



**COMMUNITY
INTEREST
COMPANIES**

**The Office of the Regulator of
Community Interest Companies**

OPERATIONAL REPORT

Third Quarter 2012 – 2013

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1. REVIEW

Approvals have been slightly down this quarter with 492 new CICs gaining regulatory approval, the best month being November when 199 CICs were approved, just one short of 200! At the end of December we recorded 7335 CICs on the register which shows that the enthusiasm for the brand is still growing in the UK despite the current financial climate.

This quarter has been very busy for the CIC Office. We are currently updating our website after obtaining advice from the Plain English Campaign and we are continuing to make changes to our application procedures in partnership with the Registrar of Companies. It is hoped that the changes will do much to shorten the time taken to examine applications.

We are also reviewing our current Memorandum of Understanding (MOU's) that we have already in place and are in negotiation with further key organisations. On top of all this the team have assisted the CIC Association with promoting their online questionnaire for CICS to comment on the current rate of the dividend cap. See section 5 for further details.

We are continuing to hear wonderful success stories of our CICs, far too many to list in this report, however we have chosen a snap shot of these to highlight the fabulous works in which our CICs are engaged. Please see section 6 'Profiling CICs' for more details.

The CIC model is gaining international attention. The Regulator has spoken in France this year and the CIC Office has hosted visits from delegates from such countries as Japan and Korea. This international recognition is highlighted in an article in section 7 which we hope that you will find interesting.

2. THE TEAM

The CIC Team are based at Companies House in Cardiff and provide administrative support to the Regulator, Sara Burgess. The office opened on the 01 July 2005 and is engaged with the registration and regulation of community interest companies and whilst independent of Companies House has a very close working relationship with the Registrar of Companies and his team. We are a small but extremely busy team working hard to promote community interest companies and ensure that the integrity of the CIC brand is maintained.

Regulator:	Sara Burgess
Office Manager:	Phil Horrell
Case Manager	Helen Huish
Case Manager:	Ann Hunt
Case Manager	Jaci Lewis
Case Manager:	Marilyn Liddon
Operational Support Officer:	Natalie Westgarth



3. LEGISLATION

Community interest companies are subject to company law as set out in the Companies Act 2006 and related CIC legislation, as well as the common law of companies built up from decisions taken by the courts over the years. Key legislation relating to community interest companies is as follows

- the Companies (Audit, Investigations and Community Enterprise Act 2004 (the “Act”),
 - the Community Interest Company Regulations 2005 and;
 - the Companies Act 2006 (Commencement No.2 Consequential Amendments, Transition Provisions and Savings) Order 2007.
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4. AWARENESS

We have listed below some of the events, meetings and awareness raising sessions that Sara and her team have attended this quarter:

Young Entrepreneurs

October 5th saw Sara attending an early breakfast meeting at The Cornwall School of Social Entrepreneurs held at the Eden Project. This was followed by the graduation of their latest group of students. Sara felt it was great to be there as the School of Social Entrepreneurs had become a CIC this year and they are very proud of their status. Sara spoke to a number of people afterwards as well who were interested in setting up CICs.

Korean Delegation

On 23rd November members of the CIC team gave a presentation to a Korean delegation from the Ministry of Employment and Labour. The talk explained every aspect of CICs from incorporation to regulation and was followed a very interesting question and answer session. The delegation was particularly

impressed with our hospitality and warm welcome and the team were thanked for coordinating the study visit.

Targeting Wales

In December Sara travelled to Rhyl to meet with Adrian Quayle. Mr Quayle is a Board Member of the National Outsourcing Association and his particular interest is to develop activities in the UK Regions. They discussed possible joint working on collaboration for CICs with other organisations. Whilst in Rhyl Sara also attended the Rhyl City Strategy AGM as keynote speaker which was a particularly well attended meeting.

5. CIC OFFICE NEWS

Website

We had initiated enquiries with the Plain English Campaign to look at our website to ensure that it made Plain English standards and to ascertain what changes needed to be made in order to be granted the 'Internet Crystal Mark'. We also need to identify and amend out of date links and references and ensure that it was compatible with Direct Gov UK.

