer be able to charge members for provision of the rules but will be able to cover the cost of providing copies of rules to non-members. The draft Order also includes a power for the fee to be varied by negative resolution.

**4.16** Consultation respondents welcomed this proposal and suggested the fee of £5 (as compared to original proposal of £1 which was felt to be insufficient).

**4.17** This amendment could not be achieved by non-legislative means. It achieves a fair balance between the right of members to receive free copies of the rules and the credit union to recover its costs of providing copies to non-members.

### **Proposal A4 Facilitate the easier dissolution of societies**

**4.18** Under the 1965 Act a solvent society wishing to dissolve must prepare an instrument of dissolution, which must be signed by not less than three-quarters of the members of the society. This requirement makes it difficult for societies to dissolve, particularly if they have lost touch with a significant number of their members. Without being dissolved a society remains encumbered with having to confirm to statutory requirements such as filing annual returns. In addition the FSA is still required to perform its statutory requirement as registrar for dormant societies.

**4.19** Consultation respondents were supportive of amending this requirement to make it easier for societies to dissolve but wished some safeguards to be put in place to prevent an extant society from being dissolved and allowing demutualisation by the back door.

**4.20** Article 9 of the draft Order provides for an easier route for dissolution based on the model of transfer of engagements to another society. Under this procedure (a) only two-thirds rather than three-quarters of those who vote must agree; and (b) there is no requirement for at least half of the qualifying members of the society to have voted. The additional safeguards are that, in the case of IPSs, the society must be dormant to be able to use this procedure; and in the case of credit unions, the dissolution must be confirmed by the FSA.

**4.21** This amendment achieves a fair balance between the desire to facilitate easier dissolution where it is appropriate to do so without allowing the procedure to be abused.

### **Proposal A5: Give IPSs the flexibility of choosing their own year-end date**

**4.22** Section 39 of the 1965 Act requires societies to have a year-end which falls between 31 August and 31 January unless a year end falling outside this period is approved by the FSA which has to be satisfied that special circumstances exist.

**4.23** Consultation respondents agreed unanimously that societies should have the flexibility to choose their own year-ends that suit their own commercial and financial convenience, as is the case for companies.

**4.24** Article 5 of the draft Order limits s39 to covering the documents required to be provided in an annual return and inserts two new sections to deal with the timing of annual returns. New s39A relates to societies registered before the draft Order comes into force; s39B relates to societies registered after the draft Order comes into force.

**4.25** For existing societies the position in relation to calculating the year of account remains as it currently is, except that it enables societies to alter their year-end by notice to the FSA.

**4.26** S39B establishes a new regime for societies registered after the draft Order comes into force which is modelled on the provisions for calculating accounting periods in sections 391 and 392 of the Companies Act 2006. It also allows for societies to choose their own year-end by notice to the FSA.

**4.27** This amendment removes the burden on IPSs resulting from the limitation on the period within which the year-end can fall. It also removes the burden on the FSA of having to determine whether special circumstances exist to allow a year-end falling outside that period. This amendment would not remove any necessary protection. It achieves a fair balance as it will not have any impact on existing societies who do not wish to change their year-end, while making it easier for those who do.

### **Proposal A6: Remove the requirement on IPSs to have interim accounts audited**

**4.28** Under the 1968 Act those IPSs which choose to publish interim accounts are required to have them audited. This is in contrast to the position for companies, which are not required to have their interim accounts audited.

**4.29** Article 10 of the draft Order reduces this burden by providing that a society can publish interim accounts provided that they are published alongside the last published year-end accounts and are clearly identified as unaudited interim accounts. This aligns the position for IPSs with that of credit unions under s25 of the 1979 Act.

**4.30** Consultation respondents were supportive of this proposal.

**4.31** The safeguards included in this amendment ensure that it does not remove any necessary protection and achieves a fair balance between removing a burden on societies and ensuring that the public is not misled.

## **Amendments to the 1979 Act**

### **Proposal B1/2: Amend the requirements for membership of a credit union**

**4.32** Under the 1979 Act membership of a credit union is based on the concept of a “common bond” between its members. S1 of that Act provides that a society may be registered as a credit union if it is shown, to the satisfaction of the FSA that, among other things, admission to membership is restricted to certain specified membership criteria “and that in consequence a common bond exists between members of the society”.

**4.33** The Treasury proposed to remove the additional “common bond” requirement and allow credit unions to provide for more combinations of membership qualifications than is possible under the current legislation. The membership qualifications would be renamed “common bonds”. The policy objective behind this is to give credit unions the flexibility to offer wider scope for membership thus giving more people access to credit unions and allowing credit unions to grow and deliver a wide range of financial services to members.

**4.34** To prevent credit unions becoming too big, a new “potential field of membership” test would be created with a maximum of 1 million potential members.

