



**COMMUNITY
INTEREST
COMPANIES**

The Office of the Regulator of Community Interest Companies

OPERATIONAL REPORT

Second Quarter 2012 – 2013

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1. REVIEW

Approvals have improved on last quarters figures with 510 new CICs gaining regulatory approval, the best month being July when 192 CICs were approved. At the time of this report we were frustratingly one short of the magic 7000. However CICs continue to grow apace with and we are well on course for celebrating well over 7000 CICs next quarter!

Despite the fact that many of our CICs receive large amounts of funding, many do not and this can be make or break for our CICs. A recent study has found that many CICs fold within the first two years of incorporation due to a lack of funding, therefore this quarter we have included an article about how to make a strong funding or grant application, the details of which were sourced from funders themselves.

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.

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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.

4. AWARENESS

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

Big Issue and HMP Cardiff

In July Sara met with Big Issue Invest where Sara had a very interesting conversation with Nigel Kershaw at The Hub, Westminster, which is a very lively CIC. They talked about the merging of Tself with Big Issue Invest and some interesting ideas for future working. She also visited HMP Cardiff to discuss the CIC as a model for their new social enterprise. There is more work to do on this and she is working with Sam Leonard from Social Firms Wales on it.

Japanese Delegation

In August Sara met with two members of the Japanese Government here in Cardiff. They were very interested to learn more about how our model works in practice and whether they could use a similar model to encourage social business which would take on work that is currently within their public sector. They particularly interested in our health spin outs and CICs delivering local authority contracts.

Workshops

In September Sara went to Caldicot to talk to a group of business advisors and people considering setting up a CIC about the progress of CICs and the process of set up and ensuring success. Also this month Sara travelled to Croydon to run a workshop. Croydon is very prolific in setting up CICs, and it is always worth spending time there. She then travelled to Norwich for the Festival of Social Enterprise the following day. Sara was a keynote speaker along with Cliff Prior from Unltd talking about why now is the time for social enterprise and went straight from that to run the a workshop.

Success Stories

Creativity in Sport CIC is based in Oxfordshire and was formed in 2008 with the purpose of providing an innovative exercise project to include life skills for disengaged or disadvantaged young people. “Body Rocks” is the name of the programme that the CIC started in 2008 and it aims to develop leadership skills with disadvantaged and disengaged young people and provide them with a physical activity course, which is specifically devised for and moulded by the participants. Lizzie Webb, the television fitness presenter and Debbie Flood, a silver winning Olympic rowing medallist, are the innovators of the CIC. They offer excluded and permanently excluded school pupils, ex offenders and young people at risk of social exclusion, the opportunity to study their positive life skills programme and fitness teaching qualification. When these young people qualify, they can enrol with the “Body Rocks Life Skills Training Scheme” to help instruct and peer mentor other excluded young people from schools and pupil referral units. They also engage and help transform the lives of young offenders and hard to reach groups in the local community. Body Rocks has their own accredited Level 1 & Level 2 alternative, creative physical activity programme with the examination board Active IQ. The Body Rocks project was awarded a London 2012 Inspire Mark in October 2011 and has been recognised as part of the Olympic Games legacy in the recent document by the Department of Culture Media & Sport “Beyond 2012” Their website can be found at www.creativityinsport.com.

Real Ideas Organisation CIC is based in Cornwall and was formed in 2007 with the purpose of using social enterprise to create new opportunities for young people and adults, making real change happen. They have five business units that work with schools, local authorities, private businesses and more, exploring, developing and delivering a range of social enterprise products and services. This is an extremely active CIC and the following are just some of its recent achievements. This summer they refurbished and ran Cornwall’s largest skate park, ‘Wooden Waves’ in Newquay, providing positive activities for over 250 young people during the school holidays. They

