

Regulator of Community Interest Companies
Annual Report 2011/2012



“ Thriving at
the heart of
their community ”



Regulator of Community Interest Companies Annual Report 2011/2012

Presented to Parliament pursuant to section 27(8) and schedule 3, section 7 of the Companies (Audit, Investigations and Community Enterprise) Act 2004.

During the period of this report, the Office of the Regulator of Community Interest Companies (CICs) was a Partner of the Department for Business, Innovation and Skills (BIS).

MISSION, VISION & OBJECTIVES	5
FOREWORD BY THE REGULATOR	7
EXECUTIVE SUMMARY	8
THE CIC TEAM	10
ORGANISATIONAL CHART	11
REGULATORY ACTIVITIES	12
GROWTH	13
COMPLAINTS	14
FINANCE	16
DEVELOPMENTS	18
CIC ASSOCIATION	21
KEY STATISTICS	22

Mission

To ensure the 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.

Objectives

1. To build public confidence in CICs through effective impartial regulation and the provision of information.
2. To develop strong links with key organisations to ensure an integrated approach to regulation and to provide quarterly reports to stakeholders.
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.
6. To support the Department for Business, Innovation and Skills in achieving its objective: "Encourage enterprise, growth and business investment".



From the Regulator

What a year! I've seen the last Vulcan left flying settled into its new CIC home, (well I didn't actually see it fly but I know it can), participated in a symposium in the French Assembly on social business and social justice (I don't speak French I'm embarrassed to say!), spoken at the first bespoke event for CICs, organised by the CIC Association, and attended some inspiring events at which I bumped into more and more CICs. And - drum roll please - we have seen the number of CICs pass the 6,000 mark. There must be an argument for a collective name for a large and growing number of CICs.

We also had to think about important changes within Department for Business, Innovation and Skills (BIS) which we became part of in April 2011. The changes impacted on jobs and working practice, reflecting the need to be more innovative and flexible in our delivery to make the most of increasingly limited resources. We were lucky; we stayed together as a team and used the opportunity to become more efficient and to provide an even better service to all our customers. Not a bad result in the light of a reduced budget and staffing establishment.

An exciting change has been the format for this Annual Report which I hope you will like and for which we owe a debt of gratitude to Companies House. I think it's terrific but of course, as usual, I am biased so please let us know what you think.

Plus, if you haven't noticed, we have a new style website supported by BIS and which we have tried to make more user friendly and intuitive. This is work in progress with an ambition of setting it in plain English. Why not let us know what you would like to see – honestly, we will listen!

All of this has taken place against the background of an economy struggling to gain stability after severe turbulence. But in spite of this, I remain upbeat and have seen signs that the CIC model is really beginning to mature.

Now in our seventh year, we are seeing more complex companies setting up but, with that, more insight, better use of expertise and greater thought behind setting up a CIC. For these reasons they are achieving greater investment and financial support and being increasingly recognised across the public and third sector. Still a way to go but we now have some very public facing companies that will help to deliver our message to a wider audience.

We have seen a growth in the number of local authority spin offs – as the Guardian put it "PCT to CIC". A change of title but more importantly a change of focus which enables the organisation to take stock of its working practices and how it delivers its services, without the risk attached to becoming a private sector business. The CIC is a private company but the regulations it operates under challenges it to use its assets purposefully and with the community at the heart of its decision making. These CICs are changing the landscape with some high turnover organisations sitting comfortably alongside our small and innovative businesses. It has not been without its controversy and in one instance a CIC was heading towards a Judicial Review. I know that there are lots of fears about private sector intrusion into public service delivery and my challenge is to get more of the right people, and that includes patients

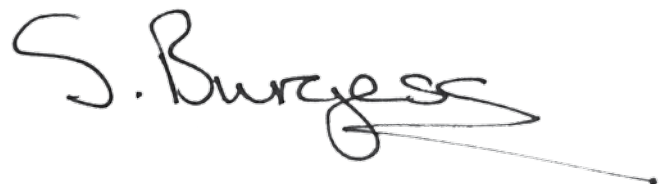
of large health related services, to understand what the CIC is about. Interestingly, I learned just recently that the charity sector share similar concerns about CICs potentially taking their business. It's a fascinating mix and is set to challenge us in all kinds of new ways but for me the key is information. CIC is not for everyone but 6000 companies say it's for them.