**4.35** Consultation respondents agreed that current membership requirement is overly restrictive and strongly supported allowing credit unions to provide for any combination of common bonds. They suggested that a 2 million limit of potential members would be more appropriate and that the numerical limit should only apply to common bonds relating to locality (e.g. residing or being employed in a particular locality) as other common bonds (e.g. being employed by a particular employer) would be naturally limited.

**4.36** Article 13 of the draft Order removes the requirement on a credit union to show that a common bond exists between members of the society. It renames the existing membership qualifications “common bonds” and allows for credit unions to provide for membership under any combination of those common bonds. It imposes a new “potential field of membership” test which a credit union must meet if one or more of its common bonds relate to locality. The requirements of that test are: (a) that the number of potential members of the society do not exceed two million; and (b) that it is reasonably practicable for every potential member to participate in votes of the society, serve on the society’s committee and have access to all the services offered by the society.

**4.37** The amendment is proportionate as it allows credit unions to grow, whilst remaining membership-based organisations. The advantages of allowing credit unions to expand outweighs any disadvantage in allowing the creation of larger and more diverse credit unions, which in any event is limited for common bonds relating to locality by the potential field of membership test.

### **Proposal B3: Reform restrictions on non-qualifying members of credit unions**

**4.38** The 1979 Act restricts the number of non-qualifying members a credit union may have to a maximum of 10 per cent. Non-qualifying members are members who cease to fulfil the qualifications for admission to membership: for example, they are no longer resident in the locality or employed by the relevant employer.

**4.39** The Treasury considers this artificial restriction to be an unnecessary burden on credit unions. In today’s mobile society it is increasingly likely that individuals will change employers,

move to different parts of the country or alter their lifestyle in other ways which mean they no longer qualify for membership of a particular credit union. The current restriction places an artificial limit on the growth of credit unions and an obstacle to profitability as a credit union which has to reduce its membership to comply with the non-qualifying member limit loses the potential reserve from members who have to leave. Similarly the members which have to leave might suffer a loss in profitability, particularly if they are businesses, as they will lose the benefit of membership.

**4.40** Consultation respondents were supportive of the Treasury's proposal to repeal the 10% limit, taking the view that members should not have to change their financial services provider purely because they had moved house or job. Respondents preferred the concept of permanent membership based on the tenet that once a member, always a member.

**4.41** Article 16 of the draft Order repeals the 10% legislative limit on non-qualifying members, leaving credit unions free to set their own limits via their rules.

**4.42** The potential disadvantage of removing the 10% limit is the potential dilution of a credit union's membership. However this is outweighed by the advantages of allowing membership to continue, thus encouraging wider participation in credit union, which in turn will bring economic and social benefits. The amendment is proportionate as credit unions retain discretion to set their own limits via their rules.

#### **Proposal B4: Allow credit unions to admit bodies corporate to membership**

**4.43** At present the 1979 Act explicitly prevents credit unions from admitting bodies corporate to membership. In addition the membership requirements are not designed for individuals becoming members on behalf of unincorporated associations or partnerships.

**4.44** The Treasury considers this to be an unnecessary burden on credit unions, constituting an obstacle to productivity. Membership of a credit union by companies, partnerships and local community groups could bring economic and social benefit to those bodies, the credit union and existing members of the credit union. Credit unions could benefit significantly from investment by a larger business, which might be for social responsibility reasons. This would improve the stability of the credit union, which in turn would have benefits for its members in terms of dividends and loan rates. Local businesses may also benefit from membership of a credit union both indirectly by supporting the local community and having access to new networks and marketing opportunities and directly as a recipient of the credit union's services.

**4.45** The Treasury therefore proposed repealing the restriction on corporate bodies becoming members, subject to safeguards setting a limit on the percentage of such bodies and the number of shares to be held by them. The Treasury also proposed creating a new class of shares, called deferred shares, to be offered to corporate bodies. The purpose of deferred shares is to provide a mechanism for bodies corporate to invest in a society, to give it support and strengthen its finances, without allowing them excessive influence over the society by being able to withdraw their shares.

**4.46** Consultation respondents were divided on this proposal. The majority welcomed the potential for corporate membership while others took the view that membership should be based on individuals and the inclusion of corporate members would create a burden on societies and detract from the core principles of one member one vote.

**4.47** A number of respondents were concerned that allowing credit unions to offer only deferred shares to bodies corporate would limit their ability to offer services to corporate members. They argued that many local community groups and charities were incorporated and so would be unable to use the credit union for day-to-day banking and other services. They pointed out that a significant number of credit unions would like to be able to provide services

to small, incorporated businesses and social enterprises. In response to this the Treasury has accepted the case for allowing flexibility for credit unions to be able to offer either ordinary shares or deferred shares to corporate members.

**4.48** Respondents were generally supportive of proposals to limit the proportion of corporate members in a credit union compared to individual members, and to limit the proportion of shares and loans held by these members. They saw this as an important safeguard to prevent corporate members from wielding undue influence over the operations of the credit union.