also designed and built some skate ramps which were used by Sky TV on the television show “A League of their Own”. They have developed the Devonport Guildhall into a social enterprise hub and cultural centre for Devonport and beyond, winning the People of Plymouth Award for the renovation of the Grade 1 listed building and also the Best Conversion or Conservation Project. They have successfully developed and piloted a new qualification to accredit and encourage young people working for positive change - The Social Enterprise Qualification (SEQ). Through the pilot they have formed a successful delivery and accreditation partnership with Small Firms Enterprise Development Initiative, the government recognised Standards Setting Body for Business Enterprise, Social Enterprise and Business Support. Students from Plymouth College working towards the silver SEQ (there are currently two levels - bronze and silver) designed and developed the Ecofeeder, a bird feeder made from recycled materials to protect and help save the environment. They sold 400 Ecofeeders, made a profit of £4,000 which was put back into the business and also the Wildlife Trust and as a result won the Young People’s Social Enterprise of the Year Award for England. They now work with fair trade shops to distribute their product. These are just a few of the things that this CIC has achieved so please visit the website on www.realideas.org for more.

[The Mires Mor Project CIC](#) is based in Cornwall and formed in 2009 with the purpose of providing a comprehensive marine awareness programme for disadvantaged, underprivileged and disengaged young people and adults. The programme covers the disciplines of Conservation, Environment and Wildlife. Based around field trips in environmentally friendly Cornish sailing or motor vessels, groups are offered specially tailored learning and motivational experiences, all underpinned by basic sailing, scientific and environmental ideas and practices. This year sees the project developing beach awareness activities such as ‘Rock-Pooling’ using a small underwater video camera! The Mires Mor Project (pronounced ‘Mirris Mor’ and meaning ‘sea watch’ in Cornish) was invited to attend the annual awards ceremony by the Cornwall Rural Community Council and received a first place award as “Small

organisation, Big Achiever' County of Cornwall & the Isles of Scilly. Their website can be found at www.nmmc.co.uk

5. PROFILING CICS

With over 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:

[People and Gardens CIC](#) is based in Cornwall and was formed in 2010 to assist people with learning disabilities and mental health issues to develop work and social skills to enable them to take control over their own lives. They provide sustainable vegetables and salads for the Eden Project catering units and shops. They also run a Veg Bag Scheme and 'grow their own' at the Watering Lane Nursery where they produce a wide variety of fresh, wholesome, mouth-watering produce with all profits from this scheme going towards employing the disadvantaged. They have even grown vegetables for the 'Urban Chef', Oliver Rowe, so that he can promote the project at his London restaurants. A wonderful piece of news, hot off the press, is that Ken Radford who manages the project has been nominated by the Eden Project for the National Trust's Octavia Hill 2012 Award. Ken has worked tirelessly to make the People and Gardens C.I.C. project what it is today and his commitment and enthusiasm to all aspects of the project can be seen by all who attend, whether they are working with the group or as a visitor to the site. Please visit the website on www.peopleandgardens.co.uk

[Myers-Insole Local Learning CIC](#) is based in Bristol and was formed in 2005 with the purpose of promoting an understanding and appreciation of Bristol's heritage and culture through easily accessible educational resources. They were commissioned by Bristol City Council to manage an 'oral history and

schools project' to celebrate the 150th anniversary of Durdham and Clifton Downs Parliamentary Act that secured public access to the Downs in 1861. They also managed a three year community learning project for Bristol City Council. This project involved local schools, colleges and Fairbridge Trust (now part of the Princes Trust) to develop learning materials for an annual heritage trail in the deprived Stokes Croft's area of Bristol. Each heritage trail focused on a particular period of Stokes Croft's history and visitors were encouraged to collect guide books, newspapers and Top Trumps cards all created by local pupils and students! People were also able to join characters on tours of the area set in 1875, World War II or a Myths and Legends tour. Their website can be found at www.locallearning.org.uk/millicic