On receipt of advisories from the Plain English Campaign we began the process of updating our website to ensure that all the information contained within it was up to date, relevant and understandable. This has involved a tremendous amount of work within the team and so far we have updated chapters 1 -6 of our Guidance Section. We will be working on the remaining chapters this quarter with the aim making the website eligible for the 'Internet Crystal Mark'.

Changes in procedure with Companies House

The Registrar of Companies has been looking at procedures to streamline the CIC incorporation process. Members of his New Companies team met with members of the CIC Office to discuss and exchange ideas in order to

implement this and the resulting plan has been is being trialled for a three month period. Although the changes will not be evident to the members of the general public it is thought that if the trial is successful that in future the time taken to examine new applications could be shortened by as much as one or two days.

Dividend Cap Review

The CIC Association in partnership with the Regulators Office gave an opportunity to all of our CICs to give their opinion on how the current dividend cap is affecting their business. The CIC team issued letters inviting CICs to complete a detailed online questionnaire on the CIC Association website which the CIC Association would collate and then report the consensus of opinion. We understand that responses have been received and the results of survey will be forwarded to the Regulator so that she can use the information to consider whether or not to initiate a formal consultation exercise.

Memorandum of Understanding (MOU's)

MOUs are important because they provide a platform for ensuring that the CIC Regulators Office works in partnership with similar organisations and that we do not duplicate work. Many of our CICs are also regulated by other bodies and quite often they are the lead regulator and it is important that we have a dialogue with them and are given a heads up on such cases. We currently have a number of MOUs with key regulators such as OSCR and the Charity Commission, government departments such as BIS and the Cabinet Office and lead organisations such as the CIC Association and SEUK. We are currently in negation with these and other key regulators in updating current MOU's and securing new agreements.

6. PROFILING CICS

With almost 800 annual community interest company reports filed this quarter, the Regulator has had an opportunity to see how CICs are delivering their stated benefit to the community. All reports are filed on the public register and available to download but we thought it would be helpful to list a few that caught our eye:

[Community Enterprise Derby CIC](#) was formed in 2009 with the purpose of delivering contracts that work with unemployed people with the aim of supporting them back into sustainable work. The CIC is the trading arm of the registered charity Community Action Derby Ltd and all surpluses generated from the contracts and services they deliver are donated to the charity so that it can continue its charitable works. During the first half of the year they concentrated on finalising delivery of three contracts supporting local people back into work and these are Flexible New Deal on behalf of A4E, Community Task Force on behalf of 'Intraining' and Future Jobs Fund for the DWP. In January this year they were approached to deliver the new Level 3 Diploma in Volunteer Management through a subcontracting arrangement with Enable, a regional infrastructure organisation. This brought an additional funding stream for the enterprise with plans to increase staffing levels to cope with demand! They have delivered real results with 312 people placed into work as a result of the Future Jobs programme and as at September 2011, 52% of Future Jobs Funded employees from the programme were still in work. Of the 279 young people supported as part of the Flexible New Deal contract, 24% achieved employment. They also donated £50,000 to the parent charity Community Action Derby Ltd. This is great news. Check out the website on www.cederby.co.uk

[Down Syndrome Education Enterprises CIC](#) converted to a CIC in 2011 with the purpose of helping families, professionals and organisations around the world to improve educational outcomes for children with Down Syndrome. The

CIC is the trading arm of Down Syndrome Education International Charity which is a world leader in developmental and educational research and practical support for children with Down Syndrome. The CICs core activities are the publication of specialist books and e-books, films and teaching resources, including the new See and Learn Language and Reading and See and Learn Speech materials. They also provide specialist training and consulting services. Their clients include parents of young people with Down syndrome and other family members, teachers, teaching assistants, speech and language therapists, and other education and healthcare professionals. They also serve local, regional and national not-for-profits and government organisations. The CICs research, resources and services help over 150,000 people in over 170 countries each year! Check out the website on www.dseenterprises.org