**4.49** Article 15 of the draft Order provides for credit unions to admit corporate bodies and individuals acting on behalf of unincorporated associations or partnerships to membership, if its rules so provide. However the number of corporate members is limited to 10% and the number of shares, other than deferred shares, held by corporate members cannot exceed 25%.

**4.50** Article 13 of the draft Order makes specific provision for membership criteria in relation to corporate bodies. It also requires credit union rules to make provision for terminating the membership of corporate members or the repayment of shares in order to comply with the limits set out above.

**4.51** Article 17 of the draft Order creates a new class of shares called deferred shares which can be offered to any member of a credit union. The key feature of deferred shares is that the principal can only be repaid to the shareholder if (a) the credit union is wound up or dissolved and creditors have been paid in full; or (b) the FSA consents to repayment.

**4.52** As set out above there are significant potential benefits from allowing bodies corporate, partnerships and unincorporated associations to become members of credit unions. The limits on corporate membership and shareholding will protect credit unions and their members from the risk of corporate members exercising a disproportionate level of influence. The proposals are thus proportionate and achieve a fair balance.

### **Proposal B5: Allow credit unions to offer interest on deposits**

**4.53** Under the 1979 Act credit unions cannot offer interest on members' deposits. They can only offer a discretionary dividend. The Treasury takes the view that this puts credit unions at a disadvantage in comparison with banks and building societies which do not have this restriction.

**4.54** Consultation respondents agreed that credit unions should be able to offer interest on members' deposits subject to the safeguards set out in the consultation document, which have been carried over into the draft Order. They saw this as an important tool for credit unions to mobilise savings as well as enabling credit unions to be able to compete on a more level playing field with other financial services providers in the provision of Child Trust Funds and Individual Savings Accounts.

**4.55** Article 19 of the draft Order will allow credit unions to offer interest-bearing shares, provided that certain conditions are met. These conditions are:

- the credit union's rules provide for interest-bearing shares to be offered;
- its most recent year end balance sheet has been submitted to the FSA;
- that balance sheet shows that it holds reserves of at least £50,000 or 5% of its total assets, whichever is greater; and
- its auditors state that the systems of control of the credit union are adequate to manage the payment of interest on shares.

**4.56** This Article also makes provision for converting interest-bearing shares into non-interest bearing shares if a credit union's rules are amended such that they no longer provide for interest-bearing shares or the conditions in (b) to (d) above are not met for two years running.

**4.57** The risks of allowing credit unions to offer interest-bearing shares are outweighed by the policy interest of making credit unions more competitive by allowing them to offer more mainstream savings products and so reach a wider audience. The risks are also reduced by the safeguards included in the amendment. Furthermore, the decision as to whether to offer interest-bearing shares will be a matter for credit union members. This measure is therefore proportionate to the aim sought.

### **Proposal B6: Abolish the 8 per cent per annum limit on dividends**

**4.58** The 1979 Act prevents credit unions from paying a dividend in excess of 8 per cent per annum. This restricts productivity as it limits credit unions' ability to innovate by offering a range of savings products which could include products which would attract a higher rate of dividend. It also constitutes an obstacle to productivity as a wider range of savings products could result in greater income for credit unions, which could be reinvested for the benefit of their members in the form of better savings and loan rates. For example, they could offer shares which are subject to more restrictive withdrawal conditions (such as longer notice period) but at the year end pay a higher dividend on those shares than on ordinary shares. This reform is consistent with the provision allowing interest-bearing shares described above, which is not subject to a cap on the interest rate.

**4.59** Consultation respondents agreed with the Treasury's proposal to abolish this limit, some taking the view that there were already safeguards in place to allow members at an AGM to vote on a dividend proposed by directors. The FSA suggested maintaining the limit on dividends where a credit union dissolves to prevent any surplus going to members rather than charity (as specified in the current legislation).

**4.60** Article 21 of the draft Order restricts the application of the 8% limit so that it only applies on dissolution of a credit union.

**4.61** It is not thought that this amendment removes any necessary protection. It is proportionate as it removes a restriction while leaving it up to individual credit unions to decide what level of dividend to award, having regard to their liquidity and general financial situation.

### **Proposal B7: Amend the "attachment of shares" provisions**

**4.62** Under the 1979 Act a credit union member has to obtain the permission of the credit union Board to make a withdrawal of shares, where this would reduce the member's shareholding to less than his total liability to the credit union. This is in contrast with the position of a bank or building society customer who does not face such restrictions and can in general withdraw savings or use a current account without the permission of the bank or building society.

**4.63** The Treasury originally proposed amending the 1979 Act so that the credit union's permission is not required for such withdrawals unless the rules of the credit union specifically require it.

**4.64** A number of respondents, particularly those representing credit union boards were opposed to this proposal on the basis that the decision on allowing withdrawals below the level of liability should remain a discretionary decision of the Board of Directors. Some respondents were concerned that members would not wish to vote for a provision in the rules allowing the credit union to prevent withdrawals in such circumstances as they may have outstanding loans. This could impact on the liquidity of the credit union and increase the risk of the loan portfolio.