[Mental Health First Aid \(MHFA\) England CIC](#) is based in London and was formed in 2009 with the purpose of increasing the mental health literacy of the whole population. Their aim is to train one in ten adults in England, increasing confidence, addressing stigma and improving the chances of early intervention. The CIC is internationally recognised in seventeen countries, from Australia to the USA. The MHFA course teaches delegates over two days how to recognise the signs and symptoms of common mental health issues, provide help on a first aid basis and effectively signpost towards support services. To date there are over 650 instructors in England who have delivered the MHFA course to nearly 50,000 people. The CIC held their second annual Mental Health First Aid (MHFA) England awards ceremony in January at the House of Lords. The awards recognise those who have championed mental health wellbeing and helped increase public understanding of mental health issues in England. Professor Lord Patel of Bradford OBE, Patron of MHFA England, hosted the celebratory event to recognise the exceptional work done by individuals and organisations to increase the mental health awareness and resilience of communities through mental health first aid. He said "*MHFA England is not only an innovative and professional organisation, it is an essential community resource that is using its entrepreneurial skills to lead the way in community engagement.*" Poppy Jarman, CEO was announced as one of the top Future 100 young social

entrepreneurs of the year in November 2011 and the CIC was included in the NHS “Go London Health Legacy Directory” for the 2012 Olympic Games containing examples of London’s health legacy work. Their website can be found at www.mhfaengland.org

[Spectrum Community Health CIC](#) is based in West Yorkshire and converted to a CIC in 2011 with the purpose of providing advice, care and treatment through a range of health and wellbeing services for the people of Wakefield on behalf of the NHS. They use their flexibility as a social enterprise to be responsive to the needs of the local community, extending beyond traditional healthcare boundaries to deliver care that is personalised, evolving and effective. The CIC comprises three business units - community drug and alcohol treatment, contraception and sexual health and offender health. They have developed an excellent relationship with the St George’s Community Centre charity in Wakefield and ran a focus group for parents to ascertain the key areas of concern in respect of substance misuse and sexual health. This led to the design of a six week programme of education and awareness raising sessions at the St George’s Centre, covering basic drugs awareness including the new club drugs and an awareness of issues caused by alcohol misuse, self esteem and confidence when talking about sex, bullying including cyber bullying, managing eating disorders and self harm. They also developed an innovative partnership with Cancer Care UK and Macmillan to improve the experience of service users suffering from head and neck cancer who are alcohol dependent. Their well being nurses provide rapid access to community detoxification thereby stabilising their condition prior to surgery and reducing expensive and risky additional bed stays in Mid Yorkshire Hospitals Trust. The work of the nurses has received national acclaim from the British Journal of Nursing when they were awarded second prize within the Innovation Award category. Their website can be found at www.spectrumhealth.org.uk

6. FUNDED CICs

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. As you will see in chapter 7, 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.

Here are just a few of our CICs that have been particularly successful in their applications:

[Entrepreneurs in Action Foundation CIC](#) is based in Surrey and formed in 2009 with the purpose of delivering training programmes aimed at developing the entrepreneurial mindset and employability of young people from socially deprived backgrounds. They were successful in securing 2 grants - the first from the Shine Trust for £4,200 to deliver a 6 month long 'Entrepreneur Academy' programme to 13-14 year olds in Lewisham and the second from the London Borough of Lambeth for almost £2,500 to deliver a week long 'Summer Academy'. The CIC also works abroad and an example of this is their inspirational and motivational 7 day programme to 30 third year students at the CIDA University in Johannesburg which was an overwhelming success; they also work at Government level in Barbados to help realise a talent strategy to deliver enterprise to schools on the Island. Derek Browne, CEO, a Queen's Award for Enterprise winner is clearly passionate about developing a new generation of entrepreneurs who, irrespective of their background, can build a secure future through enterprise. You can visit website at www.theeia.com.

