

Regulator of Community Interest Companies

Annual Report 2018/19

Presented to Parliament pursuant to schedule 3,
section 7 of the Companies (Audit, Investigations
and Community Enterprise) Act 2004.
The Office of the Regulator of Community Interest
Companies (CICs) is part of the Department for
Business, Energy & Industrial Strategy.



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Any enquiries regarding this publication should be sent to us at:
Office of the Regulator of Community Interest Companies,
2nd Floor Companies House, Crown Way, Cardiff CF14 3UZ
or email: cicregulator@companieshouse.gov.uk

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MISSION STATEMENT

Objectives

1. To build public confidence in CICs through effective impartial regulation and provision of information.
2. To develop strong links with key organisations to ensure an integrated approach to regulation.
3. Pro-actively instigate and support activities that will develop the profile of community interest companies, ensuring awareness of the CIC model.
4. To be able to demonstrate good governance and pro-actively manage risks.
5. To ensure those affected by the regulation of CICs are highly satisfied with our services.

Mission

To ensure effective regulation and provision of information to support the growth of community interest companies in the UK.

Vision

That community interest companies are recognised and trusted by society for serving our communities with integrity and excellence.

FOREWORD

Ceri Witchard - Regulator of Community Interest Companies

Welcome to the 2018/19 Annual Report on community interest companies (CICs), in which I am pleased to report on the environmental contribution of CICs and their benefit to communities.

The CIC model has continued its unprecedented year-on-year growth. This year alone, for the first time ever, we approved over 3,000 new CICs and now have over 15,000 CICs on the public register with Companies House - a fantastic achievement and demonstration of the continued growth of the CIC sector.



Although overall numbers are significant, this year I wanted to turn my attention to the environmental importance of CICs - the eco-impact that CICs are making to their communities, employees and the wider public. The theme of this year's report therefore looks at the environmental contribution of CICs – where successful, community-focused businesses embody 'clean growth'. This is particularly timely given recent legislation to end the UK's contribution to climate change: with 'net zero' greenhouse gas emissions by 2050.

CICs, with their entrepreneurial leadership and flexibility to take decisive action, are well-placed to positively benefit communities in achieving low-carbon goals and leading the shift to a greener, cleaner UK. Our report this year highlights how CICs influence customer and supplier behaviour when they focus their business on climate-friendly alternatives. Through their business purposes, CICs are able to manage their environmental impact on services, supply chain and employees.

Consumers are increasingly demanding that companies are climate-conscious and there is an increased interest and demand in how products are made; as well as what happens to them at the end of their life-cycle. CICs are well-placed to demonstrate environmental awareness in this area. The development of a circular economy means new markets for clean products and services are and will be created - markets complementary to the aims of CICs desire to make a difference.

Whilst CIC growth in both the environmental and all sectors is growing, this year has also seen my office widen its work from registrations to more complex regulatory work and, at writing, we are in the process of completing our first major investigation. Such work has enabled closer working with a number of Regulators, including the Charity Commission and Insolvency Service. I am grateful for the cross-government and regulatory support and expertise provided in such matters.

I am delighted to also report that CIC online incorporation is now fully operational. One of my aims as Regulator is to improve service delivery: digital applications are cheaper, faster and more environmentally friendly and I will be looking to make this the default application method over the coming year.

We have continued to develop the CIC brand to support social enterprise in the UK and better serve our customers, especially through bespoke digital and social media channels. I continue to be supported by an excellent team who are maintaining a high degree of efficiency whilst managing the growing size of the CIC register. With our progress to date I am confident the office will be able to reach full cost recovery within the next two years.

I am therefore very pleased to be able to report on another successful 12 months for CICs and highlight the environmental benefit they are having throughout the UK.



EXECUTIVE SUMMARY

This has been another year of progress for the Office of the Regulator of Community Interest Companies. The work and focus of the office is to ensure effective regulation and provision of information to support the growth of community interest companies in the UK.

This has progressed positively and during the year we have identified a number of cost savings, and achieved a further 9% cost recovery this year: of income against expenditure. These savings are primarily in relation to a rise in income generation due to a significant increase in CIC applications & annual reports and managing expenditure through more digital communications and less travelling. These have had no impact on the service we are able to provide customers. Against the backdrop of controlling costs, we also have a steadily growing register: the number of CICs on the register rose by 10% this year with the team approving 3,215 new community interest companies.

