



**COMMUNITY  
INTEREST  
COMPANIES**

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

## **OPERATIONAL REPORT**

Second Quarter 2013-2014

## **CONTENTS**

<b>1. REVIEW.....</b>	<b>1</b>
<b>2. THE TEAM.....</b>	<b>2</b>
<b>3. LEGISLATION.....</b>	<b>3</b>
<b>4. AWARENESS.....</b>	<b>3</b>
<b>5. PROFILING CICs.....</b>	<b>4</b>
<b>6. FUNDING FOR CICs .....</b>	<b>6</b>
<b>7. STATISTICS.....</b>	<b>10</b>
<b>Growth of CICs</b>	
<b>Incorporations and Conversions</b>	
<b>Constitution</b>	
<b>Location of Registered Office</b>	
<b>CICs in Scotland, Wales and Northern Ireland</b>	
<b>Annual Community Interest Company Reports</b>	
<b>8. Administration.....</b>	<b>17</b>

## 1. REVIEW

Welcome to the second quarter CIC Operations Report 2013.

This has been a very busy quarter for the CIC Team. Our Annual Report was laid before Parliament in July and can be found on our website under the publications tab at <http://www.bis.gov.uk/cicregulator/publications> . This year we wanted to make the report colourful and vibrant as well as giving the general public some interesting and informative facts and figures and hopefully we succeeded.

Our website is being transferred to GOV.UK and we have been busy with preparations for this. The website is expected to be listed as 'High Profile' on the BIS homepage and we are doing everything to ensure that it is as accessible and as easy to navigate as possible. We have had some fantastic feedback on the quality of the current website and we don't want to lose that.

Another major piece of work this quarter has been the Regulators launch of the Dividend Cap Consultation. This was included with the HMRC Tax and Social Investment Tax Relief Consultation and we are currently analysing the responses. The results are planned to be published in December this year.

As usual we have provided details of just a few of our CICs that have excelled in the good works provided for their communities of benefit and those that have attracted generous amounts of funding despite the current financial climate. The CICs highlighted are extremely diverse and range from one running a science fair to another specialising in falconry and birds of prey. CICs that have attracted funding range from providing armed services veteran support based in Newcastle to a tourism venture in Mid Wales. See sections 5 and 6 for more details.

Section 8 gives statistics on the growth of the CIC Brand. On 30<sup>th</sup> September there were close to 8500 CICs on the Companies Register which equates to an increase of roughly 100 per month since the last quarter. Within England,

London and the North West of England continue to be the regions with the highest amount of CICs registered. Elsewhere, Scotland, Wales and Northern Ireland have some catching up to do with Scotland currently head of the leader board.

We hope that you find this report and informative and interesting read.

---

## 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
Policy 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.

---

### 4. AWARENESS

Our Regulator has been extremely busy this quarter having attended meetings and events too numerous to mention, therefore we have listed below just some of the events, meetings and awareness raising sessions that Sara has attended this quarter:

23 <sup>rd</sup> July	Social Firms Wales in Cardiff
30 <sup>th</sup> July	Charlotte Ravenscroft, NCVO's Head of Policy and Research in London
19 <sup>th</sup> August	London – Meeting with Social Enterprises
04 September	Social Enterprise Policy and Practice - Scotland's Annual Conference in Glasgow
10 September	Festival of Social Enterprise – Norwich
26 September	Northern Ireland Charity Commission in Belfast

---

## 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:

**Big Bang Education** was formed in 2010 with the purpose of staging The Big Bang UK Young Scientists & Engineers Fair. The Big Bang is the largest celebration of science, technology, engineering and maths for young people in the UK. Since the first Fair was held in 2009 they have continued to grow and this year they welcomed over 65,000 visitors to Excel London. Senior level political support at the event reached an all time high with Business Secretary Vince Cable opening the Fair and spending the morning there. The Prime Minister visited for the first time too and here is what he had to say: *“If we’re going to succeed as a country, we need to train more scientists and more engineers and we need more women to go into these areas. You’ve got to get them when they’re young. The Big Bang Fair is a great idea. Kids can come here and see what science can do to tackle problems but it also inspires and excites.”* Praise indeed!

**City Health Care** formed in 2007 with the purpose of providing healthcare to the population of Hull and East Riding of Yorkshire. They provide community health and integrated social care services to over half a million local people and they employ approximately 1400 people. They have four operational business units which comprise Children and Young People Services, Primary Care and Psychological Wellbeing, Specialist Community Services and Adult Services. These are all supported by a fifth, Corporate Services. Their recent Social Return on Investment audit showed a return of £23 for every £1 spent

and their user survey showed that 96% of all respondents would recommend their services based on their overall experience.