[East Brighton Trust CIC](http://www.eastbrightontrust.org.uk) converted to a CIC in 2010 with the purpose of enabling social, environmental and economic regeneration by the provision of grant funding to voluntary and community organisations in the East Brighton area, mainly through the ownership and management of a property portfolio. They own a number of properties in East Brighton including the Westergate Business Centre, a development of some 20,000 sq ft of light industrial workshops and offices. They own shops and flats at Manor Hill, Manor Farm and Barcombe Road, Moulsecoomb and these are let to local community project providers and 'Key Workers.' Where possible they always aim to let their properties to local companies and voluntary sector organisations. They use income generated from their assets to support their grant making programmes. During the year they have made grants of £16,500 to The Bridge, Whitehawk Inn, East Brighton Community FC and Central Sussex YMCA. They also paid small grants of up to £300 per project to local projects and community groups totalling almost £15,000. Moulsecoomb Primary and Whitehawk & St Marks Primary each benefitted from the donation of a brand new minibus through contributions from the CIC. The total of targeted funding and grants made in the year was just under £31,500! Check out the website on www.eastbrightontrust.org.uk

Freedom in the Air CIC converted to a CIC in 2010 with the purpose of providing an advanced flight training centre for people with disabilities. Flying is one of the few activities where people with disabilities can participate to the same degree as an able-bodied person. The exhilarating experience rebuilds confidence and restores self-esteem which in turn empowers people to explore their potential by extending their personal boundaries. They run a number of projects from pilot training where they specialise in the training of people with a range of disabilities to obtain their Private Pilots Licence to obtaining National Private Pilots Licences. They also run 'Freedom Wings Events' which is a wonderful opportunity to introduce those with disabilities to the freedom experienced in the air. A day safely taking control of a plane is a life changing experience and enables young people to achieve virtually anything. The CIC has been working hard with Cranfield University to make flying easier and more inclusive for pilots with lower limb disabilities, developing a new portable hand held device for rudder control, removing the need for legs and feet to operate the rudder pedals. In May this year they gave a flying lesson to Ade Adepitan MBE, the British television presenter and wheelchair basketball player – you will probably remember him presenting the Paralympics with Clare Balding on Channel 4 in the summer. Check out the website on www.freedomintheair.org.

Scotcash CIC formed in 2006 with the purpose of helping the citizens of Glasgow gain access to financial services which, due to either their past or current situation, they have been unable to access. They operate as a Community Development Finance Institution (CDFI) offering a range of services such as affordable loans, savings accounts, white goods packages, basic bank accounts and money advice. They are not in direct competition with banks and building societies but instead aim to fill a gap in the market giving their customers an alternative to home credit. They look at all situations on an individual basis and aim to always provide their customers with the very best advice and service. During the past year they have provided 1,467 affordable loans of which 513 were to new customers. They have provided

money advice and financial education to 1,076 new advice clients, opened 410 new basic bank accounts and most impressively saved customers and clients an estimated £1,572,956! They are one of our flagship CICs featuring in the Regulators series of case studies and their continued success has seen them opening a new office in the North of Glasgow. Check out the website on www.scotcash.net

[Tidnor Wood Orchards CIC](#) was formed in 2008 with the purpose of “Saving an Orchard”. Tidnor is an ancient hamlet just a couple of miles from the centre of Hereford, whose shire is famous for its orchards and the art of cider making! Tidnor Wood Orchards are made up of four distinct cider apple orchards spanning 26 acres that include a museum and gene bank of over 400 different varieties, as well as being a nature reserve. Their ambition is to protect all the varieties of UK, Channel Islands, and Eire cider apples that can still be found. They have been awarded the accolade of “National Collection® (Malus-Cider making)” by the National Council for the Preservation of Plants and Gardens (NCCPG), whose patron is HRH Prince Charles. The entitlement to display the NCCPG badge is not granted lightly and they do so with some considerable pride! They have played host to a number of charities for the disabled and disadvantaged through their association with Dave Marshall of the Bulmer Foundation and the Cider Museum in Hereford. This culminated in an Art Exhibition that opened at the Cider Museum in September last year. Most of the exhibits were from activities and experiences gained through Tidnor Wood Orchards including a delightful short film depicting their orchards through the seasons of the year. They also entered Tidnor into a Herefordshire-wide competition sponsored by The Royal Horticultural Society and came away with a bronze award and a basketful of congratulations. Check out the website on www.tidnorwood.org.uk

7. FUNDING FOR CICs

TOP TIP:

In our experience, funders and grant makers are beginning to increasingly understand the role and purpose of CICs but this alone is not enough to secure funding. CICs need a strong business plan with a clear strategy, good corporate governance and an understanding of the social impact that will be delivered to the community.