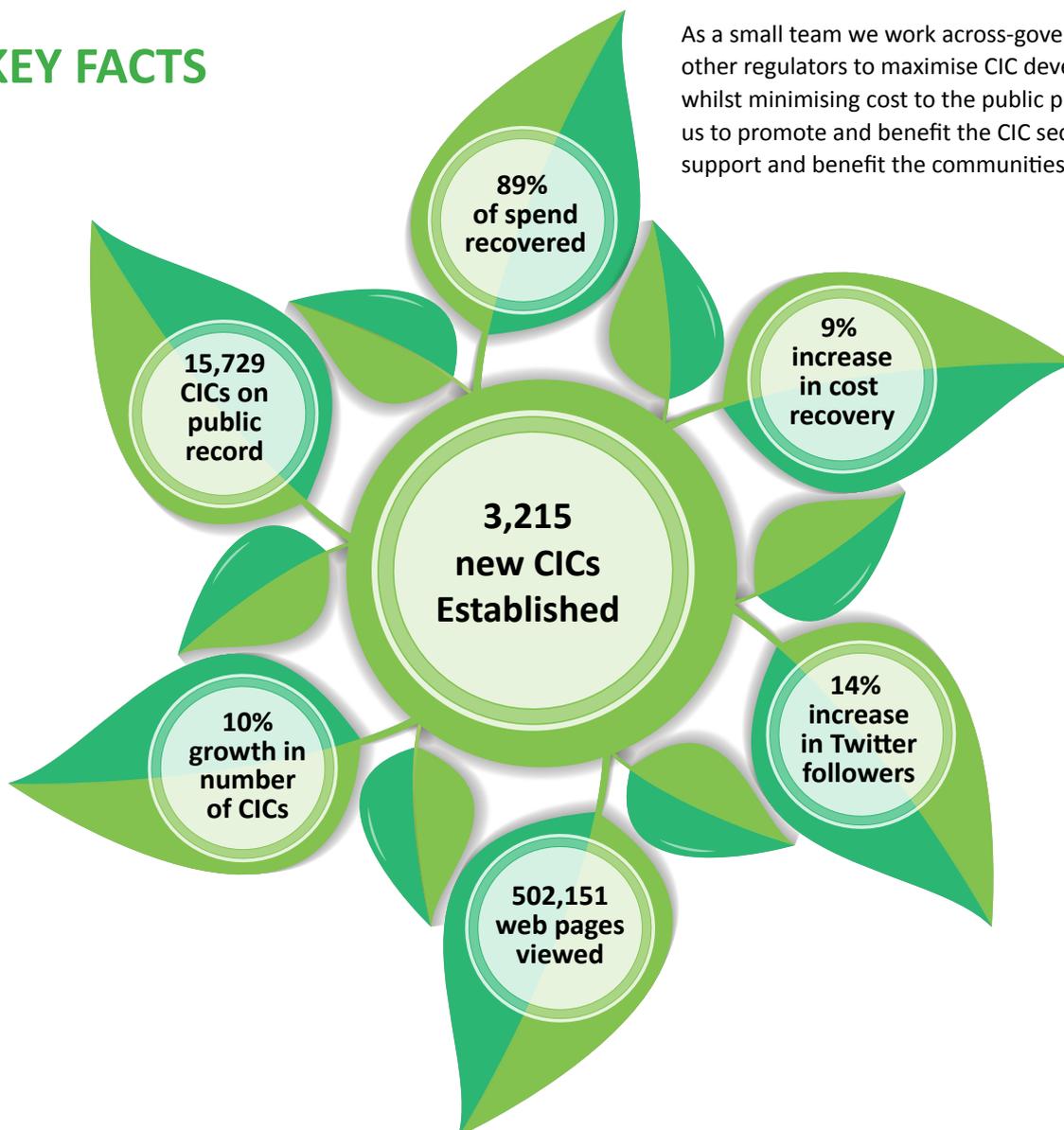
We continue to refine and improve our digital communications. We have a very active Twitter account – with over 2,000 subscribers – which highlights CIC successes and shares best practice information across the sector.

Working closely with Companies House and HM Revenue & Customs we have delivered a series of webinars for the Office of the Regulator, as well as our first video blog (or VLOG). This explains many aspects of help and interest to CICs, as well as sharing information on the work of the Regulator and her office.

During the last year trading activity amongst CICs has been diverse: with CIC profitability comparable to private companies this has meant a busy but productive year for the Office of the Regulator. Our work has been stretched across a wide range of activities; including incorporation, regulation, complaints, communication & promotion, online filing work, policy discussions, meetings and events.

As a small team we work across-government and with other regulators to maximise CIC development and impact, whilst minimising cost to the public purse. This enables us to promote and benefit the CIC sector - helping CICs support and benefit the communities they serve.