**Feather Perfect Falconry** formed in 2011 with the purpose of providing a range of specialist bird of prey experiences, events, education and training packages that aim to connect people with nature and provide valuable lessons for life. Based in the beautiful Shropshire countryside FPF has a magnificent selection of owls, falcons and hawks all cared for and trained by experienced falconers. They have built up strong community links visiting schools, clubs and care homes and providing memorable experiences for young and old alike. They are happy for volunteers to get involved too and have encouraged individuals to take part in conservation and preservation projects with organisations such as the National Trust, learning how to correctly place barn owl boxes.

**Gangs Unite** are based in South Grove, Walthamstow and mentors around 70 young people through sport and performing arts. The Home Secretary Theresa May has praised the Waltham Forest gang action programme, including the work of Gangs Unite. Iain Duncan Smith, who has a history of working with the borough's gangs and is patron of the CIC said: "We had a really productive meeting with the Home Secretary – it was great for her to meet some of the people on the ground such as Colin James from Gangs Unite. She was very interested in the work Colin has been doing - he has been instrumental in helping to pull young boys in Waltham Forest out of gangs and showing them an alternative way of life". In the past year gang violence in Waltham Forest amongst 10 to 19 year olds has almost halved.

**Investing for Good** converted to a CIC in 2005. Their vision is for a financial system that enables socially motivated investors to make investments that connect money to social value. To this end they have developed their pioneering Social Bond Programme. The programme is designed to use a well-understood and established mainstream financial product, a bond, to drive capital into the social investment market. Investors in the social bonds

include private banks, wealth managers, corporate investors, local authorities, foundations, high net worth individuals and advisors. As part of the UK's G8 presidency this year, the Prime Minister asked for an event focusing on social investment and Investing for Good was invited to showcase its pioneering charity bond.

---

## 5. 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 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.

These are some of the funding successes that have been brought to our attention this quarter:

The grant to [About Turn CIC](#) from the [Big Lottery Fund's Reaching Communities Programme](#) is one of several made across the region. The Newcastle-based veterans group will use its [£287,548](#) grant to expand its work with former service men and women suffering from post traumatic stress disorder and having difficulties reintegrating back into civilian life. The group works with nearly 150 veterans from as far back as the Second World War,



the Falklands, Northern Ireland, Bosnia, Sierra Leone, both wars in Iraq and Afghanistan.

**Bookdonors** was formed in 2005 with the purpose of trading in used books to help people, charities and the environment. As one of our flagship CICs and based in Selkirk in the Scottish Borders, Bookdonors continues to sell its books directly to the general public through its own retail website. They have been successful in securing financial support from Scottish Enterprise Borders to employ a specialist manager and secured investment of **£175,000** from **Social Investment Scotland**. This was used to further improve storage capacity and purchase a small fleet of vans better optimised for book collections. Statistics show that they have diverted over 835 tonnes from landfill, processed 2.4 million books and promoted re-use by selling over 114,000 second-hand books!

A brand new tourism venture in Wales is the first project to benefit from a share of a major **£1.56m** tourism grant. The community owned Level Crossing pub in Llandovery is being leased by the **Level Crossing CIC** and has been renovated to become a 50 bed bunkhouse offering hostel style accommodation. The building will also provide a training venue, hosting catering and hospitality courses, linking in with local colleges. It is one of many projects in the county, aiming to develop or create tourism attractions and facilities, to benefit from the **Strengthening the Tourism Appeal of Rural Carmarthenshire (STARC)** grant which was funded through the Rural Development Plan for Wales 2007-2013.

Australian actor Jason Donovan surprised a Bristol theatre company to tell them they had been voted the nation's favourite arts project. **The Misfits Theatre CIC** which is run by people with learning difficulties were this year shortlisted in the National Lottery Awards' search to find the UK's favourite lottery-funded projects. The group meets at Hamilton House, Stokes Croft and puts on performances and drama workshops. The CIC, which received just

short of [£150,000 in lottery funding](#), comprises around 45 members who all have a learning difficulty – seven of whom are directors of the company.