Some funders also put in place additional requirements such as ring fencing the funds or asking for three unrelated directors or signatories and it is important that CICs have an understanding of each funder's specifications before submitting an application.

Central to this, is targeting those funders most sympathetic to the objects and social purpose of the CIC. Charitable trusts, for instance, have limited funds and they are more likely to support charities rather than CICs, although some will support CICs as long as their aims are charitable in nature.

Here are a few examples of CICs that have been successful in obtaining funding:

[Nottingham Photographer's Hub CIC](#) formed in 2011 with the purpose of helping marginalised communities to develop their photography skills. They successfully secured funding of £5,500 from the [European Social Fund's Community Learning and Skills Grant](#) to run a bespoke course for learners with a clinical mental ill health diagnosis. They also received a grant of just over £8,500 from [Awards for All](#) to run a bespoke course for young people who were unaccompanied asylum seekers and in the care of their local authorities. They received further good news in that they have been awarded funding of £8,500 from [Children in Need](#) to run three further courses for young people in care in 2012. Check out the website on www.nottinghamphotographyhub.org.uk.

[Sherston Old School CIC](#) formed in 2010 with the purpose of renovating and converting the Old School premises in High Street, Sherston. Completion of the purchase of the premises took place in April last year and the first tenant, Sherston Post Office & Stores, successfully installed. This project would not have been possible without the support of the village and the substantial funding streams received including; [Wiltshire Council Performance Reward Grant](#) £65,000, [Eleanor Barton Trust](#) £285,000, [Sam Thompson Fund](#) £120,000, Sherston Parish Council £40,000 and [The Princes Countryside Fund](#) £30,000. This Project is believed to be one of the largest “community interest” projects of its kind in the UK. Check out the website on www.sherston.org.uk.

Other funders that have helped CICs over this quarter include:

[Santander Bank](#)..... £15,000 to Azook CIC

[Sport England's Protecting Playing Fields Fund](#)£50,000 to The Charles Hill Centre CIC

[The Big Lottery's Reaching Communities Programme](#)£142,000 to Community Together CIC

[Big Lottery Fund](#).....£277,000 to Aspiring Futures CIC

8. INTERNATIONAL INTEREST IN THE CIC MODEL

The social enterprise sector has been gaining momentum in the UK and it is now being followed by the US and other countries. Changes to the financial services bill in the UK should bring even more focus on the sector. It is not surprising then that other countries have been watching the UK closely including the US where Jonathan Greenblatt, special advisor to president Barrack Obama said the country had been inspired by social bonds in the UK and was now trialing its own.