KEY FACTS



FINANCE

The Regulator's office is supported by staff from the Department for Business, Energy & Industrial Strategy (BEIS) under BEIS terms and conditions. BEIS systems and controls are in place across the board. The fee to incorporate a community interest company or to file a community interest report was set at a rate comparable to company incorporations and the filing of foreign accounts.

The fees are payable to the Registrar of Companies on delivery of the documents relating to the listed events. Fifteen pounds of the fee is transferred to the consolidated fund to cover an element of the Regulator's costs.

The Regulator is committed to securing efficiencies and helping BEIS meet its requirements under the 2015 Spending Review and has continued to take measures to reduce our spend throughout the year.

As a result of the efficiencies, the office has seen its expenditure increase by less than 2% over the year. This is a considerable achievement given that savings have been realised in the face of significantly increased applications and workload and have not impacted on the level of service provided by the Regulator and the team.

The longer-term goal is to remove reliance on the public purse and achieve full cost recovery. At the present time, the Regulator is recovering 89% of costs and hopes to reach full cost recovery within the next two years.

The measures taken throughout 2018/19 include:

- Digital based communications to reduce travel costs and increase reach and effectiveness
- Closer working with Companies House regarding fees recovery
- Holding more meetings in the Regulator's office in Cardiff
- Arranging meetings to coincide with off peak travel

PERIOD	2018/19	2017/18	2016/17	2015/16	2014/15	2013/14
a) EXPENDITURE						
31 March	235,000	231,000	234,000	267,000	290,000	285,000
b) INCOME						
Formations and Conversions	3,215	2,844	2,812	2,727	2,569	2,494
CIC Reports	10,789	9,666	8,886	7,513	6,189	5,259
31 March	210,000	187,000	174,000	153,000	131,000	112,000
c) PERCENTAGE OF INCOME AGAINST SPEND						
31 March	89	81	74	57	45	39



FUTURE PLANET: FUTURE CIC

Heidi Fisher - Chartered Accountant, Author and Social Impact Specialist

When Community Interest Companies (CICs) first came in to existence, no-one anticipated the rate of incorporations, including many, if not all, accountants and advisors. Now with well-over 15,000 CICs in the UK, and rates of incorporation consistently at around 200 per month, it shows the continued level of interest in social enterprise. Making an impact and making a difference to people and the planet is now becoming commonplace.

From an advisor's or accountant's perspective the narrative needs to change – no longer can profits be the only motivator or purpose of running a business; nor should the focus of decisions solely be the tax-efficient extraction of profits via dividends. A new business model that has purpose at its heart is here and is established: the CIC model is enabling this change to happen in the UK.

With environmental concerns and the impact on the planet regularly making the news, advisors have a vital role to play in getting CICs to think about their environmental impact: when setting up, and whilst running their CIC - through their purpose, operations, metrics and purchases.

CICs that have environmental issues and awareness, as part of their core objects and purpose, are leading the way in making a positive impact. They are making real changes to peoples lives and communities, through their own passion and beliefs, such as:

- Inspiring Healthy Choices CIC - runs 'Project GIVE' to eradicate period poverty in Wolverhampton and ensure young people do not miss education due to lack of provisions. They have collected over 26,000 sanitary care items from the community and received hundreds of sanitary pouches made from recycled material. Research is conducted on sustainable sanitary products to educate a wider audience on the benefit of reusable period care, as disposable sanitary items contain a high proportion of plastic and have a large environmental impact.
- Plogolution CIC - founded by two friends who came up with the idea of 'Plogs', basically running whilst picking up litter along the way. Plogs provide a double endorphin hit of exercise and cleaning up the planet. They run School Plogging Clubs to educate children about the consequences of rubbish and single use plastics. So far, the many schools involved have picked up hundreds of plastic & glass bottles and cans; plus thousands of cigarette butts!

But what about CICs that don't have the environment as a core purpose? There are a number of ways they actively contribute to improving the environment through focusing on how they operate and what they buy:

- Redfest Bristol CIC, which provides a free community music and arts festival, have taken environmental impact seriously across their entire operations. They have solar powered staging; were one of the first Bristol community events to have reusable cups and a free drinking water bar; all food is served on compostable plates; zero waste goes to landfill and plastic is only 3% of their waste. They champion local businesses who support fair trade and help train students in sustainable event management. They're also looking at how people travel to their festival to reduce carbon emissions and improve air quality.