**4.65** Taking account of these views, the Treasury modified its proposal so that the decision, while remaining with the Board of Directors, is taken at the time a person takes out a loan rather than at the time a person, to whom a loan has been made, tries to make a withdrawal that would decrease his shareholding below the amount of the loan. This ensures that the position is made clear to the borrower at the time he takes out the loan rather than relying on the discretion of the Board when trying to make a withdrawal at a later date.

**4.66** Article 18 of the draft Order therefore repeals section 7(5)(b) and inserts a provision into section 11 (loans) requiring the terms of a loan (other than a secured loan) to include provision as to whether for the duration of the loan the borrower or guarantor is to be permitted to withdraw shares which would reduce his shareholding to less than his total liability. Article 27 provides that the repeal of s7(5)(b) will not apply in relation to loans made before the draft Order comes into force.

**4.67** This provision is proportionate as it retains the discretion of the credit union to attach shares while ensuring fairness to borrowers.

### **Proposal B8: Allow credit unions to charge the market rate for providing ancillary services to their members**

**4.68** Under the 1979 Act credit unions may only charge on a cost-recovery basis for services which are ancillary to accepting a deposit or making a loan, such as making or receiving payments, issuing and administering chequebooks and money transactions. This amounts to an obstacle to profitability – if credit unions were able to charge anyone requiring such services at the market rate, they would be able to put the profits back into the business for the benefit of all members (for example by paying a higher dividend, or offering loans at a lower rate). Other deposit-takers such as banks and building societies do not face such restrictions on charging for ancillary services.

**4.69** Consultation respondents were in favour of allowing credit unions to charge market rate for such services. Respondents explained that in the past credit unions have been put off from developing new services to meet the needs of their members because of the difficulties in calculating the exact cost of providing the service. They were therefore of the view that this proposal would assist credit unions in developing new services in response to the changing needs of an expanding membership.

**4.70** Article 20 of the draft Order replaces the current provision in s9A(1) of the 1979 Act with a provision allowing a credit union to charge such fee as it considers appropriate for ancillary services.

**4.71** The Treasury considers that the impact on those who have to pay more for ancillary services is outweighed by the public interest of giving credit unions an additional source of funding and encouraging them to offer ancillary services where they do not do so already. In any event it is reasonable to expect those receiving additional services from a credit union to pay the normal market rate for them and it will be up to the credit union to set the rate, taking its members' interests into account.

# A Impact Assessment

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Impact Assessment to follow

## Summary: Intervention & Options

<b>Department /Agency:</b> <b>HM Treasury</b>	<b>Title:</b> <b>Impact Assessment of LRO on Industrial &amp; Provident Societies and Credit unions</b>	
<b>Stage:</b> Final proposal stage	<b>Version:</b> Final	<b>Date</b> 23rd November 2009
<b>Related Publications:</b> Related Publications: Proposals for a legislative Reform Order for credit unions and industrial and provident societies in Great Britain: response to consultation		

### Available to view or download at:

[http://www.hm-treasury.gov.uk/consult\\_credit\\_union.htm](http://www.hm-treasury.gov.uk/consult_credit_union.htm)

**Contact for enquiries:** Nigel Tonks

**Telephone:** 0207 270 5272

### What is the problem under consideration? Why is government intervention necessary?

This is part of the Government's wider review of mutuals legislation. The legislation for Industrial & Provident Societies and Credit Unions requires modernising to reflect the current commercial realities.

### What are the policy objectives and the intended effects?

#### Industrial and Provident Societies

- Remove the minimum age for membership of an Industrial & Provident Society and reduce the minimum age for an officer of an Industrial & Provident Society, while allowing Societies to retain the ability to make contrary provision in their rules.
- Modify the rules on share capital. The Government views the current £20,000 limit to be unduly restrictive and an obstacle to productivity. The legislation will be amended so that the £20,000 limit only applies to withdrawable shares with no limit on transferable shareholdings.
- Amend the provision on fees for a copy of the society's rules. Current legislation limits the fee to 10 pence. The LRO will increase this limit to £5 while giving Treasury power to vary the £5 fee by a negative resolution statutory instrument.
- Facilitate the easier dissolution of registered societies which have become dormant.
- Give societies the flexibility to decide their own accounting year-ends to suit their commercial and financial convenience. The LRO aligns the provisions of the IPSA 1965 with the equivalent provisions of the Companies Act 2006.
- Remove the requirement on societies to have interim accounts audited. To reduce the burden on business the LRO will amend the current legislation so that an IPS or credit union can publish unaudited interim accounts provided they are clearly identified as such and are published alongside the most recent audited annual accounts.

