



## **MEMORANDUM OF UNDERSTANDING**

**For co-operation between the Regulator of Community Interest Companies and the CIC Association CIC**

### **PURPOSE OF THE MEMORANDUM OF UNDERSTANDING**

The purpose of the memorandum of understanding (MOU) is to set out the agreement reached between the Regulator of Community Interest Companies and the CIC Association CIC, and the framework for co-operation and collaboration.

## **1 INTRODUCTION**

- 1.1 The memorandum of understanding has been drawn up by the Regulator of Community Interest Companies and the CIC Association CIC.
- 1.2 The purpose of the memorandum is to set out the agreement reached between the Regulator of Community Interest Companies and the CIC Association CIC and the framework for co-operation and collaboration.
- 1.3 The memorandum sets out the mutual principles and benefits of strategic co-operation between the Regulator of Community Interest Companies and the CIC Association CIC.
- 1.4 The memorandum also provides a transparent statement of commitments on both sides.

## **2 LEGISLATIVE BACKGROUND AND STATUS**

- 2.1 The Government established the community interest company form for use by social enterprises who wish to operate as limited companies.
- 2.2 The Companies (Audit, Investigations and Community Enterprise) Act 2004 (The Act) and the Community Interest Company Regulations 2005 (The Regulations) provide the legislative framework for the community interest company form.
- 2.3 The Act established the Office of the Regulator for Community Interest Companies and sets out the Regulator's responsibilities for ensuring that community interest companies comply with the requirements of The Act and The Regulations.
- 2.4 The CIC Association CIC was incorporated as a community interest company on 26 August 2009.
- 2.5 The CIC Association CIC, adopted the private company limited by shares schedule 2 model, which allow the payments of uncapped dividends to asset locked bodies.
- 2.6 The CIC Association CIC has been formed to be a representative body for CIC practitioners, and to provide leadership in the organisation and the development of the CIC community.

### **3 OBJECTIVE OF THE MEMORANDUM**

3.1 The primary objective of the memorandum is to establish arrangements between the Regulator of Community Interest Companies and the CIC Association CIC and to:

- (i) Ensure appropriate collaboration and liaison between the Regulator of Community Interest Companies and the CIC Association CIC.
- (ii) Set out the circumstances in which the Regulator of Community Interest Companies and the CIC Association CIC will share information and collaborate regarding the promotion and development of the community interest company as a legal form.

### **4. THE FRAMEWORK FOR JOINT WORKING**

4.1 The Regulator of Community Interest Companies undertakes to:

- (i) Support the principles of the CIC Association CIC in its development as a representative body.
- (ii) Work with the CIC Association CIC to ensure new community interest companies are made aware of the work of the Association.
- (iii) Consult with the CIC Association CIC on issues affecting community interest companies.
- (iv) Work with the CIC Association CIC on promoting the use of the community interest company form.
- (v) Take account of the work of the CIC Association CIC as it develops ideas, services and products for the community interest company community.

4.2 The CIC Association CIC undertakes to:

- (i) Work with the Regulator of Community Interest Companies on matters relating to community interest companies and the effect of CIC legislation.
- (ii) Provide information and feedback to the Regulator of Community Interest Companies on other relevant issues relating to community interest companies.
- (iii) Seek views and opinions from members and other stakeholders and share relevant information with the Regulator of Community Interest Companies.

- (iv) Be proactive in working with others including the Regulator of Community Interest Companies in addressing issues faced by community interest companies.
- (v) Support the Regulator of Community Interest Companies in promoting better understanding of the business model.
- (vi) Work with the Regulator of Community Interest Companies and Government to develop the legislation.
- (vii) Provide information, resources, products and services to existing and potential community interest companies, and their stakeholders.
- (viii) Develop networking, collaboration and sharing of best practice amongst community interest companies.
- (ix) Act as the intermediary between CIC practitioners and the wider community to raise awareness of the community interest company brand.
- (x) Interact with existing social enterprise support structures to improve community interest companies integration into the wider policy programme.
- (xi) Encourage innovation within the community interest company community and informing the Regulator of Community Interest Companies as appropriate.

## **5. GENERAL**


- 5.1 Whilst it is intended that the arrangements in the memorandum should apply generally, nothing in the memorandum prevents the making of arrangements to meet special exceptional needs.
- 5.2 Any disagreement arising from the interpretation of the memorandum will be referred to the Regulator of Community Interest Companies and the directors of the CIC Association CIC, who will endeavour to resolve it within the spirit implicit in the co-operation arrangements. The memorandum will be amended if necessary to reflect the agreed outcome of the referral.

## **6. STATEMENT OF MUTUAL PRINCIPLES AND BENEFITS**

- 6.1 The memorandum shall operate upon signature by the Regulator of Community Interest Companies and the CIC Association CIC and shall remain in effect for a minimum of 3 years from 31<sup>st</sup> October 2010.
- 6.2 There will be a further review in three years time to ensure that the memorandum is achieving its objective.

6.3 In addition to the 3 year review, the Regulator of Community Interest Companies and the CIC Association CIC agree to attend regular bi-lateral meetings at the request of either party.

Signed on behalf of the Regulator of Community Interest Companies

A handwritten signature in black ink, appearing to read 'S. Burgess', with a long horizontal flourish extending to the right.

**SARA BURGESS**  
**DATED: 1<sup>st</sup> November 2010**

Signed on behalf of the CIC Association CIC

**JOHN MULKERRIN**  
**DATED:**