

How to set up a cooperative in the UK

Whether you are an aspiring entrepreneur looking to create a new coop or a local business owner thinking of converting to a coop model, discover how to set up a cooperative with our step-by-step guide, so you can decide if it supports your next stage of growth.

Step-by-step guide

Cooperatives have been part of the UK's business landscape for more than a century, from workers-run creative studios to community-owned cafes. They shine a light on the positives that can happen when people come together around a shared purpose. If you're interested in setting up a cooperative, take a look at what the journey involves.

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Step one: Decide if a coop is right for your business

A cooperative tends to work best when the people involved want a genuine voice in the organisation's direction and the way it creates value. If that feels aligned with your idea, the model may be worth exploring.

Coops often come from everyday needs, such as childcare groups wanting affordable provision, creative freelancers seeking stability or neighbourhood cafes choosing shared ownership to keep a local space thriving. Our introduction to cooperatives factsheet offers guidance and examples that can help you sense-check your thinking and see how others have shaped similar ideas.

Step two: Form a steering group

Gathering a small group helps move the idea forward once you're confident the model is a good fit. This is known as a steering group and is made up of at least three members who can talk through how the coop might work from day to day and what direction it could take as it develops. The goal is balance, with different perspectives coming together to create strong foundations.

Step three: Create a business plan and financial model

A coop needs a business plan that explains why it exists and how it will operate. The plan should offer a clear sense of your aims and the route you'll take to sustain the work. It also needs to set out member participation and the role any surplus profit plays in supporting the coop's purpose. Many organisations reinvest into services or member benefits, and making your intentions clear early on gives the coop a steady path forward.

Step four: Choose a legal structure

Coops can be set up through several legal forms, depending on how you want the organisation to function.

- **Cooperative Society:** A structure tailored to democratic ownership.
- **Company Limited by Guarantee (CLG):** For companies who expect to reinvest surplus.
- **Company Limited by Shares (CLS):** Adapted voting rights so each member has equal influence.
- **Community Interest Company (CIC):** For organisations with a community purpose.

Each option gives you space to shape the coop in a way that matches how you want people to be involved and the way in which decisions evolve over time.

Step five: Register your business

Registration is a straightforward process once you've chosen a legal structure for your coop, as detailed in step four.

- **Cooperative Society:** Register through the [FCA's Mutuals Society Portal](#).
- **Company Limited by Guarantee (CLG):** Register through [Companies House](#).
- **Company Limited by Shares (CLS):** Register through [Companies House](#).
- **Community Interest Company (CIC):** Register through [Companies House and the CIC Regulator](#).

Your governing document needs to show how the coop stays in members' hands and describe the process for making decisions and bringing in new people.

Step six: Set up governance

Governance gives members clarity on how the organisation works, with coops often choosing the "one member, one vote" principle for key decisions so the influence is shared. You'll need to agree how meetings work and set a clear approach for sharing financial information and selecting a board or committee. [Model rules from Co-operatives UK](#)

can help you build a governance approach that's both transparent and workable.

Step seven: Access funding and ongoing support

Community shares are a distinctive option and allow people to invest in organisations that matter to them. Shares are withdrawable and support long-term commitment. Grants, loan finance and free business support programmes are also available, though it's important to check current schemes as they can change.

Hertfordshire Growth Hub offers personalised guidance and access to events and resources that can help you take your next step.

Bringing your coop to life

A cooperative can offer a grounded, people-centred way to build a business, whether you're creating something new or formalising work already happening in your community.

Wondering if a cooperative is right for you?

For more information speak to our Business Information Adviser: 01707 952777 (Mon–Fri, 9am–5pm) or email enquiries@hertsgrowthhub.com.