#### Credit Unions

- Provide for an easier procedure for dissolution for Credit Unions, subject to confirmation by the FSA.
- Reform the requirements relating to membership qualifications and rename them "common bonds". The legislation will allow a combination of any number of common bonds, however where a credit union has a common bond based on locality, membership will be limited to 2 million.
- Reform restrictions on non-qualifying members of Credit Unions. The LRO will repeal the 10 per cent limit on non-qualifying members, allowing credit unions to set their own limits via their rules.
- The LRO will allow credit unions to admit corporate bodies to membership, while capping the proportion of corporate membership (including companies, unincorporated associations or partnerships) to 10%, and limiting the proportion of total assets held by, or loans made to, corporate members.
- Allow credit unions to offer interest on deposits, provided certain requirements are met.
- Abolish the 8 per cent per annum limit on dividends (except on the dissolution of a credit union).
- Allow credit unions to charge the market rate for providing ancillary services to their members. The LRO will bring credit unions into line with other financial service providers and allow them to consider providing other services.

What policy options have been considered? Please justify any preferred option.

- (a) Partial implementation.
- (b) Full implementation.

Option (b) is the preferred option. The sector, in consultation, considered that full implementation is necessary to secure reduction of administrative burdens.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects? 3 years

**Ministerial Sign-off** For final proposal/implementation stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) the benefits justify the costs.

Signed by the responsible Minister:

Date: 23 November 2009



## Summary: Analysis & Evidence

Policy Option: B

Description: Full Implementation

<b>COSTS</b>	<b>ANNUAL COSTS</b>		<p><b>Description and scale of key monetised costs by 'main affected groups'</b> Mainly relate to Treasury and FSA logistical costs in consulting, drafting and publishing documentation. Circa £100K.</p> <p>Some IPSs may have to amend their rulebooks but many review these regularly and have anticipated these changes, keeping costs to a minimum.</p> <p>The changes in share capital will provide savings to IPSs but there may be initial legal costs.</p> <p>Amendment of rulebooks incurs a small cost to some credit unions.</p> <p>Education costs for some credit union staff who may require training regarding the changes. The credit unions' trade associations will provide this.</p> <p>Cost of upgrading credit union computer systems; Most credit unions already have the capability while a few will take the opportunity to incorporate other changes and upgrade.</p>
	<b>One-off (Transition)</b>	<b>1 Yr</b>	
	<b>£ 0.15m</b>		
	<b>Average Annual Cost (excluding one-off)</b>		
	<b>£ N/A</b>		<p><b>Total Cost (PV)</b> <b>£ 0.15m</b></p>
<p><b>Other key non-monetised costs by 'main affected groups'</b></p> <p>Nil.</p>			

<b>BENEFITS</b>	<b>ANNUAL BENEFITS</b>		<p><b>Description and scale of key monetised benefits by 'main affected groups'</b></p> <p><b>IPSs</b></p> <p>Changes in share capital rules will reduce legal fees for the sector.</p> <p>Amending the charge for copies of a society's rules will reduce costs.</p> <p>The reduction in audit fees for IPSs has been estimated by the sector at over £250,000 annually.</p> <p><b>Credit Unions</b></p> <p>Primary benefits arise from allowing more freedom to credit unions relating to membership and modernising certain rules.</p> <p>Ability to attract new members and be competitive.</p> <p>Allowing credit unions to charge the market rate for ancillary services.</p>
	<b>One-off</b>	<b>1 Yr</b>	
	<b>£ Not quantifiable</b>		
	<b>Average Annual Benefit (excluding one-off)</b>		
	<b>£ 0.275m</b>		<p><b>Total Benefit (PV)</b> <b>£ Not quantifiable</b></p>
<p><b>Other key non-monetised benefits by 'main affected groups'</b></p> <p>Modernising while creating a flexible legislative framework to enable the IPS sector to grow and develop. Reduced administrative burden for the Registrar.</p> <p>All of the changes to rules will make credit union more attractive to new members while allowing previously excluded groups to become members.</p>			

### Key Assumptions/Sensitivities/Risks

Benefits from the AIA assume that savings made by agents are passed on to SME companies. One-off cost assessment assumes that the adjustments to the new rates and allowances will require software changes which cannot meaningfully be quantified.

Price Base Year 2009	Time Period Years 1	<b>Net Benefit Range (NPV)</b> <b>£ 0.275m</b>	<b>NET BENEFIT (NPV Best estimate)</b> <b>£ 0.275m</b>
What is the geographic coverage of the policy/option?			GB

On what date will the policy be implemented?		During 2010		
Which organisation(s) will enforce the policy?		HMRC		
What is the total annual cost of enforcement for these organisations?		£ N/A		
Does enforcement comply with Hampton principles?		Yes		
Will implementation go beyond minimum EU requirements?		No		
What is the value of the proposed offsetting measure per year?		£N/A		
What is the value of changes in greenhouse gas emissions?		£ N/A		
Will the proposal have a significant impact on competition?		No		
Annual cost (£-£) per organisation (excluding one-off)	Micro £0	Small £0	Medium £65.88	Large £65.88
Are any of these organisations exempt?	No	No	N/A	N/A