So hands together for those entrepreneurs who continue to grasp opportunities, in the face of a force ten gale. These people are helping to breathe life into our economy with new and innovative ways, dismissing the tried and tested and often failed methods of the past.

The end of the year saw me in Glasgow with lots of other socially enterprising people, where Social Enterprise UK and Social Enterprise Scotland joined forces for their annual conferences. There were lots of positives and lots of reminders of the challenges to come.

In the year ahead I will continue my work to build confidence in the CIC model, working with the team to develop our regulatory role, maintaining strong links with key organisations to ensure an integrated approach to regulations and meeting the expectations of those affected by our work. There will be a review of the changes made to the Dividend and Performance Related Interest Caps made as a result of the consultation in 2009 and I will be working very closely with the CIC Association who will take the lead as part of their annual survey of CICs.

The CIC team will meet all the challenges and developments in the coming year head on. I know that CICs will be doing the same. So will I.



Sara Burgess
Regulator

Executive Summary

The year has seen the register of CICs increase to 6,391 and a record 2,087 approved for the year. We do not work to targets but we do celebrate the success of the model at a time when the economic climate is challenging everyone in business in the UK and around the world. Importantly, the 5,000th CIC was registered in May 2011 and by January 2012 we had registered the 6,000th CIC.

The diversity of CICs never fails to impress; health and social care, business advice, education and training, employment, and transport feature largely. There are also lots in media and radio and TV, some covering tourism, regeneration and recycling, sport, finance, cafes and theatre - we even registered a vertical farm.

The Health Lottery set up 51 CICs to distribute funds to health related organisations in local areas. Suffice to say the lottery itself has faced some controversy but the CICs have done what CICs do and supported a community of interest across the UK with a significant pot of funds.

A number of health spin outs decided to take the CIC option and others are still considering it. Many of these are substantial and it will be interesting to observe their development and impact in the CIC movement and to see their annual community interest reports.

Registrations, however, are only one side of the story and the number of companies dissolving increased on the previous year from 484 to 590. Access to finance and funding is a major issue and for the majority it was simply that they never got going. Many were dormant and were struck off by the Registrar of Companies for failing to file their statutory documents.

On a more positive note, the figures show there are a good number of CICs making it to 3 years and beyond.

This year has seen a step change in the role of the Regulator with greater emphasis on regulation rather than registration. Because of this and following the consequences of the Government Spending Review, we looked closely at the way we operated. A number of changes to working practices were initiated, including moving to a paperless office. We now have more space, a much more pleasant environment to work in and improved access to information. Once Companies House is able to get our registration and reporting processes e-enabled in a year or so, we will be fully up to speed with the age of technology!

As expected, we have seen an incremental increase in the number of CIC 34 reports being placed on the public record, offering a level of transparency and accountability not provided by ordinary companies. These reports help to inform the Regulator of the value, recognition and development of the CIC brand and model.

When reviewing these reports we look closely at sustainability, funding, contracts, activities and relationships with stakeholders. We note the poor quality returns and try to get the CIC to do better next time. Our challenge is to ensure that CICs understand the purpose and value of this information, not just for themselves but the sector as a whole.

As a regulatory body we would hardly know how effective the model can be without this regular information. It is a body of evidence which tells us how CICs are performing in these difficult times. The success stories are there, many are securing significant funding, investment and grant-aid. Being a CIC does not guarantee funding and we feel, at times, that it is less to do with the company model and more to do with having a strong business plan, a clear strategy and good corporate governance.

Another piece of work has been to ensure consequential amendments to the regulations, required with the introduction of the Companies Act 2006. These amendments relate to the submission of CIC 34 annual report with the annual accounts to Companies House. The amendments make no difference to the reporting process for CICs but will appear differently in the legislation because of the changes to the Companies Act. They were not written in at the time of the changes, although the requirement for them to be was made, so we have been working with BIS Legal and the Better Regulation Unit to put this right and to make sure it did not have an impact under new government requirements regarding regulations. The amendments will be in place from October 2012.

The CIC 34 is required to be submitted to the Registrar of Companies along with the annual accounts as a package. If one comes in without the other, they are returned and if they do not come back by the accounting deadline, Companies House will apply late filing penalties.

