



## FAQs - Co-operatives and Community Benefit Societies

### What's co-operative business?

A co-operative is a member-owned business, democratically run by the members and for the benefit of its members. Co-operatives have been in existence for more than 150 years. We often refer to the Rochdale Pioneers as the first, or one of the first, group of individuals that in 1844 set up a co-operatively owned shop in Rochdale, near Manchester, to provide its members with good quality flour, candles, and other items of primary necessity.

### Why form a co-operative business?

Simply because in number there is strength and with a group of like-minded people, a co-operative will share risks and rewards fairly and democratically among the members. In a co-operative business all members will abide by the principle 'one-member, one vote' and this ensures that all participants in a co-op business have an equal say. In a private company, the principle 'one share, one vote' applies and the final decisions will be in the

hands who owns most shares in the company. Co-operatives are based on internationally recognized principles and values<sup>1</sup>.

### What is the difference between forms of co-operatives businesses (producer, consumer, worker, and others)?

There are different types of co-operatives. We name them by referring to the members in the co-operative. A worker co-operative is a business owned and controlled by its workers. A worker co-operative will aim to create fair and just employment for its members and will admit to membership only members who work in the co-operative so that only the workers in that co-operative are the ones making decisions and have control of the running of the business. A consumer co-operative instead is owned and controlled by its customers. The members join together and decide what products they want/need to purchase without any middlemen and may enjoy economies for larger scale purchasing. However, memberships may be more

<sup>1</sup> [Cooperative identity, values & principles | ICA](#)



complex and include different types of members. For instance, consumers and workers could work alongside to ensure the success of a multi-stakeholder co-operative business.

### **What is a community benefit society?**

A community benefit society is a type of co-operative and must conduct its own business for the benefit of the community at large. The community may be defined as a geographical community or a community of interest. Community benefit societies have still members who hold at least one share. Community benefit societies in Northern Ireland have been set up to conduct business related to community farming, community energy and manage community sports facility. Good examples in Northern Ireland are Jubilee farm ([www.jubile.coop](http://www.jubile.coop)), NICE ([www.nicommunityenergy.org](http://www.nicommunityenergy.org)) and Ballymacash Sports Academy ([www.ballymacashsportsacademy.org](http://www.ballymacashsportsacademy.org)).

### **Why form a community benefit society and not a co-operative?**

Co-operators choose to set up a community benefit society when they want to impact the wider community and share a strong purpose with its members. Across UK, many community shops and pubs are constituted as community benefit societies.

### **What's the difference between co-op business & community benefit society?**

A community benefit society usually adopts a statutory asset lock in the rules. This will ensure that the assets of the society will continue to benefit the community at large, and not individual members, in case the society is dissolved, sold or amalgamated. A community benefit society cannot distribute dividends to members, although it can still pay a modest interest on the share capital 'to retain the investment'. A community benefit society may also establish a 'community fund' to contribute to and, in this way, re-invest some of the surplus in the wider community.

Prepared by Co-operative Alternatives - April 2022