

Rt Hon Sir Keir Starmer  
**By email only**

Dear Prime Minister

**Our commitment to help you deliver your plan for growth through financial service mutuals**

Our trade bodies have written to you to outline how the cooperative and mutual sectors can help to deliver your manifesto commitment to delivering inclusive economic growth and your public commitment to doubling the size of the co-operative and mutuals sector. We are writing to you now, as representatives of the wider financial services mutual sector, including large, complex organisations with track records in delivering sustainable growth for the benefit of their members and communities.

We hope that you will accept the invitation from the leaders of our sector to create a meaningful covenant between mutuals and co-operatives, Government and society, based on the purpose-driven business model that delivers tangible benefits to our communities and wider society. We know that we can help you to deliver the growth that the country needs in a sustainable way which reinvests the profits into the communities they serve. In order to do this we need your help, including:

- **To create an environment that places mutuals and co-operatives at the heart of your policy thinking and economic strategy, supporting the growth of the mutual sector.** For this to be achieved it is essential that representatives of our mutual businesses are included in your Industrial Strategy Council, Missions Boards and other Governmental advisory and working groups. Without that representation, the needs of our sector and the opportunities we present to support growth are at risk of being overlooked. We also stand ready to provide support for officials and SPADs as they learn more about our sector. In addition, we would recommend that you ask the Chancellor to write to the regulators (PRA, FCA, CMA) to ask them to have particular regard to developing and maintaining corporate diversity as they exercise their functions and to require them to develop and adopt metrics to measure their success in ensuring that their policies foster diversity of business models, given this is a positive contributor to systemic resilience and long term financial stability. We welcome the proposal in Labour's plan for Financial Services to "require financial services regulators and policymakers to report annually to Parliament on how they have considered the specific needs of mutuals and the need for a level playing field with the wider financial services sector.
- **To deliver a legislative and regulatory framework that enables mutuals and co-operatives to meet the needs of the communities they serve and compete fairly with other businesses.** This will require Government to outline plans to deliver the recommendations of the Law Commission review of Friendly Societies legislation & Co-ops legislation within the first two years of the new Parliament and to consider the benefit of a single empowering Mutual and Cooperative Banking Act. In the meantime, HM Treasury should implement the Mutual Deferred Shares Act 2015 and introduce the

planned secondary legislation under the Building Societies Act to make necessary updates to the legislation.

- **To create and preserve genuinely mutual pools of capital to support new and growing mutuals and co-operatives.** In the short term we recommend that HM Treasury establish a British Business Bank fund specifically for mutuals and cooperatives to support growth.

There are also a number of ways in which our sector can support your plans for growth, including:

- **Your commitment to more banking hubs.** Building societies represent a growing proportion of the branch network, doubling their share of branches from 14% in 2013 to 28% in 2023, and are continuing to expand. Societies including Principality in Wales, Newbury and Newcastle in England are trialling the use of OneBanx kiosks that provide individuals and small businesses with access to other banking services within a building society branch. We would be delighted to further explore with you how building societies and credit unions can be part of a sustainable expansion of community banking facilities where the banks have withdrawn. As part of this, we should ensure that those building societies that aren't closing branches aren't held responsible for funding the cost of bank branch closures.
- **A sustainable plan for housing.** We recommend that you ask the Secretary of State for Housing to commission an independent review to set out a long-term strategy that will consider the role of co-operative housing and increase the number of first-time buyers, both now and in the future, with a commitment that the findings will be published and implemented within 12 months.
- **A commitment to a national Financial Inclusion Strategy that puts ethical finance and credit unions front and centre of supporting economic growth.** We would like to offer our support to increase the reach of protection insurance, particularly to the underserved sections of UK society, noting that mutuals have a better record of both serving a wider customer base and paying out at higher rates. We also recommend a review of Common Bond/field of membership criteria to enable Credit Unions to serve more of the population across the country and the introduction of a central finance function which supports credit union asset management. We would also support the facilitation of a Community Development Credit Union (CDCU) designation and greater legislative flexibility to aid the development of Credit Union Service Organisations (CUSOs).
- **Building resilience.** Mutuals can play a critical role in closing the financial advice gap, helping everyday families making the right decisions about how to get the best returns from their savings. We encourage you help to build people's financial resilience by announcing in the Budget plans to enable auto-enrolment into workplace savings schemes for organisations with over 250 employees. We also recommend simplifying savings by reducing the Lifetime ISA penalty and raising the LISA and Help to Buy ISA property price threshold as well as raising the Personal Savings Allowance up to £3,000 for basic rate taxpayers. In addition, we offer our support to help to build resilience in

the workforce through support for health plan providers and in the healthcare workforce.

- **Appropriately controlled implementation of Open Finance.** We ask that you encourage regulators to use controls and limits in the implementation of Open Finance to ensure it is implemented proportionately and without negative impacts.
- **Ensuring that there are proportionate audit requirements.** We ask that you task the Secretary of State for Business with reviewing the proportionality of audit requirements for building societies, credit unions and other financial mutuals, including whether PIE should apply to all those which it currently does, and taking steps to ensure that there is a competitive market to provide audit services to firms of all sizes

We would be delighted to meet you or your Ministers to discuss any of these proposals further.

Yours sincerely

Robert Kelly, Chief Executive, ABCUL

Andrew Whyte, Chief Executive, Association of Financial Mutuals (AFM)

Simon Owens, Chief Executive, British Friendly

Robin Fieth, Chief Executive, Building Societies Association (BSA)

Andy Morris, Chief Executive, Cirencester Friendly, Vice-Chair of AFM Board

Steve Hughes, Chief Executive, Coventry Building Society

Nici Audhlam-Gardiner, Chief Executive, Foresters Financial

Peter Green, Chief Executive, Healthy Investment

David Hynam, Chief Executive, LV=

Rob Pheasey, Chief Executive, Marsden Building Society, Chair of BSA Council

Simon Taylor, Chief Executive, Melton Mowbray Building Society

Chris Kenny, Chief Executive, MDDUS

Debbie Crosbie, Chief Executive, Nationwide Building Society

Caroline Domanski MBE, Chief Executive, No1 Copperpot Credit Union

Jim Islam, Chief Executive, OneFamily

Julie-Ann Haines, Chief Executive, Principality Building Society, Deputy Chair of BSA Council

Colin Field, Chief Executive, Saffron Building Society

Stephen McGee, Chief Executive, Scottish Friendly

Ann-Marie O'Dea, Chief Executive, Shepherds Friendly, Chair of AFM Board

Mario Mazzochi, Chief Executive, Wesleyan

Susan Allen OBE, Chief Executive, Yorkshire Building Society