



**COMMUNITY  
INTEREST  
COMPANIES**

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

**OPERATIONAL REPORT**

First Quarter 2012 – 2013

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## **1. REVIEW**

Approvals have been slightly down this quarter with 483 new CICs gaining regulatory approval, the best month being May when 192 CICs were approved. However CICs continue to grow apace with 6686 on the register at the end of June so we are well on course for celebrating the 7000 CIC!

The most frustrating part of the examination of applications is the amount of rejections that are made due to Companies House queries. A whopping 80% of these are because of errors in completing the form IN01. We have tried to stem this tide by putting tips on completing the form on our website and we are taking the opportunity to repeat these in Section 6 of the report.

Our wonderfully improved Annual Report is on track for being laid before parliament in the first half of July. The improvements to this document are significant thanks to the hard work of all the team and our colleagues in Companies House. Look out for it on our website from the beginning of August!

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## **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



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

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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.
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#### **4. AWARENESS**

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

##### **PCTs and CICs**

At the beginning of the April the Regulator attended a meeting at the Royal Cornwall Hospital. She met with a team of people providing patient services to ensure that patients get appointments with consultants or other health practitioners quickly and appropriately. They provide this service to the Primary Care Trust (PCT) and are keen to develop it into a CIC. They would continue to contract with the PCT in the future but would operate more flexibly by being independent of the PCT. Having discussed their plans, Sara got to meet the team and to see how they operate which resulted in Sara being invited to go back and speak about CICs at their AGM.

Staying with health matters, in June the Regulator attended a very interesting debate at Portcullis House on the subject of health inequalities which was hosted by Chris White MP. There were CICs speaking at this event as well as many in the audience. Sara felt that it was great to be able to report on how most of the health spin outs are now CICs.

##### **CICs in Wales**

Sara's meeting with Edwina Hart AM in May proved to be very productive. Mrs Hart is the Minister for Business, Enterprise, Technology and Science (BETS) and is very interested in Social Enterprise. The meeting was held to discuss why there are so few CICs in Wales compared to the rest of the UK and resulted in the Minister offering to sponsor Sara to run a workshop and a

social enterprise event and also possible invitations to some networking events. She also suggested that they meet on an annual basis.

### **Success Stories**

Also in May, the Regulator attended The Leading Wales Awards as the guest of John Bennett from WSEC. This is a key event honoring leaders in business across Wales and had a category for Social Enterprise in which Cleanstream Carpets CIC was one of the 4 nominees although unfortunately they did not win.

We have received great news about Heavenly Quest CIC which is run on the same lines as a charity shop selling donations that the public have given them. The CIC opened its doors in March 2010 and in its first year it won 'Pride of Shropshire Award' for best new business idea. They have been so successful that they have now expanded to open a second shop. The money raised goes towards the cost of courses and workshops for members of the community at Tranquil Times Training Academy. The shop itself helps to recycle unwanted items, the community can buy cheaper items and get a bargain and it also gives local people the opportunity to do volunteering and gain skills in retail.

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## **5. 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:

**Bristol Pound CIC** was formed in 2010 to boost the city economy by allowing traders in the BS postcode area to exchange this local currency for sterling; It is a complimentary currency that can be used alone or alongside sterling, to encourage and strengthen economic ties between the people and local traders. Following a preliminary feasibility study to develop details of the scheme, in both legal and commercial terms, the Bristol Pound launches on May 21<sup>st</sup> this year and organisers believe the scheme, which is backed by the City Council and Bristol Credit union, will be the largest of its kind in the UK

**Borderlines Film Festival CIC** also formed in 2010 to bring low cost, high quality films to people living in Herefordshire and its neighbouring counties. The 2011 Festival consisted of 250 screenings at 41 venues with 105 films including world cinema, British features and documentaries; some of the venues are absolutely stunning with open air screenings providing a 'bigger movie experience' such as the giant Aircree on the lawns of the National Trust's Berrington Hall near Leominster. The World War Two hangar at Shobdon Airfield was the atmospheric setting for the showing of Casablanca and A Matter of Life and Death, whilst the Vintage Mobile Cinema featured in Melvyn Bragg's BBC2 'Reel History of Britain'! This go ahead CIC is clearly making a big difference to its local community.

**Gravity FM CIC** was incorporated in 2007 with the purpose of providing a high quality broadcasting service to the local community and surrounding villages of Grantham in Lincolnshire. The number of charities, community groups, schools and organisations using the station as a means of promoting their services or providing information to the community has increased year on year. They now act as an outlet for community safety information provided by Lincolnshire Police and associated agencies such as the Neighbourhood Alert Scheme. The company is run almost entirely by volunteers who have been given the opportunity to learn a variety of skills including basic radio skills, recording/digital editing, presentation skills, administration, production and I.T. At the start of last year they began a dedicated evening training slot through

which new presenters can be introduced to radio, learning the practical skills of physically using and coordinating the equipment within a controlled environment.