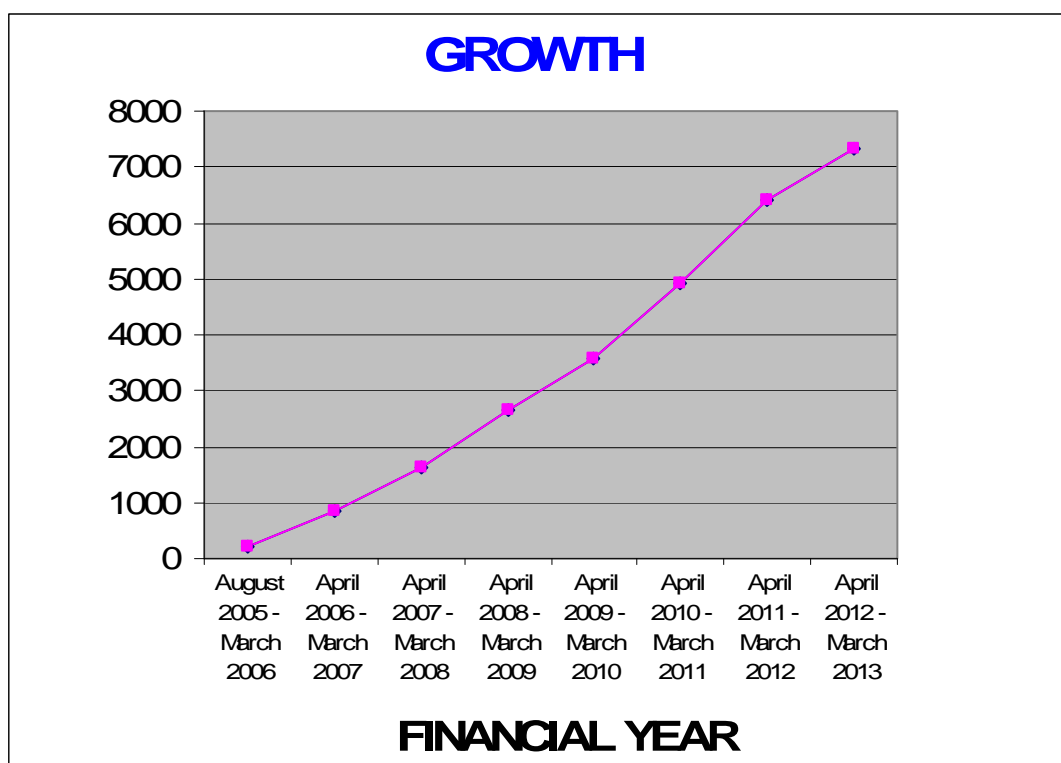
Jonathan Bland who is the founder of Social Business International (SBI) says that the CIC model is of particular interest and that France and Italy are particularly curious. Flaviano Zandonai, communications officer at the European Research Institute on Co-operatives and Social Enterprise based in Italy, has been working with SBI on exchanging ideas. In particular he appreciates the light touch of the CIC Regulator in the UK.

The CIC office has also noted an increase in interest from other countries over the last few years with Sara a being invited to speak in France this year and with visits to the office from delegations from Korea and Japan. The CIC word is spreading!

9. STATISTICS

a) GROWTH

	Approved	Dissolved	Converted To a Charity	Growth
2005 - 2006	208	0	0	208
2006 - 2007	637	0	0	637
2007 - 2008	814	35	3	776
2008 - 2009	1120	86	2	1032
2009 - 2010	1296	372	5	919
2010 - 2011	1825	484	8	1333
2011 - 2012	2087	590	11	1486
2012 - 2013	1486	533	9	944
Total	9472	2100	37	7335

