

Power to Change response to FCA consultation paper CP18/34: Regulatory fees and levies

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About us

Power to Change is an independent charitable trust set up in January 2015 to grow and support community business across England. Over ten years, with a £150 million endowment from Big Lottery Fund, Power to Change is supporting community businesses to create better places across England. We want to support people to take action to address local challenges, enabling them to control vital assets and services that might otherwise disappear, or start new businesses themselves in response to local needs. At the heart of our vision is the devolution of power to local communities. We believe that putting business in community hands makes places better.

We have an interest in the use of the society legal form by community businesses. The Community Shares Booster Programme a £3 million programme, funded by Power to Change and delivered by the Community Shares Unit. It aims to support societies that can demonstrate high levels of community impact, innovation and engagement. The programme offers match funding in the form of equity held on equal terms with other community shareholders.

In this response, we are responding to two very specific questions raised by the FCA consultation paper CP18/34 that relate to the regulatory fees for unauthorised societies. Power to Change Trust was interested to see the FCA consultation. We would be very happy to discuss further any of the points raised here.

Q4. Do you agree that we should discontinue fee-block F and fund the costs of maintaining the mutuals register as an FCA overhead?

We fully support the proposal to discontinue fee-block F and more specifically the annual fees payable by unauthorised societies filing annual returns. This will bring societies in line with companies, which are not charged for filing annual returns.

We would like to be reassured that societies will continue to be able to file annual returns by post and will not be subject to an annual fee or some other form of charge for doing so.

We would also like to be reassured that the cost of discontinuing fee-block F will not be passed on to unauthorised societies by increasing registration fees, or some other method.

Paragraph 3.7 of CP18/34 says that the only reason a society is asked to state the scale of its assets is so that the appropriate fee may be charged. Does this mean that the FCA intend to remove this requirement from the AR30 return? The FCA Mutuals Registration Team

informally consulted societies and sponsoring bodies on the design and contents of AR30 in 2017. We would welcome a full and formal public consultation to review the contents and guidance notes for the AR30.

Q5. Do you agree that we should remove the charges for online public inspection of the mutual register, but retain and enhance the charge for personal inspections to reflect our actual costs?

We welcome the proposal to remove the charges for online public inspection of the mutuals register. The current practice of charging £12 per item is a major disincentive to investigate societies, which may in turn make some people reluctant to engage with societies. This proposal creates parity with Companies House register, although it is noted that there is notionally still a £1 per document fee for accessing company documents.

We are concerned by proposals to increase the charges for personal inspections, particularly when the documents in question may not be available online. Where a document is not available online we would like the FCA to waive the cost of personal inspection. The cost of undertaking a personal inspection, including time and travel costs to the FCA's offices in London, can be substantial, so the additional burden of enhanced fees should not be imposed on the public, for the failure of the FCA to maintain online records.

We are aware that some societies feel uneasy about the AR30 requirements for personal details of the management committee to be freely available online. Requiring societies to publish personal details, such as the year of birth, address, and occupation could be unreasonable. The guidance notes for completing AR30 does not suggest the alternative use of a service address, as is the case with AR01 for companies. We would welcome a full and formal public consultation to review the contents and guidance notes for the AR30.

Among the many issues for community businesses choosing the society legal form is the limited accessibility and utility of the Mutuals Register has caught attention.

In form and function societies are legal forms that have evolved specifically to empower people in the economy through co-operative and community 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.

The comparatively very high cost to access the Mutuals 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 has caused significant difficulties for many societies.

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