<b>Impact on Admin Burdens Baseline</b> (2005 Prices)		(Increase - Decrease)		
Increase of	£	N/A	Decrease of	£ N/A
		<b>Net Impact</b>		
		£ N/A		

Key:

Annual costs and benefits: Constant Prices

(Net) Present Value

# Evidence Base

## IPSS

### 1. PROPOSAL

- 1.1 To remove the minimum age for membership of an Industrial & Provident Society and reduce the minimum age for an officer of an Industrial & Provident Society.
- 1.2 Modify the rules on share capital.
- 1.3 Amend the provision on fees for a copy of the society's rules.
- 1.4 Facilitate the easier dissolution of dormant societies.
- 1.5 Give societies the flexibility to decide their own accounting year-ends.
- 1.6 Remove the requirement on societies to have interim accounts audited.

### 2. OBJECTIVE

- 2.1 The LRO will update the legislative framework under which Industrial and Provident Societies and Credit Unions operate and remove unnecessary burdens on those societies.

### 3. BACKGROUND

- 3.1 The Treasury carried out a consultation on the "Review of GB cooperative and credit union legislation" from 21 June to 12 September 2007. This was followed by a further consultation in July 2008 "Proposals for a Legislative Reform Order for credit unions and industrial and provident societies in Great Britain" Respondents identified some 30 policy and legislative issues which they wanted Treasury to address. The responses were published 19 April 2009.
- 3.2 The Treasury is taking forward many of these proposals in a Legislative Reform Order.
- 3.3 Further legislative reforms, which are outside the scope of a Legislative Reform Order, are being put forward in a private members Bill "The Cooperative and Community Benefits Societies and Credit Unions Bill".

### 4. OPTIONS APPRAISAL.

- (a) Partial Implementation.
- (b) Full implementation.

**Option (b) is the Government's preferred option.**

Option	Costs		Benefits
(a) Partial Implementation.	Will be less than Option (b) but will be of less value. There will still be restrictions that do not apply to other financial institutions.		Of limited value and benefit. Difficult to quantify.
(b) Full implementation.	<p><b><u>Authorities</u></b></p> <p><b><u>FSA</u></b> May need to update its systems and processes to implement the rules. Difficult to quantify as this would depend on the number of societies adopting all the changes.</p> <p><b><u>HM Treasury</u></b> Policy and Legal in consulting and drafting documentation. Circa £50K</p>	<p><b><u>IPSS</u></b></p> <p>Implementation costs - thought to be mainly relating to administrative matters such as revised stationary, rule books etc, some computer software changes and staff education. Some legal costs. Circa £30k</p>	Benefits accruing, whilst substantial, are difficult to quantify. Primary benefits arise by allowing Industrial & Provident Societies and Credit Unions more freedom in attracting and retaining members, and added flexibility within certain of their rules. As a result, the mutual sector will be placed on a more dynamic footing going forward.

## **5. RISKS, UNCERTAINTY AND UNINTENDED CONSEQUENCES**

5.1 There are no known areas where unintended consequences could occur.

## **6. IMPLEMENTATION**

6.1 The proposal will be implemented by Legislative Reform Order.

## **7. WHO WILL BE AFFECTED**

7.1 All Industrial & Provident Societies and Credit Unions in Great Britain.

## **8. EQUITY AND FAIRNESS**

8.1.1 The Government considers that the changes proposed by this proposal will not bring disproportionate benefits or have disproportionate effects on particular groups.

## **9. CONSULTATION WITH SMALL BUSINESS**

The Government sought respondents' views on the Government's proposals and implementation proposals. The proposals are the result of an earlier consultation and have been drafted with the assistance of a Working Group comprising of key stakeholders.

- SMALL FIRMS IMPACT TEST

We do not expect the proposed changes to impose any extra costs on small firms.

- COMPETITION ASSESSMENT

We have carried out a simple competition assessment and are of the view that the proposals in the LRO are not expected to lead to any barriers to entry.

## **10. CONSULTATION**

10.1 HMT held an initial public consultation on these provisions in 2007 with a follow up consultation in 2008 on Proposals for a Legislative Reform Order to amend Industrial & Provident Society and Credit Union Legislation. The Treasury has held subsequent discussions with key stakeholders including the Financial Services Authority and the Department for Business, Enterprise and Regulatory Reform. The Treasury has also consulted with the main trade representative bodies for IPSs and credit unions.

## **11. ENFORCEMENT AND SANCTIONS**

11.1 The FSA will be responsible for enforcing the provisions in the LRO.

## **12. SUMMARY AND RECOMMENDATIONS**

12.1 Benefits cannot be quantified but are substantial, since they offer additional ways of ensuring financial stability within the mutual sector. Because the benefits will far outweigh the costs we recommend that this proposal be adopted.

