

Tell me more about registered societies

Basic info

A “registered society” means an organisation registered by the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014. There are two kinds of registered society: a “community benefit society” and a “co-operative society”.

Registered societies are corporate bodies with their own legal personality. Their members’ liability for the society’s debts is limited to the amount they contributed on becoming a member. The members hold shares in the society and their personal liability is limited to the price of the share; but unlike a company limited by shares, a registered society’s shares do not fluctuate in value according to the society’s performance and the shares are not bought and sold like shares in a company. Instead the shares have a fixed face value: if a member wishes to leave the society s/he can withdraw (i.e. cash in) the share for its original face value.

- The withdrawable share of any one member of a registered society cannot be any more than £100,000¹
- The shares in a community benefit society tend to have a token value, such as £1. This secures the member a right to vote but it is not a significant capital asset. In this respect a community benefit society is similar to a company limited by guarantee.

History

In the past, registered societies were known as Industrial and Provident Societies (IPS) and were registered under the Industrial and Provident Societies Act 1965. Most of the well-known large housing associations were originally incorporated as Industrial and Provident Societies.

Co-operative societies, community benefit societies and not-for-profit status

A co-operative society trades for the mutual benefit of its members and not for the benefit of the wider community, but it cannot be “a society which carries on, or intends to carry on, business with the object of making profits mainly for the payment of interest, dividends or bonuses on money invested or deposited with, or lent to, the society or any other person”². The mutual benefit served by a co-operative society could, for example, be to run a bowling club from premises belonging to the society. But a co-operative might benefit its members financially: for example probably the best known co-operative society in Britain is the Co-operative Group Limited (CGL) which operates food stores and other businesses. While CGL has many ethical principles that set it apart from a regular commercial profitable business, CGL does distribute dividends to its members. Whether it would satisfy the Housing Benefit definitions of “housing association” and “voluntary organisation” by virtue of not-for-profit status is a moot point.

The other kind of registered society is a community benefit society which must



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trade for the benefit of the wider community and not just the members who own it. A community benefit society will tend to satisfy the definition of “housing association”.

You can find out whether a society is registered at all by searching the register on the Financial Conduct Authority’s website. To see whether it is a co-operative or community benefit society you will need to purchase a document for £12, although the organisation’s own website or other literature might say what kind of society it is (for example Paragon Community Housing Group describes itself as a community benefit society on its website).

Registered societies and locked assets

A community benefit society (but not a co-operative society) may adopt a “restriction on use” of its assets, either when it first registers or by a resolution of its members at a later date. For more information, see “What is an asset lock?” below.

Registered societies and registered charities

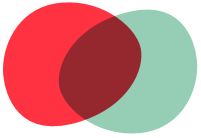
Some registered societies in England and Wales have charitable status, but they are not registered by the charity regulator because they are considered to be adequately regulated already by their “principal regulator”. For example a community benefit society providing social housing may well be registered with the FCA as a society and regulated by the social housing regulator (eg the Homes and Communities Agency in England) as a registered housing association. A society that is not required to register with the charity regulator despite being a charitable organisation is referred to as an “exempt charity”.

Having charitable status means that certain aspects of charity law apply to the organisation (particularly with regard to tax exemption), but it is open to question whether an exempt charity is a “registered charity” for the purposes of exempt accommodation. However, it is very likely that an exempt charity would qualify as an exempt accommodation landlord through being a “housing association” or “voluntary organisation” because it is not trading for profit. Therefore the question whether it counts as a “registered charity” as well is probably academic.

Example

The Notting Hill Housing Trust on the “Who we are” page³ of its web site lists its registration and regulation status as follows:

- It is a registered society limited by shares
- It is registered with the Homes and Communities Agency as a provider of social housing
 - And its entry on the HCA register shows that it is both a not-for-profit provider and that it has charitable status
 - This guarantees that NHHT is a “housing association” as defined in the HB Regulations
- It is an exempt charity
 - Having established that NHHT is a “housing association” it is unnecessary to speculate whether it is also a “registered charity”: it is the right kind of



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landlord to satisfy the definition of exempt accommodation by virtue of its
“housing association” status alone

1. Section 24 of the Co-operative and Community Benefit Societies Act 2014 (with some exceptions for members who are not natural persons)
2. Section 1(3) of the Industrial and Provident Societies Act 1965, repealed and re-enacted as s2(3) of the Co-operative and Community Benefit Societies Act 2014
3. <http://www.nottinghillhousing.org.uk/about-us/who-we-are>