A youth worker made redundant when her community project was axed in town hall cuts has re-launched the service after securing lottery funding. Sandra Whittaker spent 18 years as an outreach worker at the Newton Heath Youth Project before it was axed in 2011. Sandra embarked on a mission to re-launch the project and set up the [Newton Heath Youth Project CIC](#) in January last year. The scheme has now been awarded [£224,000 in lottery funding](#) which will see it provide activities and support for young people. The scheme will offer drugs, alcohol and anger management programmes as well as help in finding work for teenagers out of work or education. Young adults under 25 who suffer from learning difficulties will also be able to access the service.

[Realise Futures](#) was formed in 2011 with the purpose of providing work and learning opportunities in Suffolk for people with disabilities and disadvantages. Their Employment Service business has shown excellent growth through the securing of two contracts via the Work Choice and Work Programmes as a sub-contractor and the TUPE transfer of 9 staff from the Papworth Trust. The Enterprise and Training businesses have successfully bid for [£140,000](#) of funding from the [Social Enterprise Investment Fund](#) to grow the Recycled Plastic Furniture business and they have created 27 paid employment opportunities for disabled and disadvantaged people within their overall business structure.

[The Oceans Studios Plymouth CICs](#) development at Royal William Yard will get an injection of [£794,000](#) from [Plymouth City Council's Investment Fund](#). Members of the city's Cabinet have agreed that the council should act as guarantor to a loan of similar value. The £4.06 million building project will create 1,900 square metres of affordable artists studios. The council's input will help the CIC which is behind the project, to unlock £3.27million in public funding. The CIC will create workspaces for more than 100 people and provide facilities to encourage talented graduates to stay in the city. The CIC

is expecting a £794,000 loan from the [Growing Places Fund](#), matched by the council's investment fund. The rest of the funding will be made up by £455,000 from [English Heritage](#) and £52,000 from others.

Other funders that have helped CICs include:

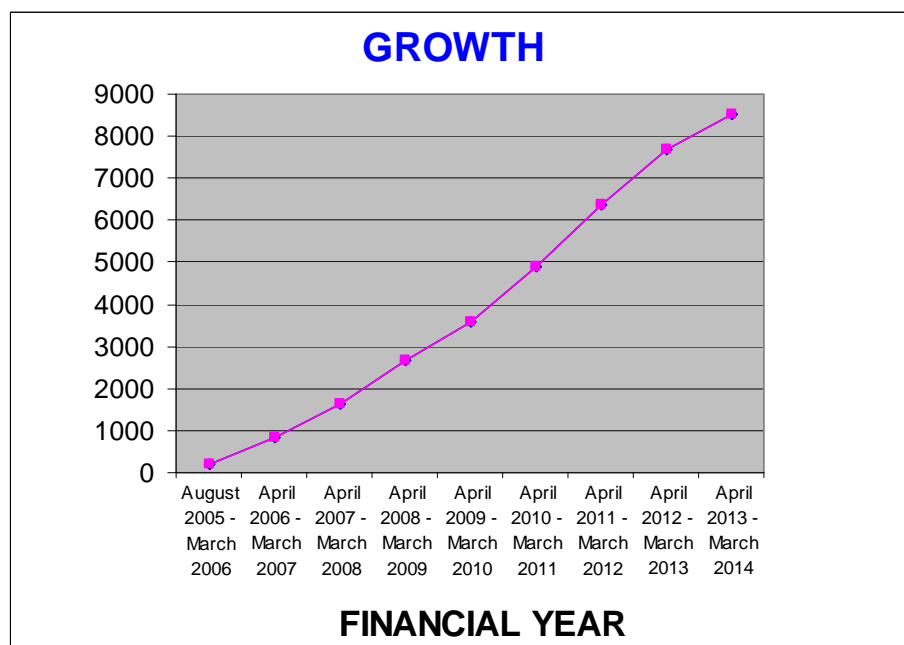
FUNDER	AMOUNT £	CIC NAME
<a href="#">Charity Bank</a>	50,000	<a href="#">Reviive</a>
<a href="#">Esmee Fairbairn Foundation</a>	20,000	<a href="#">The Oak Tree Low Carbon Farm</a>
<a href="#">Awards for All</a>	10,000	<a href="#">Kenny Webber Holistic Centre</a>
<a href="#">Arts Council of England</a>	9,950	<a href="#">The Creative Seed</a>
<a href="#">Big Lottery Tom Carey Fund</a>	5,000	<a href="#">The Apple core</a>
<a href="#">Big Lottery Fund</a>	4,500	<a href="#">Street Factory</a>
<a href="#">Danielle Beacon Foundation</a>	1,000	<a href="#">Culturebox</a>