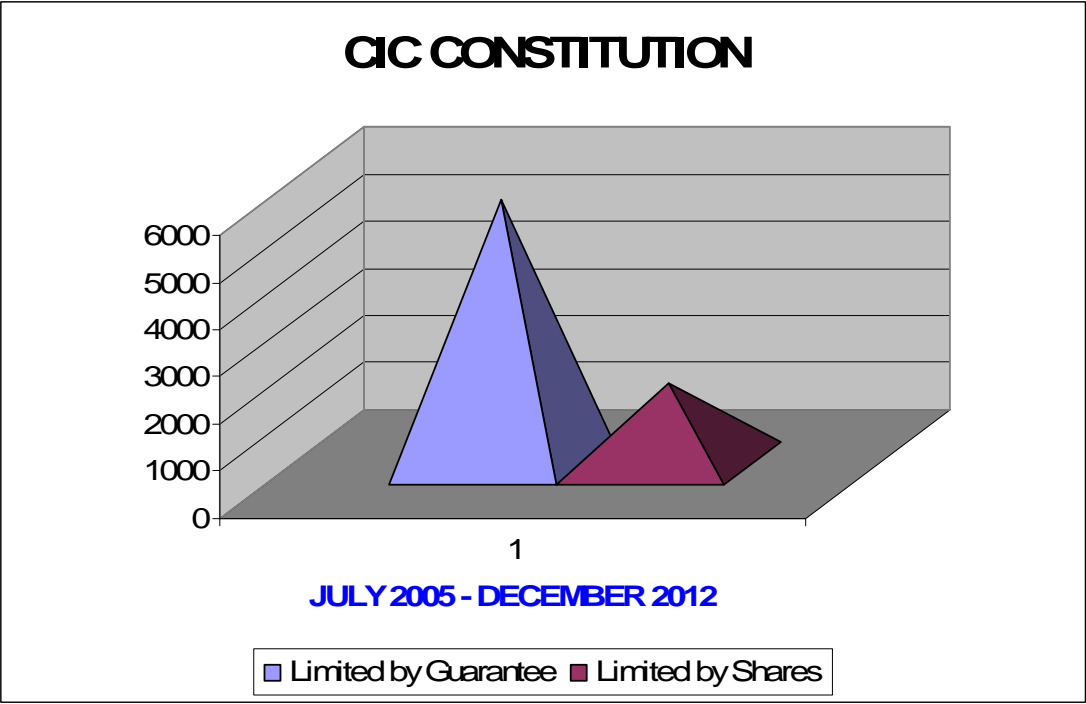


b) INCORPORATIONS AND CONVERSIONS

United Kingdom	
Incorporations	6451
Conversions	884
Total	7335
England	
Incorporations	5899
Conversions	810
Total	6709
Northern Ireland	
Incorporations	95
Conversions	11
Total	106
Scotland	
Incorporations	268
Conversions	41
Total	309
Wales	
Incorporations	189
Conversions	22
Total	211

c) **CONSTITUTION**

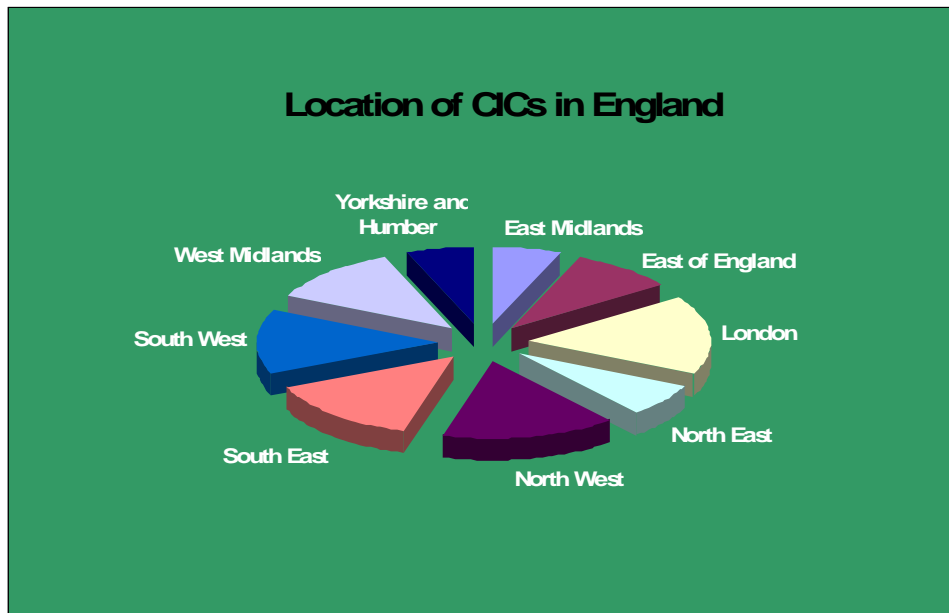
United Kingdom	
Limited by Guarantee	5628
Limited by Shares	1707
Total	7335
England	
Limited by Guarantee	5146
Limited by Shares	1563
Total	6709
Northern Ireland	
Limited by Guarantee	94
Limited by Shares	12
Total	106
Scotland	
Limited by Guarantee	216
Limited by Shares	93
Total	309
Wales	
Limited by Guarantee	172
Limited by Shares	39
Total	211



