



Industrial Common Ownership Act 1976

1976 CHAPTER 78

An Act to further the development of enterprises controlled by people working in them, and for purposes connected therewith. [22nd November 1976]

BE IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1 Grants and loans.

- (1) The Secretary of State may with the consent of the Treasury, in the year beginning with the date when this Act comes into force and in each of the four following years, make grants to any relevant body out of money provided by Parliament, on such terms as he thinks fit, for the purpose of assisting the body to provide advice about the organisation of common ownership enterprises and co-operative enterprises; but the aggregate amount of the grants made in pursuance of this subsection in any year shall not exceed £30,000.
- (2) The Secretary of State may with the consent of the Treasury make grants and loans to any relevant body out of money provided by Parliament, on such terms as he thinks fit, for the purpose of assisting the body to make loans to common ownership enterprises and co-operative enterprises; but—
 - (a) the aggregate amount of the grants made and the loans by the Secretary of State which are for the time being outstanding in pursuance of this subsection shall not exceed £250,000; and
 - (b) no grant or loan shall be made by the Secretary of State in pursuance of this subsection after the expiration of the period of five years beginning with the date when this Act comes into force.
- (3) The Secretary of State may, by regulations made by statutory instrument, make provision with respect to the circumstances in which, the purposes for which and the terms on which money granted or lent by him to a body in pursuance of the preceding subsection may be lent by that body; and any statutory instrument made by virtue of

this subsection shall be subject to annulment in pursuance of a resolution of either House of Parliament.

- (4) Any sum received by the Secretary of State in repayment of a loan made by him in pursuance of subsection (2) of this section or by way of interest on such a loan shall be paid into the Consolidated Fund.
- (5) In this section " relevant body " means a body appearing to the Secretary of State to be constituted for the purpose of encouraging the development of common ownership enterprises or co-operative enterprises.

2 Common ownership enterprises and co-operative enterprises.

- (1) For the purposes of this Act a common ownership enterprise is a body as to which the registrar has given, and has not revoked, a certificate stating that he is satisfied—
 - (a) that the body is—
 - (i) a company which has no share capital, is limited by guarantee and is a bona fide co-operative society; or
 - (ii) a society registered or deemed to be registered under the Industrial and Provident Societies Acts 1965 to 1975; and
 - (b) that the memorandum or articles of association or rules of the body include provisions which secure—
 - (i) that only persons who are employed by, or by a subsidiary of, the body may be members of it, that (subject to any provision about qualifications for membership which is from time to time made by the members of the body by reference to age, length of service or other factors of any description which do not discriminate between persons by reference to politics or religion) all such persons may be members of the body and that members have equal voting rights at meetings of the body,
 - (ii) that the assets of the body are applied only for the purposes of objects of the body which do not include the making over of assets to any member of the body except for value and except in pursuance of arrangements for sharing the profits of the body among its members, and
 - (iii) that, if on the winding up or dissolution of the body any of its assets remain to be disposed of after its liabilities are satisfied, the assets are not distributed among its members but are transferred to such a common ownership enterprise or such a central fund maintained for the benefit of common ownership enterprises as may be determined by the members at or before the time of the winding up or dissolution or, in so far as the assets are not so transferred, are held for charitable purposes; and
 - (c) that the body is controlled by a majority of the people working for the body and of the people working for the subsidiaries, if any, of the body.
- (2) For the purposes of this Act a co-operative enterprise is a body as to which the Secretary of State has given, and has not revoked, a certificate stating that he is satisfied that—
 - (a) having regard to the provision which is made by the written constitution of the body as to the manner in which the income of the body is to be applied for

the benefit of its members and all other relevant provisions of the constitution, the body is in substance a cooperative association; and

- (b) the body is controlled by a majority of the people working for the body and of the people working for the subsidiaries, if any, of the body.
- (3) The registrar may charge such a fee as the Treasury may determine for any certificate which he proposes to give in pursuance of this section, and any sum received by him in respect of such a fee shall be paid into the Consolidated Fund.
 - (4) If it appears to the registrar or the Secretary of State that a body in respect of which he has given a certificate in pursuance of this section has ceased to be a common ownership enterprise or a co-operative enterprise, he may revoke the certificate.
 - (5) In this section—
 - " company " means a company as defined by section 455(1) of the Companies Act 1948 or a company registered under that Act; and
 - " the registrar " means the Chief Registrar within the meaning of the Friendly Societies Act 1974;and for the purposes of this section a body is a subsidiary of another body if it is a subsidiary of the other body for the purposes of the Companies Act 1948 or the Friendly and Industrial and Provident Societies Act 1968.

3 Short title and extent.

- (1) This Act may be cited as the Industrial Common Ownership Act 1976.
- (2) This Act shall not extend to Northern Ireland.