We recognise that the process would lead to less likelihood of incurring penalties if CICs were able to file reports online with accounts, which they cannot do currently and we are working hard with Companies House as they work towards getting this in place for us.

Of course the annual report is not going to tell us where things go wrong and this is where the complaints process plays a significant part. This year we saw complaints increase but not significantly, given the increase in the number of CICs on the register. The complaints procedure is a work in progress; we want to encourage people to file complaints but it is important that they also understand the limitations of our powers and we say more about this later in the report.

Confidence can be easily lost, especially with something as new as the CIC model. A CIC abusing its role could undermine the brand and the wider work of the CIC community. The value of regulation is that there is a pathway which can ensure that misconduct or mismanagement can be addressed and for many, a point of contact to share their concerns. The confidence of knowing there is an independent body able to review issues, ►



is becoming obvious as we address more and more concerns about the behaviour of companies registered under the Act. This is an important aspect of our work which offers assurance to the general public and underpins our regulatory process.

The excellent working relationship we have with Companies Investigation and the support we get from them has been an important part of the development in our process of managing and responding to complaints.

We have also made changes to the way we deal with telephone calls and emails, answering over 90% within a 24 hour timescale, which is a remarkable achievement. Our website provides high quality information to enable customers to find what they need quickly and clearly and feedback on the customer experience is consistently high.

Our case studies series has proved to be very successful over the past two years and so we have added to them again this year and some of the pictures have been reproduced in this report, to give you a flavour of what is available. The Regulator's role in raising the awareness of CICs has continued to play an important part and has been conducted in a variety of ways, including face to face meetings with other regulators, speaking at conferences and running workshops. The Technical Panel, which formed following the changes to the dividend and performance interest caps has played an invaluable support role in guiding the Regulators thinking around CICs and regulation.

Well done to the CIC team who have all done sterling work this year with enthusiasm and in good spirit. With support from them, Companies House, BIS and our other supporters, the good account we are able to present in this report looks likely to continue into the future.

The CIC Team

Sara Burgess

Sara became the first female Regulator of Community Interest Companies on 14 September 2007, bringing with her a background in charity work, having started out as a community worker and then taking on management and senior management roles. Sara also has a wider understanding of, and a keen interest in, the social enterprise sector. As the CEO of Living (DLC), Sara was instrumental in the conversion of one of the first charities to a CIC.

She is a Fellow of the RSA, in which she takes an active interest and in her other work, is a grants assessor for Children in Need in the South West.

The Team

Helen, Marilyn, Jaci, Sara, Phil, Natalie and Ann bring a range of skills to the office and are all committed to delivering the highest levels of customer service.

This team works in a confident manner, sharing expertise and working together to ensure effectiveness and efficiency. Positive feedback has proven they are approachable and accessible, as well as being very well informed.