"MAKING AN IMPACT AND MAKING A DIFFERENCE, TO PEOPLE AND THE PLANET, IS NOW BECOMING COMMONPLACE... THE CIC MODEL IS ENABLING THIS CHANGE TO HAPPEN."

Through improved environmental practices, CICs are actively contributing towards the environmental targets within the United Nations Sustainable Development Goals (SDGs). Forward thinking CICs are setting metrics to measure their environmental performance alongside their financial, operational and social impact metrics. Advisors and accountants have a role in highlighting these SDGs; and the need for CICs to measure and take action to increase the positive impact they have on the environment.

A first and important step is for CICs to buy, where possible, from other CICs and social enterprises and opt for sustainable, reusable or recycled products; as this will lead to better outcomes for the environment. Then for CICs to look at how they operate. Advisors also need to encourage more businesses and consumers to buy from CICs.

CICs demonstrate how profits can sit comfortably alongside the wider-good of the planet. Delivering Corporate Social Responsibility (CSR) programmes is no longer enough – purpose needs to be locked in to the business's structure permanently – which is why CICs are a positive future for the planet and for business.



SUPPORTING THE ENVIRONMENT: SUPPORTING CICS

Clean Growth Directorate - Department for Business, Energy & Industrial Strategy

With community interest companies choice is everything: allowing them to adapt, innovate and succeed. The CIC business environment encourages the brightest and best to bring their professional acumen and social purpose to benefit the community; whilst making a living. CICs respond to the issues of the day: whether providing employment for ex-offenders; revolutionising health care; tackling knife crime or addressing the tragedy of suicide amongst our young. These CICs, and many others like them, impact positively on the lives of the most vulnerable members of our society.



This is why the Government supports CICs addressing new environmental issues. The Government's Industrial Strategy includes clean growth as one of four "Grand Challenges" – recognising that products and services, which reduce environmental impacts, also offer huge growth opportunities. As agents of change, CICs are well placed to recognise the environment and make a difference to the natural world.

Community interest companies, such as Society Zero CIC, are already addressing the business and social benefits of minimising waste and realising recycling as a business opportunity. Society Zero are focused on reducing environmental impact behaviours as a whole by making zero waste as accessible as possible, whilst supporting marginalised communities across the west of Scotland. Hosting swap shops to reduce clothing, beauty products and book waste: hundreds of items are swapped, and further hundreds donated to charities. They've sold thousands of reusable and environmentally friendly products that have replaced potentially tens-of-thousands of single use plastic products going to landfill.

Businesses such as Beach Guardian CIC, based in Cornwall, are helping engagement with the natural environment by undertaking regular beach cleaning to collect and remove rubbish from beaches - mainly plastics washing in from the ocean on the tide. They also conduct educational workshops with schools and other groups to connect people with the environment to improve health and wellbeing of both people and planet.

Making a real environmental difference is a market with great potential for CICs with a strong business plan and an innovative approach focussed on being environmentally friendly: from providing paper alternatives to plastic straws; to recycling the unrecyclable through upcycling, recycling, composting and closed-loop solutions. These environmental solutions are where everybody wins: exciting, innovative and ground breaking – exactly suited to CICs.

Community Health care providers, Bristol Community Health CIC and North Somerset Community Partnership CIC, are helping facilitate clean air and mitigating climate change by implementing a range of technology to help patients self-manage their conditions and enable staff to work remotely, which reduces travel for patients and staff, and helps to reduce carbon emissions.

"ENVIRONMENTAL SOLUTIONS ARE WHERE EVERYBODY WINS: EXCITING, INNOVATIVE AND GROUND BREAKING – EXACTLY SUITED TO CICS."

We are in challenging environmental times but an exciting one for CICs who, with their social purpose and community benefits, should consider playing a full and active part to make a real, positive difference to both their business and the environment.



APPLICATIONS AND GROWTH

Applications

This year the Regulator's office processed 5,483 applications. These included incorporations and conversions which are both limited by shares and/or guarantee. Of those applications received 3,215 were approved and placed on the public register: a massive 13% approval increase on last year.

England is leading the way with 88% of CICs being based there; with Scotland, Wales and Northern Ireland making up the remaining 12%. The spread of CICs geographically has remained fairly constant as the numbers have increased proportionately across the UK. As expected, as the CIC brand becomes more established and well-known the number of organisations wishing to become CICs continues to grow.

There are now well over 15,700 CICs on the public register providing community benefit in all business types across the UK. The most common sectors remain health, education, sports and the arts. However, we also continue to have areas you would not necessarily expect from Birth Networks and Accountancy Services; to Arabic Language Schools and Boxing Clubs.