## **Credit Unions**

### **1. PROPOSAL**

- 1.7 Provide for an easier procedure for dissolution for Credit Unions, subject to confirmation by the FSA.
- 1.8 Rename membership qualifications "common bonds" and allow a credit union to have any combination of common bonds, subject to a restriction on the potential number of members of 2 million if one of a credit union's common bonds relates to locality.
- 1.9 Reform restrictions on non-qualifying members of Credit Unions.
- 1.10 Allow Credit Unions to admit bodies corporate, unincorporated associations or partnerships to membership.
- 1.11 Allow Credit Unions to offer interest on deposits, provided certain requirements are met.
- 1.12 Abolish the 8 per cent per annum limit on dividends.
- 1.13 Allow Credit Unions to charge the market rate for providing ancillary services to their members.

## 2. OBJECTIVE

- 2.2 When the LRO comes into force it will create an enabling environment for Industrial & Provident Societies and Credit Unions while updating the legislative framework under which they operate.

## 3. BACKGROUND

- 3.1 The Treasury carried out a consultation on the “Review of GB cooperative and credit union legislation” from 21 June to 12 September 2007. This was followed by a further consultation in July 2008 “Proposals for a Legislative Reform Order for credit unions and industrial and provident societies in Great Britain” Respondents identified some 30 policy and legislative issues which they wanted Treasury to address. The responses were published 19 April 2009.
- 3.2 The Treasury is taking forward many of these proposals in a Legislative Reform Order.
- 3.3 Further legislative reforms are being put forward in a private members Bill “The Cooperative and Community Benefits Societies and Credit Unions Bill”, which are outside the scope of a Legislative Reform Order.

## 4. OPTIONS APPRAISAL.

(a) Partial Implementation.

(b) Full implementation.

**Option (b) is the Government’s preferred option.**

Option	Costs		Benefits
(a) Partial Implementation.	Will be less than Option (b) but will be of less value. There will still be restrictions that do not apply to other financial institutions.		Of limited value and benefit. Difficult to quantify.
(b) Full implementation.	<p><b><u>Authorities</u></b>  <b><u>FSA</u></b>            May need to update its systems and processes to check membership criteria etc. Difficult to quantify as this would depend on the number of societies revising their membership and rules.  <b><u>HM Treasury</u></b>            Policy and Legal in consulting and drafting documentation.            Circa £50K</p>	<p><b><u>Credit Unions</u></b>            Implementation costs - thought to be mainly relating to administrative matters such as revised stationary, rule books etc, some computer software changes and staff education.            Circa £20k</p>	Benefits accruing, whilst substantial, are difficult to quantify. Primary benefits arise by allowing Industrial & Provident Societies and Credit Unions more freedom in attracting and retaining members, and added flexibility within certain of their rules. As a result, the mutual sector will be placed on a more dynamic footing going forward.

## **5. RISKS, UNCERTAINTY AND UNINTENDED CONSEQUENCES**

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## **12. SUMMARY AND RECOMMENDATIONS**

12.1.1 Benefits cannot be quantified but are substantial, since they offer additional ways of ensuring financial stability within the mutual sector. Because the benefits will far outweigh the costs we recommend that this proposal be adopted.

## Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

**Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.**

Type of testing undertaken	<i>Results in Evidence Base?</i>	<i>Results annexed?</i>
Competition Assessment	No	No
Small Firms Impact Test	No	No
Legal Aid	No	No
Sustainable Development	No	No
Carbon Assessment	No	No
Other Environment	No	No
Health Impact Assessment	No	No
Race Equality	No	No
Disability Equality	No	No
Gender Equality	No	No
Human Rights	No	No
Rural Proofing	No	No

# B

## List of consultees

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Anglia Regional Co-operative Society  
Brambles Housing Co-op  
Canolfan Cydweithredol Cymru/ Wales Co-operative Centre  
CDS (Co-operative Development Society)  
Charity Law Association  
Chelmsford Star Coop  
Citylife  
CNW (Cooperatives North West)  
Community Broadband Network  
Confederation of Co-operative Housing (CCH)  
Co-operative & Mutuals Solutions Ltd (CMS)  
Co-operative Assistance Network Ltd  
Co-operatives Futures  
Co-operatives North West  
Co-operatives South East  
COOPS UK  
Cornerstone Housing Co-op  
Country Markets  
D&L Scott  
Delta T Devices LTD  
East of England CO-OP  
EFFP (English Farming & Food Partnership)  
Ethical Consumer Research Association  
Ethos PR  
Fane Valley Co-op Society Ltd  
Financial Services Smaller Business Practitioner Panel (SBPP)  
Footprint Worker Coop  
Headingley Development Trust  
Heart of England Coop  
Lincolnshire Cooperative Ltd  
Midcounties Co-operative Society Ltd  
National Food Stores Ltd  
National Housing Federation (NHF)  
One Community Limited  
Penrith Co-op  
Phone Co-op Ltd  
Plunkett Foundation  
Plymouth & South West Co-operation Ltd  
Radical Routes  
Scottish Agricultural Organisation Society (SAOS)  
Scottish Midland Co-operative Society

