



Briefing Note – Community Benefit Societies

Date 22 September 2025

Prepared by Town Clerk

1. BACKGROUND

- 1.1. The Finance Committee considered a proposal from the Derelict Buildings Task Force in relation to a community benefit society in Sandown at its meeting on 8 September 2025.
- 1.2. This report provides background to the Committee's subsequent recommendation to Full Council (Section 4 of this report)
- 1.3. Community benefit societies (CBSs) play an important role in the social, economic, and cultural fabric of communities across the United Kingdom and beyond.
- 1.4. They are rooted in the principles of collective ownership, democratic participation, and sustainable development.
- 1.5. CBSs are set up to serve the interests and well-being of the broader community rather than the narrow interests of individuals.

What is a Community Benefit Society?

- 1.6. A community benefit society is a type of co-operative legal structure.
- 1.7. These organisations are often involved in providing local services, affordable housing, renewable energy projects, or the running of pubs, shops, and cultural venues that might otherwise close.
- 1.8. They are run by members of the community not a public body.
- 1.9. Key features include:
 - Open and voluntary membership.
 - Democratic control: one member, one vote.
 - Profits must be used for community purposes or reinvested into the society's objectives.
 - Asset lock provisions, which prevent the distribution of assets to members.

Registration and Regulation

- 1.10. CBSs must be registered with the Financial Conduct Authority (FCA), which acts as their registrar.

1.11. The FCA oversees compliance with statutory filing requirements and ensures that societies operate within the scope of their rules and the law.

1.12. Key statutory requirements include:

- The society must be run for the benefit of the community, not just its members.
- Profits and assets must be applied for community purposes.
- The society must submit annual returns and accounts to the FCA.

Asset Locks and Community Purpose

1.13. Community benefit societies often adopt an asset lock in their rules or articles.

1.14. While not a legal requirement, the FCA recommends asset locks to reinforce the community focus and reassure funders and stakeholders that the organisation's assets will not be distributed to private individuals.

First Step

1.15. The First Step in supporting a local initiative would be to hold and publicise an event to see if there is an appetite locally.

2. LEGISLATION

2.1. The Town Council holds General Power of Competence. It can therefore act in support of a CBS because it is not prohibited and is within the gift of an individual.¹

2.2. Community benefit societies in the UK are primarily governed by the Co-operative and Community Benefit Societies Act 2014².

2.3. Prior to its repeal societies were registered under either the Industrial and Provident Societies Act 1965 or related legislation³.

2.4. CBSs are also subject to general laws applicable to any organisation, including:

- Charities Act 2011 (if the CBS is also a registered charity).
- Companies Act 2006 (if operating with a company subsidiary).
- Equality Act 2010 (see section below).
- Health and Safety at Work Act 1974.
- General Data Protection Regulation (GDPR) and Data Protection Act 2018.
- Safeguarding legislation if working with children or vulnerable adults.

¹ [Localism Act 2011](#)

² [Co-operative and Community Benefit Societies Act 2014](#)

³ [Industrial and Provident Societies Act 1965 \(repealed\)](#)

3. EQUALITY AND DIVERSITY, CRIME AND DISORDER AND BIODIVERSITY

- 3.1. There are no specific Equality and Diversity, Crime and Disorder or Biodiversity implications for the Council in making this decision.
- 3.2. There may be considerations in regard to these duties at a later stage.

The Positive Role of CBSs in Crime Reduction

- 3.3. Many community benefit societies have a positive impact on crime and disorder, for example:
 - Running youth clubs, sports teams, or arts projects that divert young people from crime.
 - Supporting social cohesion by bringing together different groups within the community.
 - Restoring neglected buildings or spaces, which can reduce environmental crime such as vandalism or fly-tipping.
 - Providing employment, skills training, or volunteering opportunities for people at risk of offending or social exclusion.

4. RECOMMENDATION

THAT Sandown Town Council Support the creation of a Community Benefit Society in Sandown.

6. APPENDIX

Appendix 1 – Nudge Community Benefit Society - Plymouth.