**Yellow Trousers CIC** was incorporated on in July 2010 and exists to improve mental and social wellbeing within East Kent communities. In 2011, in partnership with other organisations, they raised 55K for mental health projects and were awarded the Social Enterprise Mark. They piloted the delivery of mindfulness courses to 20 people at risk of significant mental distress within GP surgeries in the workplace and supported the delivery of a wellbeing programme for carers of people suffering from mental distress. The CIC also funded the creation of a training room for like minded charities which was used by 20 charities in 2011 and established effective partnership with bodies such as Folkestone Mind Charing GP Surgery and Right Track Music School.

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## 6. 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.

**Channel 7 Television CIC** is a company limited by shares and received funding from the Big Lottery for the amount of £488,449 to be used between August 2009 to July 2012. It also received in-kind match funding support through Image Studios Ltd to the value of £48,426. They are using these funds to help create enterprise and employment in the deprived areas of Immingham and Grimsby by the use of digital technology and to broadcast such success online and on television. This was delivered under the CICs project TV4Change. The CIC has worked with hundreds of third sector organisations where they share the same interest in trying to help regenerate the innate potential of the region. The project is also largely focused on encouraging local citizens to find their voice and making it heard above the noise of modern day society. The project has worked tirelessly to prove that social video networking can improve local society life and raise community aspirations in the process.

**VCS Learning Solutions CIC** is also a company limited by shares and was formed in 2007 specialising in voluntary sector learning, skills, workforce development and management development. They secured funding of almost £500k from the Big Lottery Fund to develop the strategic skills and capacity of Lancashire's third sector workforce. The project called "Turbo-Charging Skills" is their flagship service which helps support the increase of leadership and management skills within the voluntary sector across North West England. The CIC is the lead agency for this three-year £0.5 Million programme and has been cited in case studies by Skills Third Sector and DBIS.

**Hooner Kelah Minority Ethnic Women's Training Project CIC** is a company limited by guarantee and was formed in 2006 to provide vocational training and support for minority ethnic women in Leeds. The project offers training in CASHE Childcare Course and the Open College Network IT and Office Skills. They were successful in securing £82k from the Big Lottery Fund and almost £40k from Leeds City Council which has helped deliver real and tangible benefits to their service users.

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## **7. Completing the form IN01**

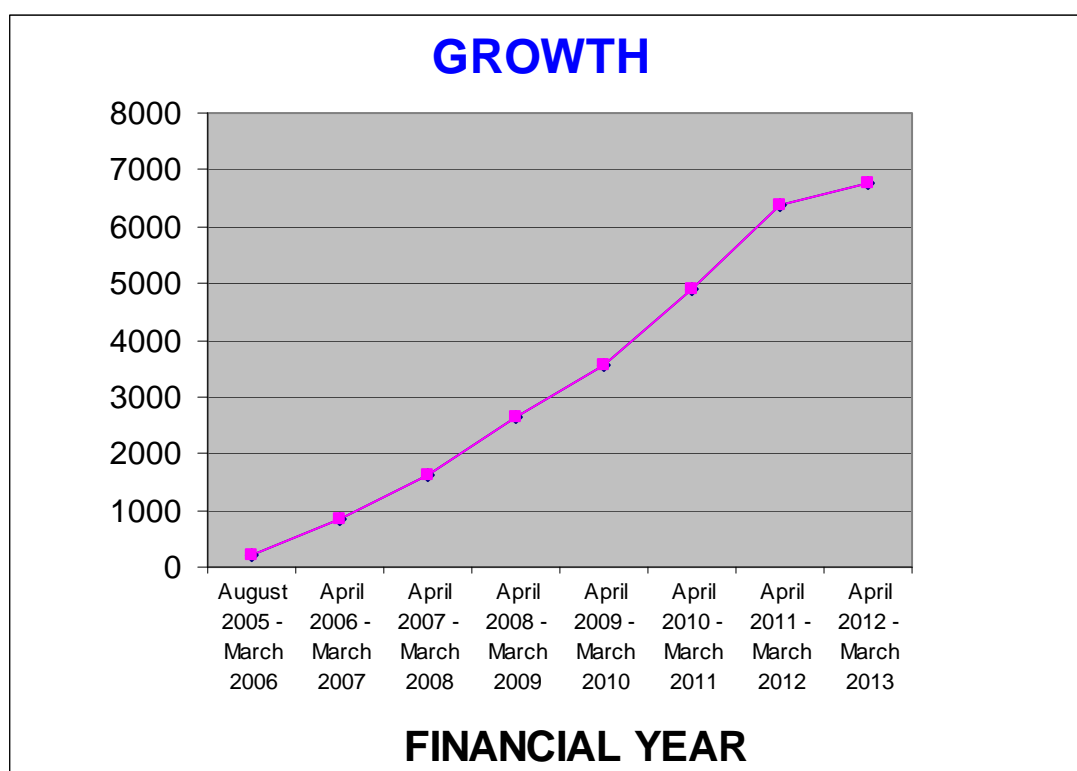
In our experience, applicants find the completion of the form IN01 the most hazardous. A massive 80% of all rejections of applications are through errors on this form. The most common errors are the completion of sections A1 Company Details, A3 Exemption from name ending with Limited, and A7 Articles of Association. The following are our top tips for the completion of these sections:

- A1 - Ensure that the name ending is shown in the company name. For private limited CICs these are 'community interest company' or 'c.i.c.' If the company name in full is not shown on the IN01 form Companies House will reject.
  - A3 - DO NOT COMPLETE! - this should be left blank
  - A7 - Please tick option 3 - this is because the proposed company is adopting articles that are bespoke to CIC companies.
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## 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	1825	484	8	1333
2011 - 2012	2087	590	11	1486
2012 - 2013	483	184	4	295
<b>Total</b>	<b>8470</b>	<b>1751</b>	<b>33</b>	<b>6686</b>



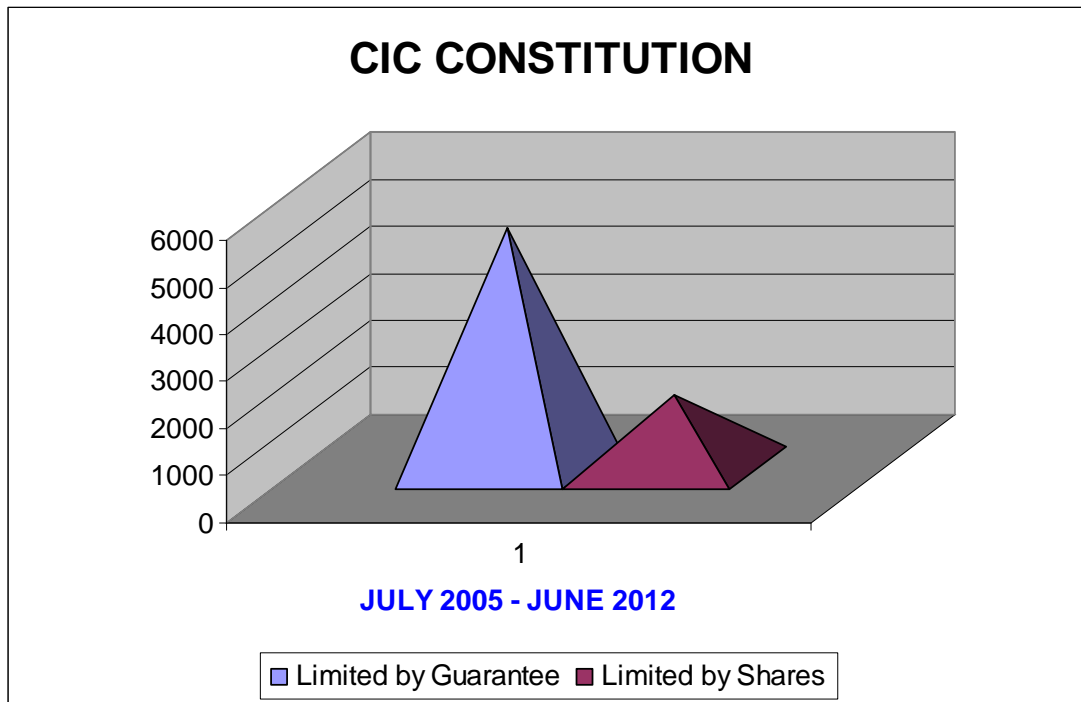
## b) INCORPORATIONS AND CONVERSIONS

<b>United Kingdom</b>	
Incorporations	5891
Conversions	795
<b>Total</b>	<b>6686</b>
<b>England</b>	
Incorporations	5393
Conversions	729
<b>Total</b>	<b>6122</b>
<b>Northern Ireland</b>	
Incorporations	86
Conversions	8
<b>Total</b>	<b>94</b>
<b>Scotland</b>	
Incorporations	239
Conversions	39
<b>Total</b>	<b>278</b>
<b>Wales</b>	
Incorporations	173
Conversions	19
<b>Total</b>	<b>192</b>

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c) **CONSTITUTION**

<b>United Kingdom</b>	
Limited by Guarantee	5119
Limited by Shares	1567
<b>Total</b>	<b>6686</b>
<b>England</b>	
Limited by Guarantee	4690
Limited by Shares	1432
<b>Total</b>	<b>6122</b>
<b>Northern Ireland</b>	
Limited by Guarantee	83
Limited by Shares	11
<b>Total</b>	<b>94</b>
<b>Scotland</b>	
Limited by Guarantee	190
Limited by Shares	88
<b>Total</b>	<b>278</b>
<b>Wales</b>	
Limited by Guarantee	156
Limited by Shares	36
<b>Total</b>	<b>192</b>