[Fullabrook Wind Farm CIC](#) is based in Devon and formed in 2006 with the purpose of making grants to assist in the provision of efficient energy, sustainable transport, recreational facilities, community safety and other public amenities for the benefit of people within the North Devon District and in particular those living near the Fullabrook Wind Farm. Under a grant

funding agreement with Devon Wind Power Ltd, they received a community fund grant of £1million payable in two stages; £3,500 was received in the early part of the year to cover initial expenses and the balance of £996,500 was received in the autumn. A website was established to provide information about the types of grant applications that would be considered and also encouraging members of the public and community organisations to become members. Many grants have been made to local community organisations including Appledore-Instow Ferry, Barnstaple Sea Cadets, Ilfracombe and District Transport Association and Ilfracombe Rugby Football Club. For more information on the community fund visit their website on www.fullabrook-cic.org

[Kiddyland Nursery CIC](http://www.kiddylandnursery.com) is based in Gwynedd and formed in 2008 with the purpose of raising funds to purchase an existing children's day nursery and to safeguard its existence for future generations of children in the locality of Holyhead. Children have access to daily outdoor activities in a secure garden which boasts a grassed area as well as a courtyard suitable for large wheeled toys. Indoors the nursery has 4 play rooms as well as a monitored rest/sleep area, child sized furniture and carefully selected age/stage appropriate play and care equipment and materials. The CIC has been supported by Porthyfelin Communities First Partnership to apply for grants and has successfully secured 2 pots of funding. The first was from the WCVA General for £5,000 to purchase equipment and the second a Community Facilities and Activities Programme grant from the Welsh Assembly Government for £189,000 in order to purchase the nursery. Since the reporting period the CIC has purchased the nursery, which is the longest established nursery on Anglesey soon to be celebrating its quarter century, and is open for business. For some wonderful pictures of the nursery check out the website on www.kiddylandnursery.com

7. FUNDING APPLICATIONS

Applying for funding is never easy and can be time consuming and frustrating. It is important that those wishing to make grants support the agenda of those applying for them and therefore we have put together our “*Top 6 Tips*” to increase your chances of success.

1. Select your prospective funder with care. Funders with broad criteria can be a higher risk for applicants as it is harder to know whether you are aligning with their objectives.
2. Understand what the funder wants to achieve with their grants. Is it focused on maintaining services, building the capacity of the organisation or influencing change? It is surprising how many CICs seeking to maintain their existing services apply to funders that are looking for R&D projects.
3. Present your project with confidence and clarity. A strong application articulates the need for the grant, who it will benefit and why it is important. If funders can't readily grasp what the project is seeking to achieve, then the application is likely to fail.
4. Present your case clearly, backed up with realistic facts and figures. Funders are seeking to make the greatest possible social impact with their grants. As a result they tend to prioritise those projects that can demonstrate ambition, capacity to deliver and potential for scale. Funders may look for evidence that a project will: meet a significant need or gap; benefit a large number of people; result in a model that can be replicated at scale.
5. Strengthen your application with the inclusion of a financial forecast and project plan as this indicates to the funder that their grant will be managed wisely. If you have been successful in secured funding in the past, be sure to mention this as it is likely to increase the funders confidence. It is also useful to reference how the project will be

