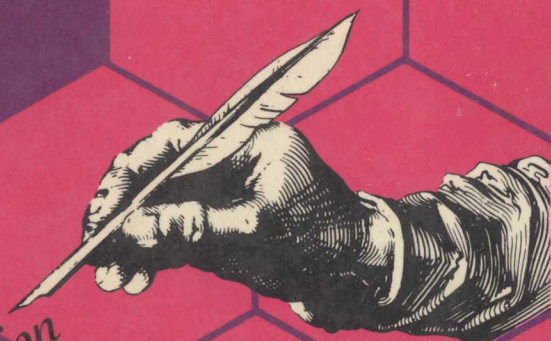


The Law of Co-operatives

Ian Snaith



Constitution

Amalgamation

Articles of Association

Memorandum of Association

Industrial and Provident Societies

Transfer of Engagements

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The Law of Co-operatives

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The Law of Co-operatives

To Judith, Sarah, John and Kate

Preface

This book is intended to provide a guide to the law as it applies to co-operatives. After an examination of the structures available to co-operatives in Chapter 2 the law of industrial and provident societies is discussed as this is the structure most commonly used. Only those rules peculiar to co-operatives are considered and not, for example, the general law of employment, contract, tort or taxation which are relevant to any business. Elements of company law are dealt with insofar as they are relevant to industrial and provident societies.

The book is aimed at those involved in setting up, running or advising co-operatives. The detailed references to legal sources should make the book a useful starting point for the lawyer, accountant, or co-operative development worker consulted by actual or prospective co-operators and to students of business structure. Its style is intended to make it of use to anyone who wishes to set up a co-operative or who is involved in running one. It is hoped that the detailed Table of Contents and the cross references based on it will make reference to the book easy without making it impossible for it to be read as a whole. The reader who wants a broad picture of co-operative law and of how societies operate can ignore the references in brackets.

The nature of the Industrial and Provident Societies Acts 1965–1978 makes it difficult to give any very useful guidance about how co-operative law works without reference to the rules of societies. The Acts frequently simply permit or require the rules to deal with a matter and offer no further guidance. For this reason a range of model rules has been used.

They are issued by bodies willing to sponsor the registration of different types of co-operative. This enables the book to highlight the legal differences between the various co-operative sectors and to give some indication of a range of approaches to making provision in the rules on particular topics. The references to model rules (and occasionally to the rules of particular societies) are not intended to give empirically valid information about what is typical. The examples of the provisions of certain model rules only indicate possible approaches. A group setting up a society may reject them all in favour of their own solution so long as this is permitted by the Acts. Within these limitations the rules give some indication of how the provisions of the Industrial and Provident Societies Acts work out in practice. They also illustrate the different philosophies held within the workers' co-operative and housing co-operative sectors.

The book aims to cover all of the major co-operative sectors: consumer; housing; community; workers; credit unions; and agriculture. Readers who wish to know something of the issues surrounding each sector before turning to the legal rules and structures may wish to read Chapter 10 first. For others, the legal rules can be found in the earlier chapters.

Readers concerned with industrial and provident societies which are not co-operatives (such as most housing associations) or those (such as working men's clubs) which share some features with co-operatives but are not generally regarded as part of the Co-operative Movement will find Chapters 3 to 7 useful as stating the law that applies to all societies – whether or not they are co-operatives.

The Industrial and Provident Societies Acts apply to Scotland as well as England and Wales. Where matters other than the Acts are dealt with (as on directors' duties, for example) only English Law is described. Otherwise, the law stated does apply in Scotland and, indeed, the model rules available for Scots agricultural co-operatives are used to illustrate the Acts' workings.

It is impossible to acknowledge the part played by all of those who have helped in the process of writing and researching this book. However, thanks are due in particular to Jim Brown and Freer Spreckley of Beechwood College; Peter Clarke, Research Officer of the Co-operative Party; Roger Dicker of West Midlands County Council; Dr. R. Houlton of the Education Section of the Co-operative Union and the Co-operative College; the staff of Leicester and County Co-operative Development Agency; Dr. R.L. Marshall of the Society for Co-operative Studies; John Morley O.B.E. of the Plunkett Foundation for Co-operative Studies; and Brian Rose of the Housing Corporation who were all willing to give up time to discuss co-operatives. Jackie Minor of the Law Faculty at

Leicester University spent an especially generous amount of time in discussing parts of the work. The typing of the manuscript from my illegible handwriting was skilfully undertaken by Ann De Ville, Christine Driver, Barbara Goodman, Barbara Harris, Gladys Hurst, and Janice Oliver. I am grateful to all the organisations which sent me copies of their model rules or their own rules to assist in my research and to the Research Board of the University of Leicester who provided a grant towards it. Without the patience of my wife Judith and her willingness to bear a disproportionate burden in household matters, this book would never have appeared. Responsibility for all errors and omissions is mine alone.

Ian Snaith

Leicester, January 1984.

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