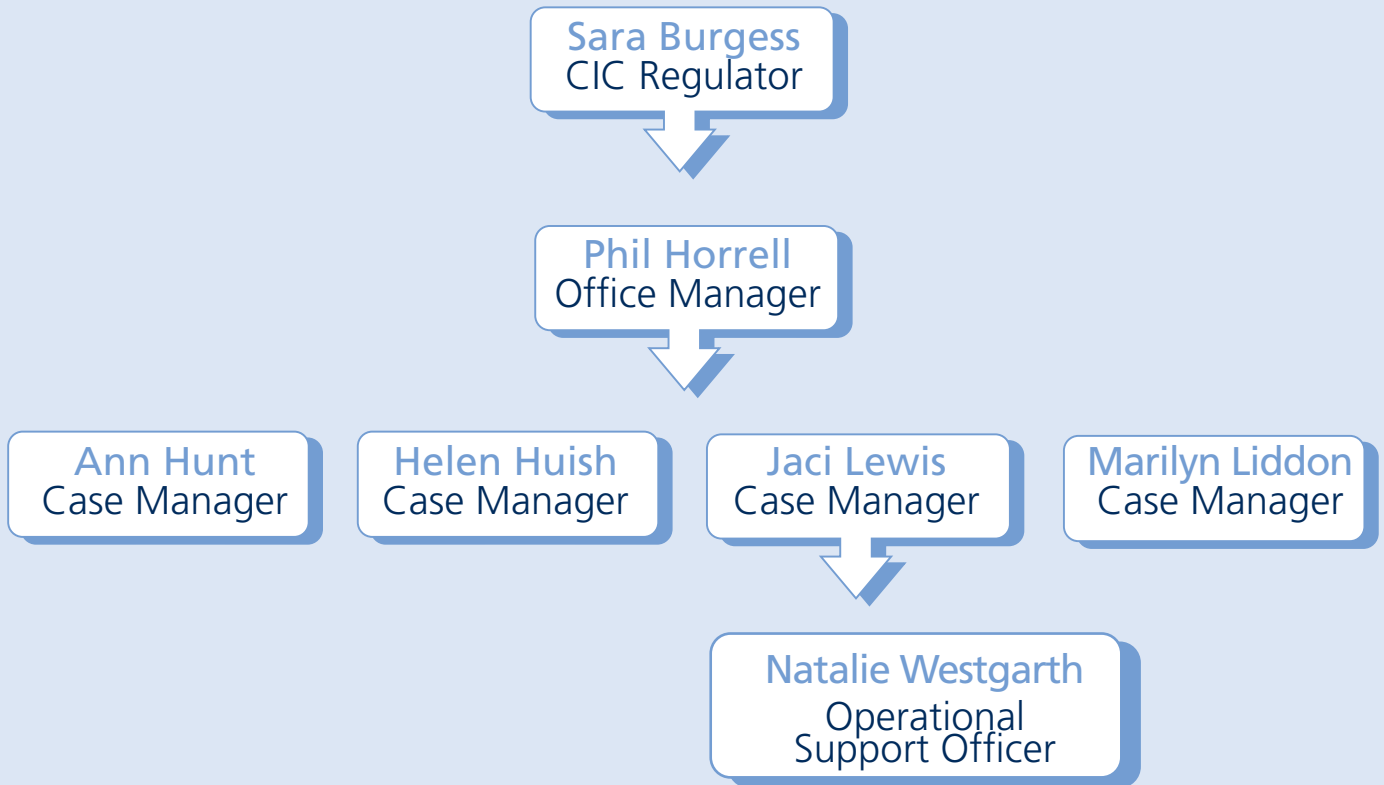
“ we believe in
the way we do
business ”



Helen, Marilyn, Jaci, Sara, Phil, Natalie and Ann

Organisational Chart

As at 6 April 2011, the Regulator had three full-time staff and four part-time; six females and one male.



Regulatory Activities

Role of the Regulator

The Regulator of Community Interest Companies is an independent statutory office holder, appointed by the Secretary of State for Business, Innovation and Skills. The Regulator's main functions are:

- to decide whether an organisation is eligible to become, or continue to be, a community interest company;
- to exercise her powers, where the required conditions apply, but only to the extent to maintaining confidence in community interest companies; and
- to provide guidance, or otherwise provide assistance, about any matter relating to community interest companies.

The Regulator assesses applications from organisations seeking to become community interest companies, to determine whether they meet the statutory criteria for eligibility. Once an organisation is registered as a community interest company, it is subject to the Regulator's supervisory jurisdiction and must file an annual community interest company report, describing how its activities over the financial year have benefited the community; who was consulted and what was the outcome; what payments were made to directors; what assets were transferred; what dividends were paid; and what interest was paid on loans and debentures, if any.

The Regulator ensures that community interest companies operate in a manner compatible with their status. In particular, that they continue to satisfy the community interest test, and observe the "asset lock" rules by not transferring assets for less than full consideration (other than for the benefit of the community).

“Customers are at the heart of everything we do. We are committed to improving the way in which we deliver services and high levels of satisfaction”

Customers

Anyone contacting the Regulator's office will receive prompt and personal attention to their enquiry. The Regulator's vision is of a team that is helpful, well informed and professional in their approach to, and understanding of, the needs of community interest companies. She has helped develop an outward facing office dedicated to exceeding expectations and driven to deliver the highest standards of customer care. We aim to answer every call or email within 48 hours and to do so in a helpful and professional manner.



Growth

The number of community interest companies on the public register continues to grow despite the current economic conditions. Coupled with record registrations, we have seen an expected increase in the number of CIC Reports and dissolutions filed. Processes have been reviewed and streamlined to meet these increasing demands.

CIC Applications

Applications are first reviewed by the Registrar of Companies to ensure that they comply with company law and then passed to the Regulator for approval. The process may take up to 7 working days to complete. The 2,087 registrations compares favourably against 1,824 for 2010/11, with March recording the largest number of approvals in any one month (234).