Regulation

The CIC Office is always seeking ways to improve the examination process in order to speed up the application process for its customers.

Throughout the year, we have worked closely with Companies House to enable CIC customers to be given the option to incorporate online; saving the customer both time and money. The online incorporation process was realised in March 2019 and is enabling applicants to incorporate CICs within 48 hours, as opposed to a 10 working day turnaround for paper-based applications.

Online incorporation is also slightly cheaper and even rejections can be resolved in a matter of days, if not hours, rather the previous lengthy weeks of waiting for paper-based processing and postal requirements.

This is a massive improvement on service delivery and we envisage online filing will become the default for CICs going forward. Not only is it cheaper, significantly faster but it is also environmentally friendly – saving paper and associated service and delivery resources.

Growth

The overall number of community interest companies on the public register continues to grow and we saw a 10% cumulative increase compared to last year. Although online incorporation was only rolled out in the last month of this financial year, we have already seen a sharp uptake of online applications with such applicants matching the number of hardcopy forms by the month end.

Approvals

The growth of the CIC brand has continued apace with our year-end figures hitting a six year high in terms of approvals and applicants.

Each year we see the monthly number of CICs on the public register increase. This year March recorded the highest number of approvals with a massive 425 CICs accepted onto the register in this one month alone. The table below demonstrates the growth in CIC approvals over the last 12 months:

MONTH	APPROVALS	CHANGE LAST YEAR	% INCREASE
Apr 18	283	50	13%
May 18	255	-6	8%
Jun 18	275	45	9%
Jul 18	218	4	7%
Aug 18	261	3	8%
Sept 18	238	21	7%
Oct 18	310	40	10%
Nov 18	324	77	10%
Dec 18	201	-5	6%
Jan 19	226	10	7%
Feb 19	199	3	6%
Mar 19	425	129	13%
TOTAL	3,215	+371	100%





ECO LARDER

The Eco Larder CIC
Company No: SC602102
Incorporated: 9 July 2018

The Eco Larder CIC is a Zero Waste Supermarket serving the city of Edinburgh and beyond. Its vision is to prevent single-use plastic waste entering landfill and to raise awareness with consumers on how to live a zero-waste lifestyle. It chose CIC status because of its belief that the greatest chance of change on the plastic issue must be a shared conscious effort driven as a community.



In July 2018, the CIC raised £22,000 through crowdfunding to open its first store and has been supported with funding by Scotland's social enterprise development agency, Firstport. The store gives customers the ability to complete a full grocery shop with zero packaging or plastic. This year, the CIC aims to publish one of the first reports on the environmental impact of a Zero Waste store.

The Eco Larder also runs an educational program in the form of workshops and events on how to live a more sustainable lifestyle. In partnership with organisations like the Marine Conservation Society, the CIC runs monthly beach cleanups to collect vital information on the plastic reaching our shores.

A further aim of the business is creating partnerships with local businesses in all sectors to provide consultancy on how to reduce their plastic footprint and to look into the issues of current supply chains. Profits from the CIC will go towards subsidising small businesses in this challenge.

The Eco Larder CIC was nominated as a 2019 Scotland Regional finalist in The Ethical Business of the Year Award from the Federation of Small Businesses. This year, the CIC aims to create 8 jobs for the local economy and prove a sustainable business model both through physical sales and online sales of sustainable lifestyle products.

YORKSHIRE ENERGY SERVICES

Yorkshire Energy Services CIC
Company No: 03995784
Incorporated: 6 May 2009

Yorkshire Energy Services CIC, trading as YES Energy Solutions, aims to reduce carbon dioxide omissions and alleviate fuel poverty, both nationally and locally. Over the years, the CIC has assisted thousands of vulnerable residents in reducing fuel bills and creating warmer homes.

Throughout the last financial year, YES Energy Solutions delivered 5,038 energy saving measures to 4,797 homes; delivering £3 of lifetime energy bill savings for every £1 invested. 90% of the funding secured related to the work undertaken through the Government's Energy Company Obligation (ECO) scheme.

This means the CIC must ensure any work complies with regulations and governance under the ECO scheme. Many small installers within their network are able to benefit from the CIC's resources, providing them with the correct facilities to help ensure their work is compliant. This means they can avoid financial penalties, while improving their processes and delivery.



The success of YES Energy Solutions has led to a number of awards including:

- 'Funding Provider of the Year' at the National Energy Efficiency Awards
- 'Team of the Year' at the National Women in Housing awards for ensuring installer partners comply with government standards
- 'Green Champion of the Year' at the Halifax Courier Business Awards for their commitment to carbon reduction.