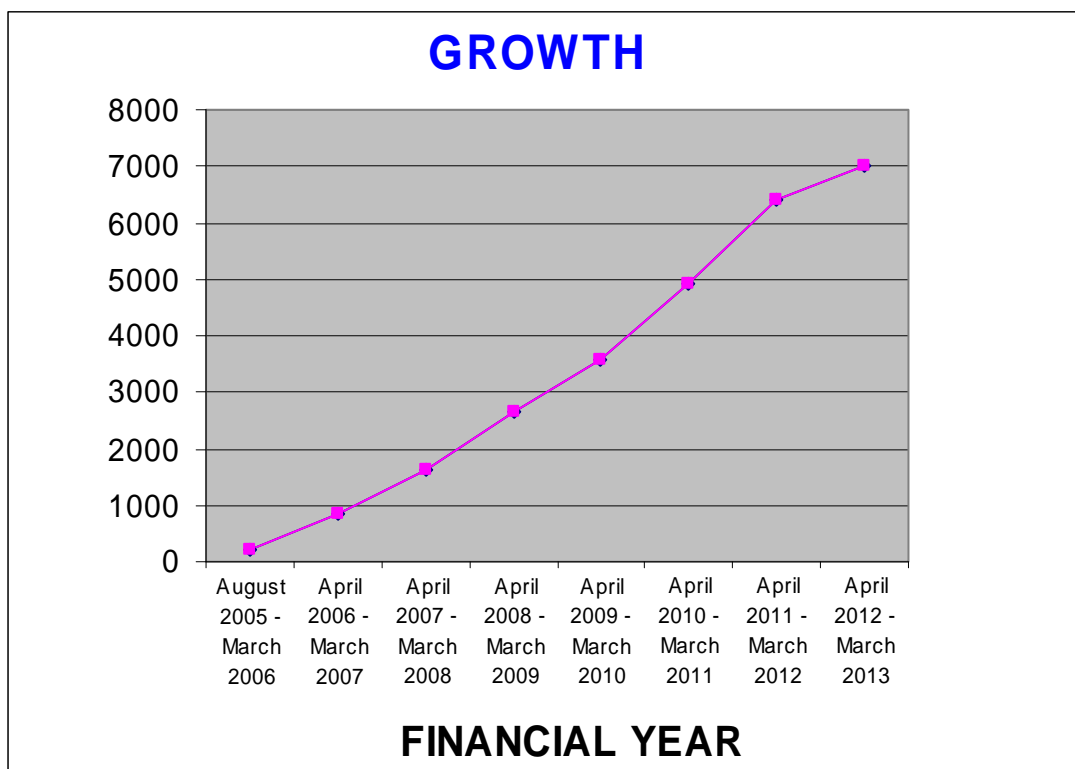
evaluated as this demonstrates a commitment to learning and improvement which should increase the likelihood of social impact and success.

6. Finally funders are always seeking to improve their practices and procedures to meet the needs of grant-seeking organisations. Whether your application is successful or not, honest feedback to the funder about their processes is vital if grant-making continues to support the development of the sector.

8. 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	1824	484	8	1332
2011 - 2012	2087	590	11	1486
2012 - 2013	993	379	5	609
Total	8979	1946	34	6999



b) INCORPORATIONS AND CONVERSIONS

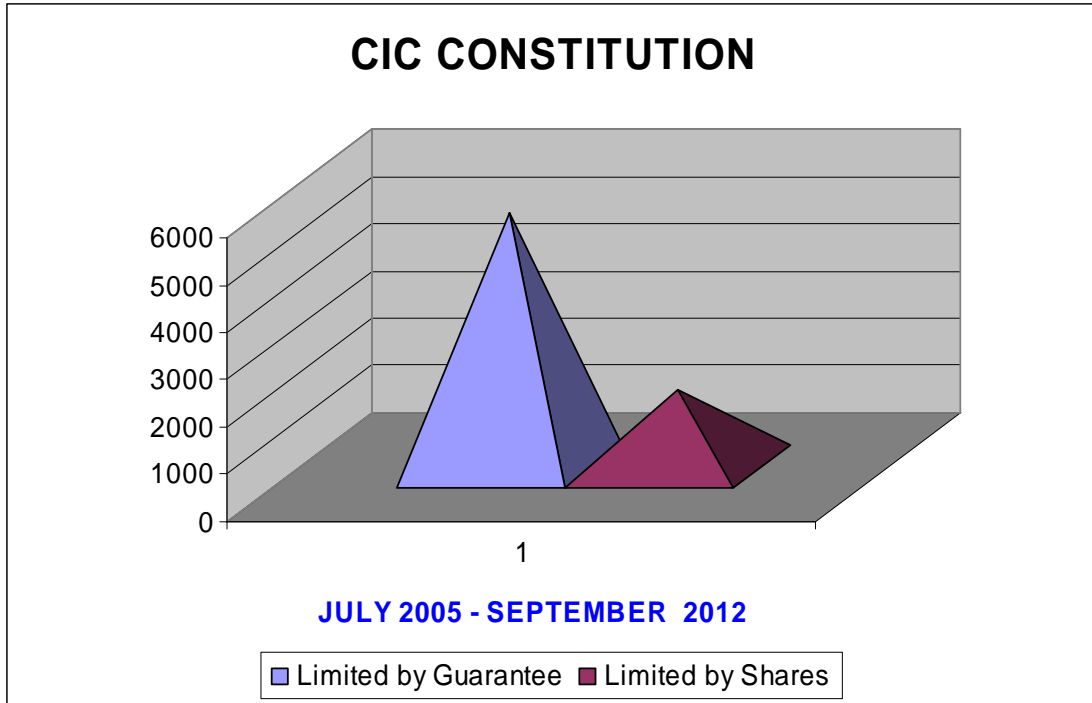
United Kingdom	
Incorporations	6160
Conversions	839
Total	6999
England	
Incorporations	5637
Conversions	768
Total	6405
Northern Ireland	
Incorporations	88
Conversions	11
Total	99