CIC Reports

With over 3,000 reports filed this year, we find that CICs are increasingly using the report to showcase their activities and inform their stakeholders about the excellent work they have done over the last year. Most of the reports are informative and detailed, with a very small number, less than 5%, that could do better. The Regulator finds this encouraging as the report provides an opportunity to assess how CICs are performing and what she could or should do to help CICs. The report also offers a level of transparency and accountability not provided by ordinary companies and, as it is placed on the public register, is key to ensuring community purpose is delivered.

Dissolution

The number of dissolutions (590) represented 9.2% of the register with over 80% trading for less than 3 years. Of these, 63% had been dormant and were struck off by the Registrar of Companies for not filing their statutory documents. Less than 1% were subject to compulsory liquidation. The key reasons for the companies dissolving were lack of funding, no trading activity and poor corporate governance.

Key facts

- 98% of applications to become a CIC processed in CIC Office within 72 hours
- 2,087 CICs placed on the public register this year
- 234 applications approved in March
- 6,391 CICs on the public register
- 30% increase in CICs on the public register
- 590 CICs dissolved
- 9.2% of CICs on the public register dissolved
- 63% of CICs dissolved were operating less than 3 years
- 3,040 CIC reports were filed this year
- 90% of calls and emails responded to within 24 hours
- 7,020 telephone calls
- 3,025 emails
- closer working relationships with the Call Centre and the Customer Care Team in Companies House, aimed at delivering improved levels of customer service
- continual improvements to our website aimed at delivering understandable and easy to access information



Complaints

It is often said that to be an effective Regulator you need to have a robust complaints procedure in place. It's quite simple really, people need to know who they can complain to and they need to feel confident that their complaint will be taken seriously. We have worked hard over the last year to meet these two requirements and our process is now simpler and quicker.

Before we talk about complaints, we need to remember that community interest companies have changed the social enterprise landscape. They are doing fantastic work delivering real and tangible benefits throughout the UK and the number of concerns raised are small in number.

Admittedly, there has been an increase in the number of complaints received but this is not surprising because the number of community interest companies has doubled in the last two years. Each complaint is very different but the reasons they have been escalated to us are very similar and most could have been resolved without the need to involve the Regulator.

It's all about communication. CICs are not like ordinary companies and we expect them to make a positive effort to resolve issues at the earliest opportunity. We would rather not be involved but if we are, and the matter is considered serious enough, we will take action.

We have seen director's fall out with each other, employees in dispute, invoices not paid and customers treated indifferently. We have heard of breaches of the asset lock, CICs acting inappropriately and allegations of conflicts of interest.

Our first consideration is always proportionality. In other words, what level of investigation or enforcement would be appropriate or in the public interest. Key to these considerations is the need to maintain confidence in community interest companies.

As a light touch Regulator we use our powers sparingly, but they are significant and include appointing a manager, removing directors and closing down the company.

Whilst we look at each complaint, many fall outside our remit or are better dealt with by others. For instance, breaches of company law may be better considered by the Registrar of Companies or Companies Investigation at the Insolvency Service, employment disputes by HM Courts and Tribunal Service and if appropriate, recourse to law - such as through the Small Claims Court.

There are also occasions where the community interest company may fall under dual regulation and the lead regulator may not be us. For instance, if the complaint concerned a care home we would steer the complainant to the Care Quality Commission who are responsible for regulating and inspecting health and social care services. Whilst we would certainly be interested in the findings of the Commission, we would not take the lead.

Because some issues may be vexatious or found to be groundless, we adopt a policy of neither denying nor confirming whether an investigation is taking place. We know that this may be frustrating to the complainant but the public perception of a CIC may be compromised, if it was known that the Regulator was conducting an investigation.

Most complaints are resolved very quickly and whilst we can only talk in general terms, the following gives a snapshot of our work.

We may:

- invite the complainant to contact the CIC a further time, to explain that they have been in touch with our office and have 14 days to respond to their concerns, before the Regulator intervenes. This often achieves the desired result;
- contact CICs if they are not meeting their financial obligations. The Regulator expects CICs to operate with the highest levels of corporate governance and for directors to fully meet their fiduciary duties. Payment should be made on time and contracts met. The Regulator expects no less;
- visit a CIC if we feel it necessary; we met with one CIC engaged in fundraising, allegedly giving the impression it was a charity. This was not found to be the case but we gave advice on best practice when fundraising and steered the CIC to the Fundraising Standards Board, which is itself a community interest company;
- work closely with Company Investigations and other regulatory bodies.