CHILTERN RANGERS

Chiltern Rangers CIC
Company No: 08336236
Incorporated: 19 December 2012

Chiltern Rangers CIC works with local communities to provide practical habitat management of the woodlands, chalk grassland, commons, ponds and chalk streams in the Chilterns area.

The mission of the company is: 'Enhancing Chilterns habitats through conservation, education and community engagement'. They deliver a range of environmental projects with community groups: tackling social issues around employment, education and training in both formal and informal means.

The company won "Bucks Business First's Enterprising Charity of the year in 2016", alongside taking part in "Grow Wild UK Challenge" for which they won the award for best Lottery Environment project in the UK. One of their greatest achievements was being announced the winners of the Queen's Award for Voluntary Service in 2017, as a result of engaging over 3,000 volunteers each year, dedicating over 10,000 hours of their time.



Chiltern Rangers CIC have worked on over 120 local sites, which are often under managed and neglected. Their work involves improving them by adding local wildlife from wildflowers to their pollinators, such as butterflies & bees, as well as birds & bats.

The CIC's aim for 2019 is to secure funding to relocate new premises. From the new location, the CIC aims to deliver more projects and services to more people. This will include a project with the military tackling a range of issues from recruitment and transition to mental health. They are also planning to work with local schools including Special Educational Needs and Pupil Referral Units. All these projects will help improve the environment – part of making the Chilterns a beautiful and special place to be.

4Rs RECYCLING

4R's Recycling CIC
Company No: NI025309
Incorporated: 27 June 2013

The 4R's CIC was established in 2013. Their objective is the four R's 'recover, recycle, reuse and reduce' furniture and white goods that are destined for landfill; with an aim to reduce carbon dioxide omissions that pollute the environment.

The CIC currently processes 180 tonnes of unwanted items per year. They also visit schools and provide environmental talks to school children on recycling products to educate them on the importance of recycling now and for the future.



The CIC currently has nine full time employees delivering an employment programme. This is tailored to each individual participant and covers a range of adults and young people with disabilities and diverse and complex needs whom feel socially excluded from their community.

The training programme aims to enable this client group to gain qualifications, increase their skill base and obtain maximum interpersonal skills with the objective of gaining employment. The programme covers retail, healthy living and joinery sectors, with workshops on upcycling furniture plus work placements and volunteering in the community.

4R's Recycling CIC offers a number of employment qualifications covering everything from construction, retail and electrical to healthy living. Each participant is offered a one to one personal plan tailored to meet their needs and training requirements.

Additionally the retail unit is open to the public and offers opportunities for people on low incomes to buy furniture and electrical goods at affordable prices, thereby helping employees, the community and wider environment.

CLEAN GROWTH STATISTICS

The opportunities for environmentally motivated community interest companies have increased with the growth of national policy towards sustainable development, regeneration, environment-related regulation, financial incentives, public sector reforms and outsourcing of public services.

CICs and Clean Growth

Concerns about the threat of global climate change have prompted a renewed drive to transition to a 'low carbon' and 'net zero' economy and CICs are seen to have particular strengths in terms of reconciling social, economic and environmental criteria.

Up to a quarter of UK social enterprises and CICs already contribute directly to environmental aims. Of these, activities are mainly centred around:



Conservation goals
"Mitigating and adapting to climate change"



Recycling and encouraging the sustainable use of resources
"Minimising waste by increasing resource effectiveness"



Improving urban environments
"Using resources more sustainably and efficiently to reduce pollution and waste"



Raising environmental awareness
"Connect and engage with the environment to improve health and wellbeing"

"Net Zero" Economy

CIC Entrepreneurs, with their propensity for innovation, experimentation and risk-taking can be a driving force in the move to a more environmentally-sustainable society.

With community benefit at their core, CICs can play a key role in supporting and realising the future of Clean Growth as well as social sustainability – maximising opportunities in an environmentally-focused business economy.



DISSOLUTIONS

During the 2018-19 financial year, 1,711 community interest companies closed, representing almost 11% of the total number of CICs on the public register:

- This is the same percentage of CIC dissolutions as last year and equates to just 0.5% of the total number of dissolved companies on the public register.
- This also compares favourably with overall dissolutions on the register, where the Companies House Registrar dissolved 12% of all companies over the same period.

We know that most CICs close within the first two years, without trading and without accruing any debts. They have simply not got off the ground and are struck off the register by Companies House for failing to file their statutory documents.