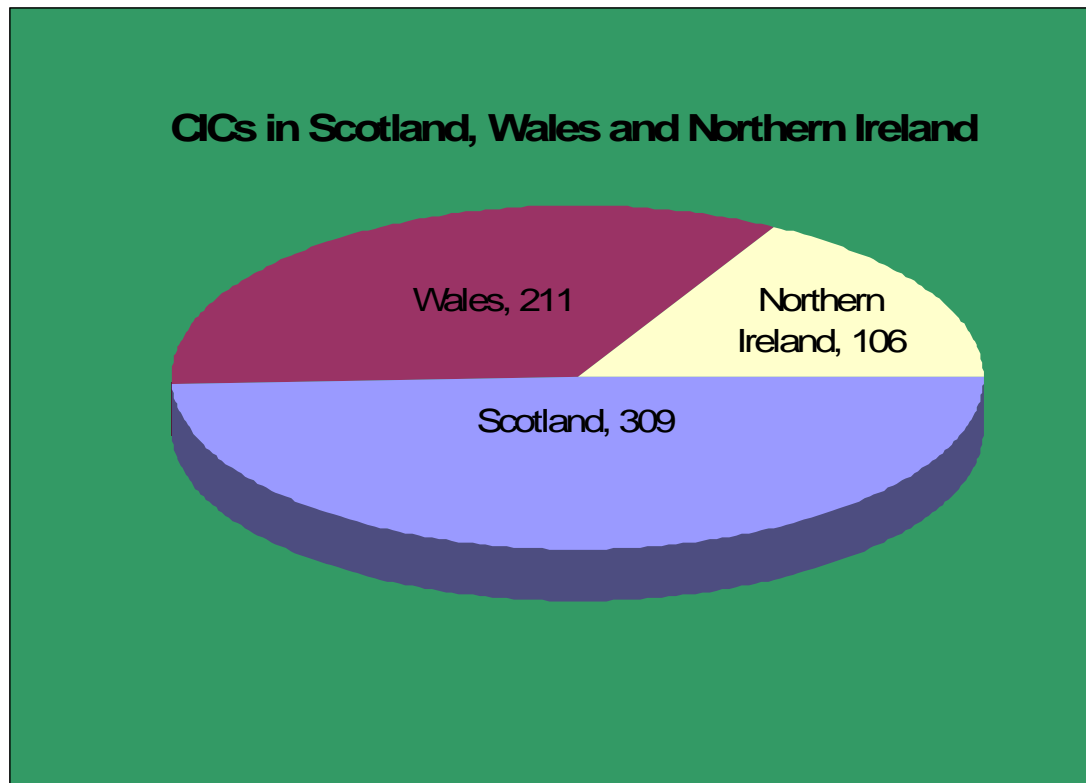
At the close of the period 75% of the CICs on the public register were limited by guarantee, with 25% limited by shares.

d) LOCATION OF REGISTERED OFFICE

	Number	%
East Midland	408	6
East of England	611	8
London	1127	15
North East	459	7
North West	1043	14
South East	957	13
South West	891	12
West Midlands	794	11
Yorkshire and Humber	419	6
Total England	6709	92
Northern Ireland	106	1
Scotland	309	4
Wales	211	3
Total	7335	100



e) **CICS IN SCOTLAND, WALES AND NORTHERN IRELAND**



The number of community interest companies registered in Scotland, Wales and Northern Ireland remains relatively small, representing just 8% of the total number registered in the UK. The above table identifies how this is broken down between the three countries.

Community interest companies were introduced throughout England, Scotland and Wales in July 2005 but legislation to allow community interest companies in Northern Ireland was only passed in April 2007, so progress in Northern Ireland has been relatively good.

The Regulator is keen to promote the growth of CICs outside England and has a close working relationship with the Scottish Social Enterprise Coalition and the Welsh Social Enterprise Coalition and visited Northern Ireland last year, building on her relationship with the Registrar for Northern Ireland and umbrella organisations.

f) ANNUAL COMMUNITY INTEREST COMPANY REPORTS

All the directors of a company have an additional obligation to prepare an Annual Community Interest Company Report which will be placed on public record. The purpose of the report is to demonstrate that the community interest company is still satisfying the Community Interest Test and that it is continuing to carry out activities which benefit the community.

Financial Year	Number
2005 - 2006	0
2006 - 2007	18
2007 - 2008	262
2008 - 2009	789
2009 - 2010	1571
2010 - 2011	2259
2011 - 2012	3040
2012- 2013	3634

10. ADMINISTRATION

In the last two quarters the Office of the Regulator of Community Interest Companies has dealt with the following number of enquiries:

	Telephone	E-mail
Current quarter	2500	884
Previous quarter	2776	1580

If you require this publications in an alternative format, email cicregulator@companieshouse.gov.uk or call 02920 346228 (24 hour voicemail).