

Consultation response

CP18/34: Regulatory fees and levies: policy proposals for 2019/20

January 2019

- 1** ***Question 4: Do you agree that we should discontinue fee-block F and fund the costs of maintaining the mutuals register as an FCA overhead?***
 - 1.1 Yes, we agree. We applaud the FCA's efforts to offer societies a better deal. At present the majority of societies pay annual registration costs that are **over four times more** than the vast majority of community interest companies - a comparable type of legal form – and around 3,000 societies pay **over nine times more** in annual registration costs.
 - 1.2 Among the many issues for co-operative and community benefit societies that we've raised with government and politicians recently, the rather limited service societies get from their registrar in return for the comparatively high fees they pay has caught attention.
 - 1.3 In form and function societies are legal forms that have evolved specifically to empower people in the economy through co-operative action. Thus they are a valuable tool in the development of a more inclusive economy. People should not be put off choosing societies as an incorporation option because of high fees.
 - 1.4 We welcome the acknowledgement in paragraph 3.6 that the policy of charging fees based on assets has meant that many asset-rich but revenue-poor societies have been over-burdened. Indeed, this has led to an arguably unfair situation in which companies distributing millions of pounds each year in dividends have been paying just £13 each year to their registrar (for a Confirmation Statement), while thousands of co-operative and community businesses, often run by volunteers for mutual and/or community benefit, have been paying hundreds of pounds each year to their registrar.
 - 1.5 Our overall priority is to ensure that the Mutuals Team continues to receive the funding necessary to carry out its critical functions as both an enabler of co-operative and community business and as a protector of the integrity of these special legal forms. Recent increased investment in digital infrastructure in the Mutuals Team should result in lower costs, more efficient processes and a better service for societies, so we're hopeful that this will be possible.
- 2** ***Question 5: Do you agree that we should remove the charges for online public inspection of the mutuals register, but retain and enhance the charge for personal inspections to reflect our actual costs?***
 - 2.1 Yes, we agree. Abolishing the £12 fee that the FCA charges a member of the public to view a society's record online would be a significant improvement to the accessibility and utility of the Mutuals Register.

- 2.2 Among the many issues for co-operative and community benefit societies that we've raised with government and politicians recently, the limited accessibility and utility of the Mutuels Register has caught attention.
- 2.3 In form and function societies are legal forms that have evolved specifically to empower people in the economy through co-operative action. Thus they are a valuable tool in the development of a more inclusive economy. People should not be put off choosing societies as an incorporation option because of shortcomings with the register.
- 2.4 The comparatively very high cost to access the Mutuels Register has reduced its accessibility and utility as a public record, especially for those seeking information about societies, such as people doing due diligence and credit reference agencies, which we know from our members has caused significant difficulties for many societies.

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About Co-operatives UK

Co-operatives UK is the network for Britain's thousands of co-ops. We work to promote, develop and unite member owned businesses across the economy. From high street retailers to community owned pubs, fan owned football clubs to farmer controlled businesses, co-ops are everywhere and together they are worth £35.7 billion to the British economy.