A key reason for dissolution cited by CICs is their inability to access funding. Those CICs that have been successful in attracting funding find that it is less to do with the adoption of the CIC model and more to do with meeting the requirements of the funders. Successful CICs target funders most sympathetic to their activities, have a business plan which identifies social impact as well as growth, are able to demonstrate good corporate governance and have filed at least one- or two-year's accounts. Many also accept additional conditions such as restricting project funding to capital costs. The Regulator continues to look at ways in which we can mitigate the number of closures. While a 'light-touch' Regulator, we do not take our role lightly and actively take steps to provide as much guidance and related information to help customers in understanding good governance and what funding bodies may require - working closely with other Government organisations, holding our own Webinars and producing regular Blogs to support this.

We draw positives from the fact the percentage of dissolutions over the last year has stayed the same, and that 34% of those CICs incorporated in 2005/06 are still on the register. There is no doubt that the UK economy faces challenges, however, the Regulator is confident that the CIC brand will continue to grow in almost every sector and every UK region, as it has done since 2005.



COMPLAINTS

In the year 2018-19, the CIC office received 29 new complaints, which is less than the number received in same period last year. With 15,729 CIC's on the public register, as of March 2019, this equates to only 0.2% of CICs receiving a complaint.

A number of the complaints we receive are found to be uncorroborated or vexatious so, to maintain confidentiality, our approach is to neither confirm nor deny whether an investigation is taking place and to ensure the integrity of the CIC.

The Regulator takes every complaint regarding community interest companies very seriously. Each complaint is carefully considered, reviewing the best form of action to take where applicable, in order to ensure and maintain the public confidence in the CIC brand. The Regulator has published a detailed 'Complaints Procedure' guide, on the website, which defines the types of complaint the Regulator will and will not pursue. In certain circumstances, it may be concluded that the complaint is best dealt with by another agency.

The table below outlines the types of complaints we have received throughout this financial year, with the majority concerned with governance issues. Complainants are always reminded that although the company is a community interest company, CIC governance arrangements are also subject to company law, and may often be a matter for Companies House rather than the CIC Office.

This year the Regulator used her powers to investigate the affairs of a CIC for the first time. This is not a decision taken lightly but as the number and size of CICs grows there will be more of a need to appropriately use the Regulator's powers.

NATURE OF COMPLAINT	NUMBERS
ASSET TRANSFER	1
COMMUNITY BENEFIT	2
CONTRACTUAL MATTER	1
CONFUSION CIC OR CHARTITY	2
DIRECTORS ACTIVITIES	1
DIRECTORS CONDUCT	5
DIRECTORS RENUMERATION	1
FINANCIAL MISMANAGEMENT	4
FUNDRAISING	3
GOVERNANCE	6
POLITICAL ACTIVITY	3
TOTAL	29



ON-LINE CIC INCORPORATION

CIC Incorporations: The New Online Process

The online incorporation process for registering new community interest companies (CICs) went live in March this year.

With the number of CIC's on the public register at over 15,000 - and increasing by well over 3,000 each year - the new digital registration option will significantly reduce incorporation times and offer online convenience and 24-hour availability to the CIC sector.

One of the goals of the CIC Regulator's office is to improve and streamline service delivery. The new process makes completing the application process easier and help to reduce filing errors and rejections.

As well as including CIC and Companies House registration this three-way digital service also includes HMRC: enabling CICs to register for corporation tax as they incorporate their business.

The new system lets applicants know that their application has been received and confirms incorporation as soon as it is completed, usually within two working days. It also allows Companies House to process and place community interest companies on the public record far more efficiently than paper documents.

In summary benefits include:

- Reduces incorporation costs for prospective CICs to £27;
- Allows payment by card or PayPal;
- Confirms incorporation - within two working days, in the majority of cases;
- Accessible at all times; and
- Environmentally friendly.

We have already completed a very popular webinar with HMRC explaining online incorporation, available to view via the CIC website, which provides a handy walk-through of the process.

With the online process providing benefits such as security, speed and environmental savings we have a communications campaign promoting digital filing as the default option for CICs. The Regulator is optimistic it will become the preferred option for the majority of applications within the next few months.



REPORT OF THE OFFICIAL PROPERTY HOLDER

Anne Vincent - Official Property Holder

1. In discharge of my responsibilities under Schedule 5 to the Companies (Audit, Investigations and Community Enterprise) Act 2004 ("the Act"), I submit my report on the exercise of the functions of the Official Property Holder for Community Interest Companies during the financial year 2018 - 2019.