It has to be said that CICs welcome having a Regulator and view this extra tier of regulation as an assurance that they are serious about delivering benefit to the community. There are over 2.9 million ordinary companies on the public register against 6,000 CICs; for those that fall short of the standards expected, the Regulator is prepared to take any action necessary to maintain confidence in CICs.

most complaints are
**resolved
very
quickly**

light touch
Regulator
with an emphasis on
proportionality

the Regulator
considers
**every
single**
complaint

Key facts:

- light touch Regulator with an emphasis on proportionality
- the number of complaints have decreased as a proportion of the CICs on the public register
- the Regulator considers each and every complaint
- most complaints are resolved very quickly
- the Regulator has a number of investigative and enforcement powers which she will use if necessary
- the Regulator has taken action throughout 2011-12 to maintain confidence in the CIC brand



receipts have

GROWN

by **45%**
from 2009-10

the total cost of
running the
Regulator's office
dropped by

36%
from 2009-10

on-going initiatives
delivered a saving of

50k
for 2010-11

Finance

The Regulator's Office is supported by staff from the Department for Business, Innovation and Skills (BIS) under BIS terms and conditions. BIS 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.

a. Expenditure	2011/12	2010/11	2009/10
31 March	£290,000	£340,000	£450,000

b. Income	2011/12	2010/11	2009/10
Applications Approved	2087	1824	1298
CIC Reports Received	3040	2259	1571
31 March	£77,000	£61,000	£43,000

c. Percentage of income against spend	2011/12	2010/11	2009/10
31 March	26	18	10

Key facts

- the total cost of running the Regulator's office for 2011/12 was less than £300k
- the cost of running the Regulator's office has dropped by 15% from 2010/11
- ongoing initiatives delivered £160k savings on 2009/10
- receipts had grown by 45% from 2009/10
- receipts had grown by 20% from 2010/11
- the Regulator recovered 26% of her spend against 18% in 2010/11



Developments

Website

This year saw the launch of our new website. As an office we had to comply with the 'Website Standards for Public Websites' and the decision was made to join the Department for Business, Innovation and Skills (BIS) Partner Shared Services Website Platform. The move to the BIS Shared Services Platform has been one of the biggest challenges for us during the last 12 months. A lot of hard work was necessary to ensure we were ready for the switchover on 30 June 2011 and it is a credit to the team that we managed to do this so successfully and provide a seamless service. The transition went very smoothly and feedback has been extremely positive.



Just wanted to say, what an absolutely brilliant website you now have. I was very pleasantly surprised at the amount of appropriate and relevant information your website has - all under one roof and more importantly, communicated in a clear, concise and practical way.....It is extremely rare for me to take the time and trouble to offer feedback like this; but credit where it's due - it's brilliant - thank you



We are obviously delighted that customers visiting our website are finding it so helpful and easy to use and we welcome suggestions on making it even better.

Case Studies

Following the success of our original set of case studies, the Regulator decided to commission a second series and these were made available on our website in January 2012. We now have up to 40 diverse and exciting case studies, each one telling the story of CICs and how they are bringing real and tangible benefits to their chosen communities. With activities ranging from providing homes in Wales with affordable warmth to innovative theatre productions & drama experiences for London's young people, the possibilities are endless and the opportunities to really make a difference are clear to see. We really hope that you enjoy reading them.

Growth of CICs

2011 marked 6 full years as an office and community interest companies are now part of the social enterprise landscape and better understood by the business and banking community. We have CICs operating in every sector including the arts, education, environment, health, industry and transport. They have set up as Social Firms, co-operatives and become trading arms of charities, others have carried the Fairtrade Mark or the Social Enterprise Mark but all are first and foremost community interest companies. We registered our 5,000 CIC on 15 April 2011 and our 6,000 CIC 9 months later. The magical figure of 10,000 is within touching distance.