Shared Interest  
Situ8  
Southern CO-OPS  
Star Holdings  
Tamworth coop  
The Channel Islands' Cooperative Society Ltd  
The Coop Group  
The Guild (Eastern Region) LLP  
Triangle Wholefoods Collective Ltd/ a Suma  
Tue Food Community Co-op  
Upstart Services Ltd  
Upstream Ltd  
Rochdale Social Enterprise Forum  
Rochdale Federation of Tenants and Residents Associations  
CDA (Brave Ltd)  
Harlow CDA  
Baker Brown Associates  
Tower Hamlets Co-operative Development Agency  
NCVO  
Ian Snaith, Law Faculty, University of Leicester  
Charles Richard Wood  
Charlie Cattell, Social Economy Consultant  
Samuel Hope, School of Business and Social Sciences, Roehampton University  
The Tool Factory LLP  
Graham Mitchell, MC3 LLP  
Housing Corporation  
Co-operative & Community Finance  
Credit Union Training and Enterprise  
Co-operative Development Scotland (CDS)  
Supporters Direct  
Social Enterprise East Midlands  
Community Development Finance Association (CDFA)  
Social Enterprise People  
UK Society for Co-operative Studies (UK SCS)

ABCUL (Association of British Credit Unions Ltd)  
ABCUL South West Chapter  
National Association of Credit Union Workers (NACUW)  
UK Credit Unions Limited (UKCU)  
ACE Credit Union Services  
Credit Union Consultation Working Group  
Graham Hickman  
Watling & Grahame Park CU Ltd  
Penilee CU Ltd  
Ellesmere Port & Nelson CU Ltd  
North Lincolnshire CU Ltd  
Just CU Ltd  
Leicester Caribbean CU Ltd  
Bedford CU Ltd

Partners CU Ltd  
Tim Presswood, Chair Manchester CU Ltd  
Watford CU Ltd  
Hope (Plymouth) CU Ltd  
East Renfrewshire CU Ltd  
Sharon Angus – Crawshaw Crewe and Nantwich CU Ltd  
Rainbow Saver Anglian CU Ltd  
Tamworth CU Ltd  
Police CU Ltd  
Northumberland CU Ltd  
Firesave CU Ltd  
Hull & East Yorkshire CU Ltd  
Ipswich and Suffolk CU Ltd  
Moneywise Newcastle CU Ltd  
Scotwest CU Ltd  
Neath Port Talbot CU Ltd  
Mendip Community CU Ltd  
Capital CU Ltd  
Llandudno & District CU Ltd  
Blackburn Seafield & District CU Ltd  
North London Enterprise CU Ltd  
Torfaen CU Ltd  
Tower Hamlets CU Ltd  
Pendle Community CU Ltd  
Glasgow CU Ltd  
Worcestershire CU Ltd  
Scottish Transport CU Ltd  
Jubilee Tower CU Ltd  
Kirklees CU Forum  
Camden Plus CU Ltd  
Exeter CU Ltd  
Glasgow Taxi Trade CU Ltd  
Bristol CU Ltd  
StreetCred CU Ltd  
Tower Hamlets Community CU Ltd  
East Lancashire Finance Ltd  
HHH CU Ltd  
Croydon Savers CU Ltd  
Halton CU Ltd  
Handsworth Breakthrough CU Ltd  
Hatfield CU Ltd  
Inverness CU Ltd  
Grampian CU Ltd  
Castle & Minster CU Ltd  
No 1 Police CU Ltd  
Financial Inclusion Services Ltd  
Sheffield CU Ltd  
Moneyline Yorkshire (IPS Ltd)  
Enterprise CU Ltd

Waltham Forest CU Ltd  
Lincolnshire CU Ltd  
Dalmeir CU Ltd  
Nottingham CU Ltd  
Cleator Moor and District CU Ltd  
City Save CU Ltd  
Enterprise the Business CU Ltd  
Black Squirrel CU Ltd  
Clockwise Leicester CU Ltd  
Haven CU Ltd  
Edmonton CU Ltd  
1st Class CU Ltd  
Hampshire CU Ltd  
Norfolk CU Ltd  
Forest of Dean CU Ltd  
East Sussex CU Ltd  
Steven Guy  
Richard Wood  
Terry Clay  
Roger Hawkins  
Bob Andrews  
Dave Sternberg  
Sally Chicken  
Nicholas Ryder  
Carol Wilson  
Peter Gane  
Martin Grombridge  
Peter Mason  
Barclays  
Cooperatives UK  
CDA Brave Ltd  
Chartered Institute of Housing  
Herefordshire Council  
CUTE, Barry Epstein  
Alexander Sloan, CA s  
Cooperative Development Scotland  
Norman Rides

Building Societies Association  
European Commission  
Law Commission







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This document can be found in full on our website at:  
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