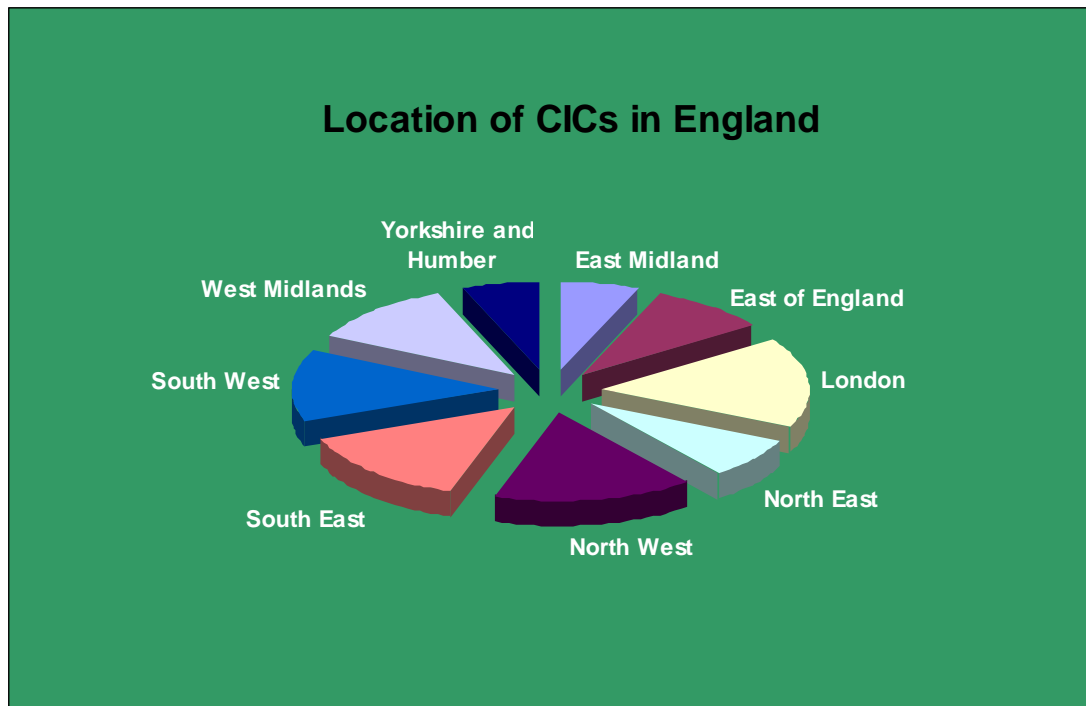


At the close of the period 76% of the CICs on the public register were limited by guarantee, with 24% limited by shares.

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d) **LOCATION OF REGISTERED OFFICE**

	<b>Number</b>	<b>%</b>
East Midland	372	6
East of England	557	8
London	1034	15
North East	447	7
North West	963	14
South East	864	13
South West	814	12
West Midlands	705	11
Yorkshire and Humber	366	6
<b>Total England</b>	<b>6122</b>	<b>92</b>
Northern Ireland	94	1
Scotland	278	4
Wales	192	3
<b>Total</b>	<b>6686</b>	<b>100</b>



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

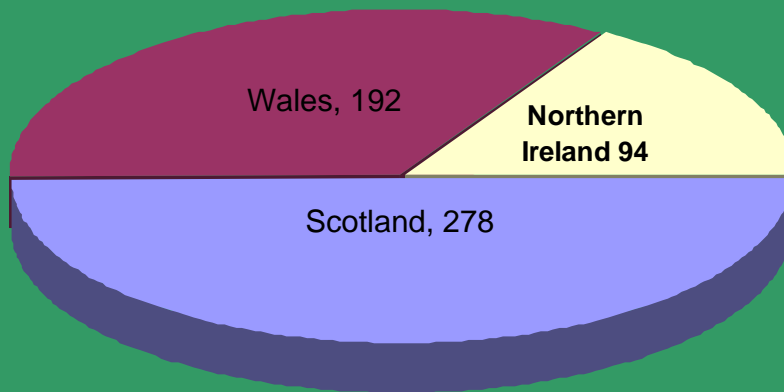
The number of community interest companies registered in Scotland, Wales and Northern Ireland remains relatively small, representing just 8% of the total number registered in the UK. The above table identifies how this is broken down between the three countries.

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 visited Northern Ireland last year, building on her relationship with the Registrar for Northern Ireland and umbrella organisations.



## CICs in Scotland, Wales and Northern Ireland



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### 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	783

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## **9. 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	1493	842
Previous quarter	1425	713

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