Scotland	
Incorporations	254
Conversions	40
Total	294
Wales	
Incorporations	181
Conversions	20
Total	201

c) CONSTITUTION

United Kingdom	
Limited by Guarantee	5374
Limited by Shares	1625
Total	6999
England	
Limited by Guarantee	4917
Limited by Shares	1488
Total	6405
Northern Ireland	
Limited by Guarantee	88
Limited by Shares	11
Total	99
Scotland	
Limited by Guarantee	204
Limited by Shares	90
Total	294
Wales	
Limited by Guarantee	165

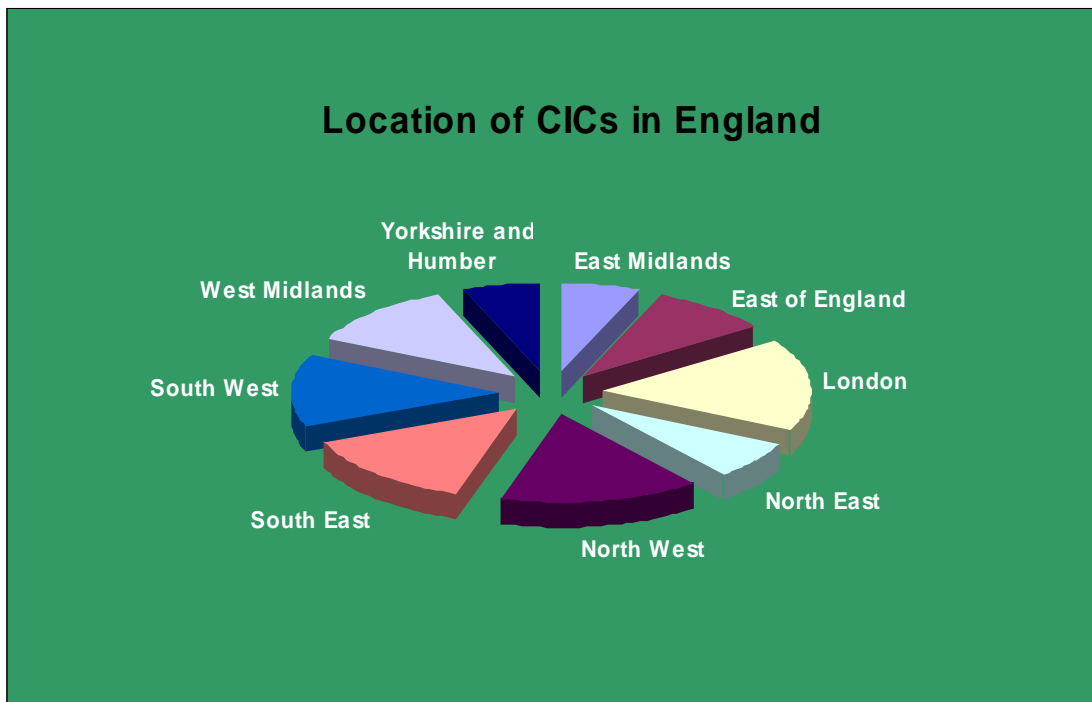
Limited by Shares	36
Total	201



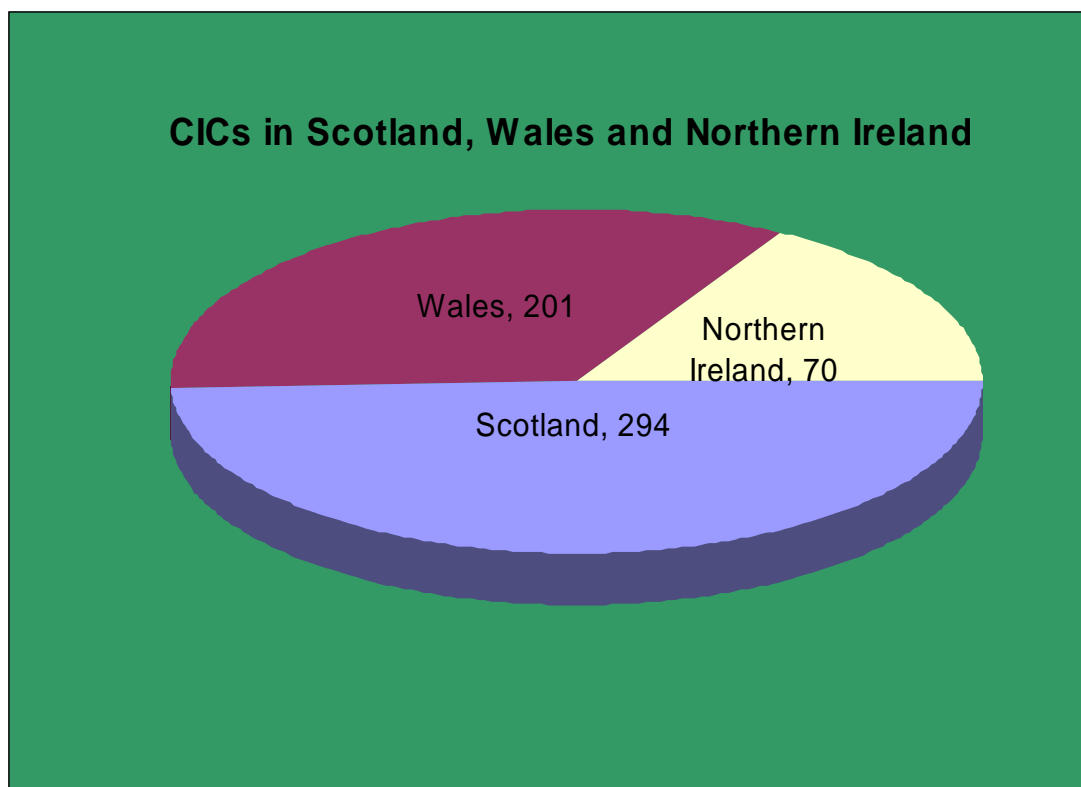
At the close of the period 76% of the CICs on the public register were limited by guarantee, with 24% limited by shares.

d) LOCATION OF REGISTERED OFFICE

	Number	%
East Midland	399	6
East of England	578	8
London	1082	15
North East	449	7
North West	998	14
South East	910	13
South West	856	12
West Midlands	739	11
Yorkshire and Humber	394	6
Total England	6406	92
Northern Ireland	99	1
Scotland	294	4
Wales	201	3
Total	6999	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	1727

9. 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	2776	1580
Previous quarter	1493	842

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