Technical Panel

The Regulator chairs the Technical Panel which is a group of academics, practitioners, business advisors and representatives of the funding community who advise on key issues affecting CICs. They provide valuable feedback to the Regulator and help her to better understand and deal with the challenges facing CICs. Discussions have been wide ranging and included such things as the dividend caps, regional CIC conferences, an annual CIC conference, CIC bonds, close working with government and promoting the CIC message.

Global Interest

British Columbia

British Columbia is introducing a social enterprise model with similar features to our own and the Regulator has been keen to share her knowledge and the lessons learned. They wanted to hear how CICs are doing in the UK, the barriers for investment and whether the changes to the caps in 2010 had the desired effect. They outlined how their model would look and there were a number of interesting proposals, for instance, they will not be having a regulator but leaving the companies to self-regulate themselves. They are also considering a single cap of 35% and allowing their model the opportunity to convert to an ordinary company.

China

Interest in the CIC model continues to be generated in China and this year we were delighted to welcome delegates from the Chinese government who wanted to learn more about the CIC structure and how it might work in their own country.

France

On 10 May 2011, the Regulator spoke on a panel at a symposium at the National Assembly in Paris, to a group representing the G8 and French government, on the subject of social enterprise and social justice. This gave her an opportunity to showcase the excellent work CICs were doing in the UK and to describe the challenges facing them.



At a second meeting in February 2012, the Regulator travelled to Paris to take part in a round table event with 260 other delegates. She was with a panel of people from Belgium, Quebec and Italy, each of them speaking about their own models for social business and all of them sounding not so different from each other, although all the others were a co-operative model. There was some lively debate during the day and it was very educational from the Regulator's point of view – a great opportunity to once again fly the flag for the UK and our success.

Media interest

This year has seen growing media interest in CICs. In November the Regulator was approached by the BBC who were interested in filming a programme about a CIC which had opened an award winning bistro in their village and which were planning to use the same CIC model to reopen their village shop. They wanted to explore the part CICs could play in re-opening businesses in rural communities without the need to find hundreds of volunteers. The Regulator's interview, which was broadcast on BBC South East and Sky, helped to dispel a number of myths about CICs and she took the opportunity to champion their cause and spread the message of the excellent work they were doing up and down the country.

Channel 4 also filmed an interview with the Regulator which looked specifically at one of our CICs, as it was about to launch its IVF lottery. She again took the opportunity to explain the role and purpose of CICs and how they were changing the social enterprise landscape.

The Health Lottery launched in September and has hit the headlines ever since with the charity sector and others expressing concerns about its introduction. The individual lottery licences are held by 51 regional CICs, allowing bigger sums of health lottery funding to go to local good causes - 20p of every pound raised from ticket sales will be put aside for grants and for projects that work to reduce health inequalities in England, Scotland and Wales. The Regulator is aware of the reservations and concerns that exist about the Health Lottery but her primary concern is that the 51 CICs deliver their stated benefit to the community and in doing so operate with the highest levels of corporate governance.

Out and About

A key role of the Regulator is to promote CICs and the following is a snapshot of some of the meetings and visits the Regulator attended last year to help raise awareness:

The Regulator met with representatives of the WINSSENT (Wales Ireland Network for Social Entrepreneurship) project in Northern Ireland. The WINSSENT Project is part funded by the European Regional Development Fund (ERDF), through the Ireland and Wales Programme. This is an ambitious project to promote social entrepreneurship in Ireland and North Wales. The Regulator found the visit enlightening and was pleased to have the opportunity to develop links with this organisation.

The Regulator and John Mulkerrin of the CIC Association hosted a joint workshop on CICs at the "CICs at the Forum" event in Norwich. They enjoyed an afternoon slot amongst a range of

other useful workshops at this worthwhile event which included talks on amongst other things, "Using the Web to Promote your Enterprise", "Alternative Ways to Fund Growth" and "Basic Finance for CICs". They have also been discussing the development of a CIC Association & Regulator Joint Working Plan and the issue of CIC bonds.

The Regulator met with the Confederation of British Industry to explain how CICs are contributing to business and the economy. She enjoyed a very productive meeting with Steve Woolley, Head of Community Infrastructure Levy.

The Regulator met with Nick O'Donoghue, Chief Executive and Caroline Mason, Chief Operating Officer for Big Society Capital to talk about the CIC model as a good risk to investors. They like the idea of a structured and regulated model and talked about how a CIC specific fund might work.