---

## 7. 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	2055	765	11	1279
2013 - 2014	1236	470	8	758
<b>Total</b>	<b>11277</b>	<b>2801</b>	<b>48</b>	<b>8428</b>



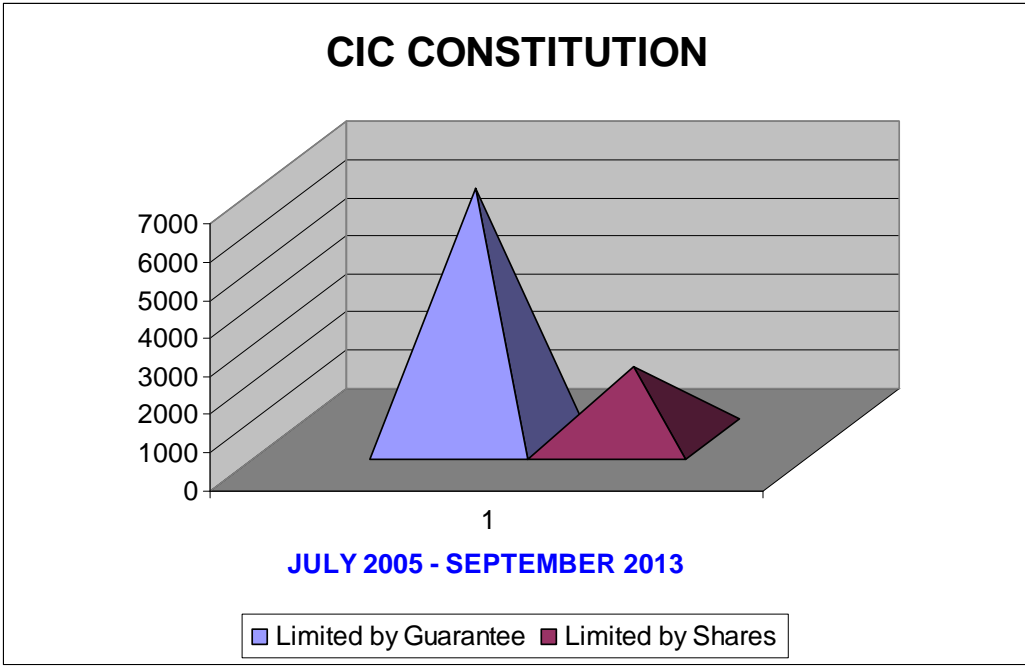
**b) INCORPORATIONS AND CONVERSIONS**

<b>United Kingdom</b>	
Incorporations	7415
Conversions	1013
<b>Total</b>	<b>8428</b>
<b>England</b>	
Incorporations	6750
Conversions	934
<b>Total</b>	<b>7684</b>
<b>Northern Ireland</b>	
Incorporations	111
Conversions	13
<b>Total</b>	<b>124</b>
<b>Scotland</b>	
Incorporations	323
Conversions	44
<b>Total</b>	<b>367</b>
<b>Wales</b>	
Incorporations	231
Conversions	22
<b>Total</b>	<b>253</b>

---

c) **CONSTITUTION**

<b>United Kingdom</b>	
Limited by Guarantee	7415
Limited by Shares	1013
<b>Total</b>	<b>8428</b>
<b>England</b>	
Limited by Guarantee	6750
Limited by Shares	934
<b>Total</b>	<b>7648</b>
<b>Northern Ireland</b>	
Limited by Guarantee	111
Limited by Shares	13
<b>Total</b>	<b>124</b>
<b>Scotland</b>	
Limited by Guarantee	323
Limited by Shares	44
<b>Total</b>	<b>367</b>
<b>Wales</b>	
Limited by Guarantee	231
Limited by Shares	22
<b>Total</b>	<b>253</b>