Status

2. The Official Property Holder is a corporation sole by virtue of paragraph 1(1) of Schedule 5 to the Act.

3. The Act and the Community Interest Company Regulations 2005 establish community interest companies as a new type of limited company registered by the Registrar of Companies, which may be private (limited by shares or by guarantee), or public.

4. Section 29(2) of the Act requires the Regulator of Community Interest Companies ("the Regulator") to appoint a member of the Regulator's staff to be the Official Property Holder.

5. The relationship between the Regulator and the Official Property Holder is further specified, with other relevant details, in Schedule 5 to the Act. Copies of section 29 and Schedule 5 are annexed to this report.

6. The Official Property Holder is based in the Office of the Regulator in Companies House in Cardiff.

Functions

7. The Act gives the Regulator various powers to protect the assets of a community interest company. In essence, the function of the Official Property Holder is to protect such assets until authorised to arrange for its transfer, as directed by the Regulator.

8. In particular, under section 48(1), the Regulator may by order transfer to the Official Property Holder any property held by, or held in trust for, a community interest company. Or they may by order require persons in whom such property is vested to transfer it to the Official Property Holder.

9. The Official Property Holder's function is then to hold the property transferred to or vested in them as a trustee.

10. The Official Property Holder may release, or deal with, the property: to give effect to any interest in, or right over, the property of any person (other than the community interest company by which, or in trust for which, the property was held before it was vested, or transferred), or at the request of a person appointed to act as administrative receiver, administrator, provisional liquidator, or liquidator of the company.

11. On discharging an order made under section 48(1) the Regulator may make any order as to the vesting, or transfer, of the property and give any directions which they consider appropriate.

12. Except as mentioned in paragraph 8 above, the Official Property Holder may not release or deal with property vested in or transferred to them, except in accordance with directions given by the Regulator.

13. As soon as possible after the end of each financial year, the Official Property Holder must prepare a report on the exercise of the Official Property Holder's functions during the financial year.

14. The Official Property Holder must send a copy of the report to the Regulator, who must send it to the Secretary of State.

Recruitment

15. I have held the office of Official Property Holder for Community Interest Companies since 1 November 2016.

16. On 25 July 2005, when the Regulator's office opened to receive applications, the previous property holder was able to fully exercise these functions.

17. The Official Property Holder has not recruited staff during this financial year and has no staff to date.

Control

18. As the Official Property Holder, I have responsibility for ensuring that a sound system of internal control is maintained to achieve the aims and objectives of the Office of the Regulator of Community Interest Companies in respect of my functions.

19. Department for Business, Energy & Industrial Strategy systems and controls are in place across the board.

Performance

20. In the exercise of my functions for 2018 - 2019, I can confirm that:

- No property either held by, or in trust for a community interest company has been vested in the Official Property Holder;
- No persons in whom such property is vested has been required to transfer it to the Official Property Holder.

Finance

21. No expenses were incurred during the financial year ended 31 March 2019.



KEY STATISTICS

Financial Year	Approved	Dissolved	Converted*	Increase	Cumulative
April 05 - March 06	208	0	0	208	208
April 06 - March 07	637	0	0	637	845
April 07 - March 08	814	35	4	776	1621
April 08 - March 09	1120	86	2	1032	2653
April 09 - March 10	1296	372	5	919	3572
April 10 - March 11	1824	483	7	1333	4905
April 11 - March 12	2087	590	11	1486	6391
April 12 - March 13	2055	765	11	1279	7670
April 13 - March 14	2494	976	11	1507	9177
April 14 - March 15	2569	1104	3	1462	10639
April 15 - March 16	2727	1433	11	1283	11922
April 16 - March 17	2812	1665	14	1133	13055
April 17 - March 18	2844	1631	14	1199	14254
April 18 – March 19	3217	1711	31	1475	15729

* Converted from a CIC



Total Number of CICs on the Public Register

	Mar-18	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar-19	Total
CLG [‡]	10964	126	80	130	59	112	94	118	165	132	39	46	293	12358
CLS ^Δ	3290	28	14	32	-1	25	-46	17	23	9	-15	-8	3	3371
	14254	154	94	162	58	137	48	135	188	141	24	38	296	15729

[‡] Company Limited by Guarantee

^Δ Company Limited by Shares



CICs by Region	Number	%
East Midland	896	6
East of England	1201	8
London	2376	15
North East	760	5
North West	2002	13
South East	2012	13
South West	1975	12
West Midlands	1604	10
Yorkshire and Humber	1000	6
Total England	13826	88
Northern Ireland	333	2
Scotland	1000	6
Wales	570	4
Total	15729	100