The Regulator attended the Guardian Social Enterprise Summit where Nick Hurd, Minister for Civil Society, was interviewed and where the key discussions were around investment into social enterprise which of course is relevant to CICs and the discussions the Regulator has with the Technical Panel.

The Regulator attended the 'Sowing the Seeds for Social Enterprise', a conference at Teeside University, focussing on social enterprise and the CIC model in particular. She spoke to a mixed audience of private and public business and social entrepreneurs plus a few students.

The "Good Deals Conference" was a great opportunity for networking and had Mohamid Yunis, founder of Grameen Bank, as the keynote speaker which was very inspirational; The CIC model is very much in keeping with his vision of social business. Nick Hurd, Minister for Civil Society was also speaking.

The Regulator attended the "Business North West (Manchester) and Business Midlands (Coventry) exhibitions", along with David Cox from Humantics CIC. These were interesting and enjoyable events providing an opportunity to network and answer the many questions raised about CICs.

The Regulator attended the "ClearlySo Business Conference" in London. The day was hosted by an American who worked in Finance in New York and wanted to do something different with his life. The agenda was a "fireside chat" where he talked to different businesses including the founders of Pret a Manger and a miniature soaps & cosmetics company. They talked about their experiences of setting up and running a company and how social enterprises sometimes expect and rely on start up grants but they should just get out there and do it! There was also a 'Finance Section' and Daniel Brewer, one of the Technical Panel members, was giving a talk on securing investment.



CIC Association

CIC - a business tool for the social animal from John Mulkerrin,
Co-Founder of the CIC Association.

Regardless of location, politics, age or position in society, we all know that the next few years will be the most challenging this country has seen for generations. Cuts, change and crisis in Civil Society are set to be the order of the day for quite sometime and it is with that backdrop that I write about a year which has seen very strong CIC growth, and the emergence of a new culture which will have a positive role to play in helping us maintain and build a new vibrant social economy.

From the Shetland Isles to the Scilly Isles with activity spanning Art to Zoology, CIC is on course to have 7000 CICs by its 7th anniversary, with a collective annual turnover already in excess of £1 billion employing tens of thousands. The figures are increasing rapidly as large central and local authority activity is contracted to CICs and Charities use the legislation to develop their own strategies, but that should in no way hide the swell of individuals and kitchen table start ups that are joining the fold and starting journeys that will no doubt see many of Civil Societies future leaders emerge.

One of CICs strengths has clearly been its flexibility - CICs can be not-for-profit, for-profit, co-operative, mutual, employee led, limited by guarantee, limited by share, a PLC. Some can issue golden and preference shares, be volunteer led and pay market salaries. Uniquely it allows individuals to frame their efforts for community change, irrespective of whether that community is local, regional, national or international. CIC is being used by people from all spheres of society, from professionals looking to maintain a social provision, to community groups taking over local assets.

CIC doesn't fit any particular dogma, ideology or political view, and it is that diversity which for me is most exciting. We have our challenges like any other group, most of which are ongoing battles such as improving information, but these pale into insignificance to our common challenges. Regeneration, job creation, building community assets, tackling the crisis in social care and social housing to name but a few, CIC has a role to play in the innovation around these issues and more attention should be focussed on it.

The level of risk social investment is embarrassingly low (£5 million for 2010/11, BCC and Young Foundation, Growing the market for social investment) and quite frankly not good enough. We have a perfect opportunity to decide if we want to use the CIC Share structure to improve on this, the solutions are easy to implement and don't cost much. Government have an opportunity to build on the great start made by early adopters, we hope they take it.

Key Stats

Financial year	Approved	Dissolved	Converted	Increase	Cumulative
July 05 - March 06	208	0	0	208	208
April 06 - March 07	637	0	0	637	845
April 07 - March 08	814	35	3	776	1,621
April 08 - March 09	1,120	86	2	1,032	2,653
April 09 - March 10	1,296	372	5	919	3,572
April 10 - March 11	1,824	484	7	1,333	4,905
April 11 - March 12	2,087	590	11	1,486	6,391

CICs Opting by Guarantee or Share Model

	Mar 10	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar 11	Total
CLG	3,667	121	120	108	112	100	103	83	56	84	105	88	149	4,896
CLS	1,238	27	18	15	22	31	17	25	23	13	23	15	28	1,495

Key Stats

CICs by Region