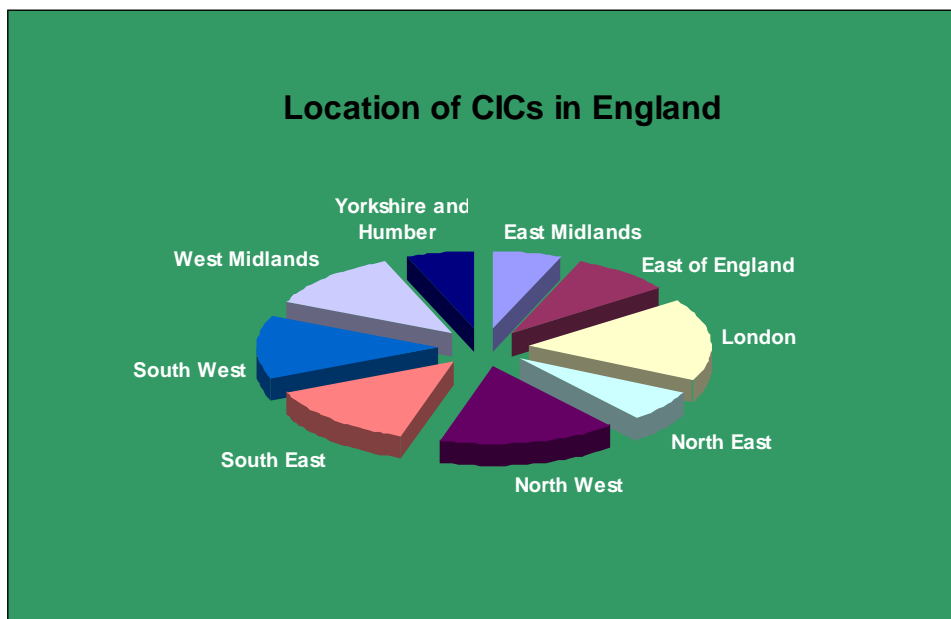


At the close of the period 76% of the CICs on the public register were limited by guarantee, with 24% limited by shares.

---

d) **LOCATION OF REGISTERED OFFICE**

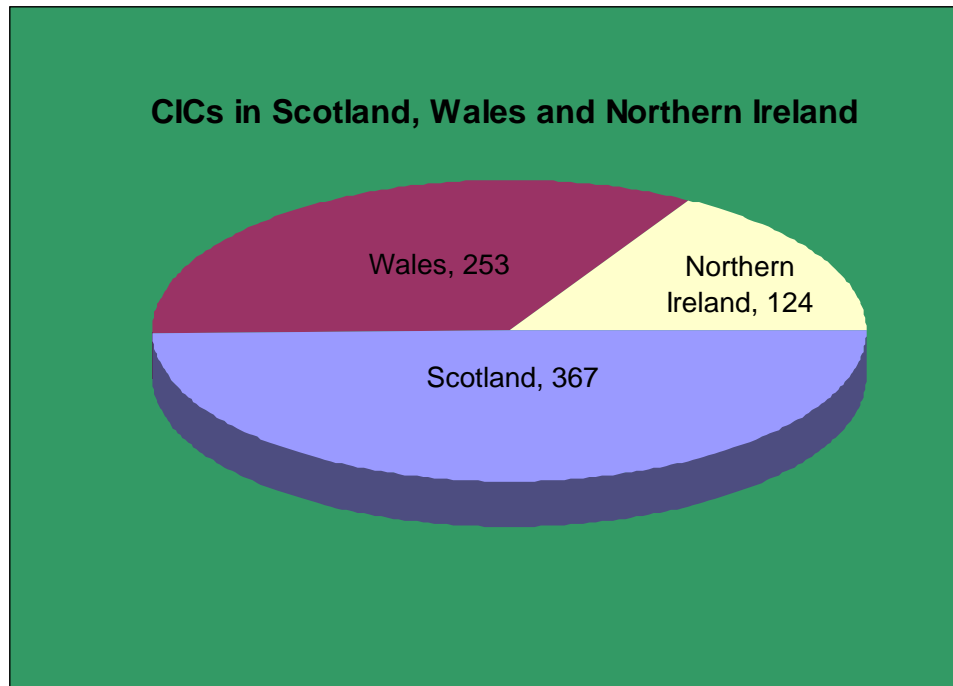
	<b>Number</b>	<b>%</b>
East Midland	478	6
East of England	670	8
London	1319	16
North East	513	6
North West	1220	14
South East	1062	13
South West	1016	12
West Midlands	930	11
Yorkshire and Humber	476	6
<b>Total England</b>	<b>7648</b>	<b>92</b>
Northern Ireland	124	1
Scotland	367	4
Wales	253	3
<b>Total</b>	<b>8428</b>	<b>100</b>





---

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 has visited Northern Ireland 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.

<b>Financial Year</b>	<b>Number</b>
2005 - 2006	0
2006 - 2007	18
2007 - 2008	262
2008 - 2009	789
2009 - 2010	1571
2010 - 2011	2259
2011 - 2012	3040
2012- 2013	4163
2013 - 2014	2231

---

**8. ADMINISTRATION**

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

	<b>Telephone</b>	<b>E-mail</b>
Current quarter	1911	1192
Previous quarter	911	624

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