

What is an Industrial and Provident Society?

Supporters Direct stipulate that supporters' trusts be registered as an Industrial and Provident Society with the Financial Services Authority (FSA). As such all its actions and conduct will be regulated by the provisions of the Industrial and Provident Societies Acts, 1965 - 1978. Despite the name 'trust', it is not a charitable organisation, and is not regulated under charity law.

Because of this, there are certain requirements that it has to meet, and other things that it cannot do. In particular, the FSA will not register any amendment to the rules which is not in accordance with the democratic and community benefit principles established in the trust's constitution.

The Trust has to file annual reports to the FSA. It has to appoint qualified auditors*, and audited accounts* have to be presented to the trust's AGM and to the FSA. Trusts should also be committed to producing financial reports to every general meeting of the Trust.

Everything that a trust does will be guided and controlled by its constitution. The IPS constitution of a supporters' trust is directly based on the Model Rules for a Football Community Mutual, drawn up by Kevin Jaquiss of Cobbetts Solicitors, specifically for Supporters Direct.

An IPS belongs to its membership. Literally. Every member will own one share, with a value of £1, in the trust. Those shares cannot be traded or transferred.

The Constitution guarantees that:

- The Trust must operate for the benefit of the community that it serves.
- The Trust's members and its officers will not profit from the Trust.
- The FSA operates a model rule system and monitors changes to the model. They will not register rule changes that fall foul of the constitution or the legal requirements for a Trust.

The objectives of an IPS, as set out in the Constitution, can include:

- Strengthen the bonds between club and the community, and to represent the interests of the supporters and the community in the running of the club.
- Benefit the community through the promotion of football/rugby league/rugby union as a recreational activity.
- Help provide, maintain and preserve facilities for the enjoyment of professional football/rugby league/rugby Union
- Help promote coaching schemes for all in the community

Among the powers granted by the constitution for the attainment of these objectives are the power to acquire and interest in the club (i.e. shares), the power to establish, promote, and maintain any lawful fundraising scheme and the power to hold and exercise proxies for shares in the club.

The surpluses of the trust can only be used to maintain prudent reserves and on expenditure to achieve the trust's objectives.

Membership can be open to any person, corporate body or firm who is a supporter of the club, or has an interest in the game of football/rugby League/rugby union in the area, and who agrees to be bound by the rules of the trust. The constitution contains machinery for expulsion of members under appropriate circumstances and reserves the board's right to refuse membership applications.

All members own one share, with a nominal value of £1, and these may not be withdrawn, traded or transferred. Once individual membership ceases the share registered in the name of that member will be cancelled and the amount subscribed for the value of the share becomes the property of the trust.

Shares carry no right to interest, dividend or bonus.

The essential machinery for the day-to-day running of the trust is the board, though the constitution is flexible enough for other arrangements (like sub-boards or an executive board) to evolve if appropriate or necessary. The constitution makes it possible for the trust's membership to specifically direct (i.e. to compel them to do something specifically) the board's actions, if felt appropriate. There must be an Annual General Meeting every year

If the IPS ceases to exist or is dissolved by the membership, any assets remaining after the satisfaction of all debts and liabilities will be transferred to:

- a sporting charity or charities operating in the area
- one or more societies established for the benefit of the community operating in the area
- one or more societies established for the benefit of the community, according to the membership's wishes

This summary is for indicative purposes only, and whilst it represents an honest attempt to summarise the model rules and legal status of an IPS it should not be regarded as a legal or definitive document in any sense.