



**COMMUNITY
INTEREST
COMPANIES**

The Office of the Regulator of Community Interest Companies

OPERATIONAL REPORT

Third Quarter 2013-2014

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1. REVIEW

Welcome to the third quarter CIC Operations Report 2013.

The team have experienced an exceptionally busy three months in which the Regulators consultation on the CIC dividend caps dominated. This quarter saw the responses being collated, digested and then the report, including the Regulators recommendations, being published on 10th December. The team found the exercise extremely interesting with some surprising responses. The report can be found on our website at <https://www.gov.uk/government/news/changes-to-the-dividend-and-interest-caps>.

Another large piece of work was the transition of our website to GOV.UK which went live on 28th November. The new site took the team a little time to get used to, however we were lucky to have been involved in the look and layout of the site although this had to be within the restrictions given to us. The site seems to have been accepted well by the public and we have yet to receive any complaints, so far so good!

Initial work has started on the annual report for 2013/14 with the team making decisions on the theme and the look that this years report should have as well as working on the content and its articles. We hope you will find the end result an informative and good read.

As usual we have provided details of just a few of our CICs that have caught our interest, especially those that have been awarded contracts, have significantly increased their turnover and those that have attracted funding. It has been a particularly difficult task to narrow these down to just a few examples but I hope the ones that we have published will show clearly the diversity of our CICs and that with hard work and good business practices our CICs are able to succeed despite the difficult financial climate. Please see sections 5 and 6 for details.

One of the dissolutions that stood out this quarter was a subject of a complaint regarding their activities back last year. Two customers had raised concerns that their names had been included on the CICs register of psychoanalysts however they did not wish to be associated with the CIC and had not given permission for their names to be used. We contacted the CIC directly and they responded saying that they were happy to deal with any concerns if the customer contacted them in writing. No further communication was received from the customer. The CIC also provided the Regulator with details of their complaints procedure and a copy of their social audit report. They had been on the register for 5 years and were limited by shares.

Section 7 gives statistics on the growth of the CIC Brand. On 31st December there were well over 8500 CICs on the Companies Register which equates to an increase of over 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:

- 09 October – Meeting with HM Treasury regarding the Consultation, also attended a Growth Duty Guidance Development Workshop at the Better Regulation Delivery Office.
 - 24 October – The Big Picture Conference – Northern Ireland.
 - 30 October – Meeting with a member of Bridgend Council.
 - 06 November – Good Deals – UK Social Investment Conference.
 - 13 November - CIC Technical Panel also SITR Working Group
 - 15 November - Think Big: Think Social
 - 21 November - Festival of Social Enterprise/ Global Enterprise Day
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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:

Arran Events converted to a CIC in 2011 with the purpose of promoting live music events on the Isle of Arran. Arran Events is at the heart of the music scene on the island. They held several concerts in the village halls on Arran using both local performers and other musicians from further afield. As well as providing much needed income for the village halls, all of the stewards at these events were sourced from various local groups and organisations and in return, they have given these groups a donation from their profits. These include Arran Motorcross Club; Arran Theatre & Arts Trust and Community Woodland Trust. They have also offered their website free of charge to local organisations to help promote their activities and sell tickets to their events using the Arran Events Online Ticketing system. This has been a great

success with extra publicity, ticket sales and attendances at events! The website can be found at www.arranevents.com

Cambrian Mountains Company converted to a CIC in 2011 with the purpose of promoting rural enterprise in Mid Wales. They are one of the nine main bodies that make up the Cambrian Mountain Initiative (CMI) of which HRH the Prince of Wales is President. Their main focus is on food, tourism and community development. A Supply Chain Efficiencies grant from the Welsh Government has enabled the development of a collaborative marketing programme based on the Cambrian Mountain brand which has allowed producers to access new markets and receive a premium for their products. Cambrian Mountain lamb has been developed as the flagship product and marketed through the Co-operative Group, local butchers and QVC! New markets are being developed throughout 2013, including France, Italy, London and more retail outlets. Sales have also generated a charitable contribution which has been managed through a separate charitable trust. An on-pack label shows buyers that 10p from the sale of every pack goes to the Trust. The website can be found at www.cambrianmountains.co.uk

Cleveland Fire Brigade Risk Management Services CIC is a risk management company operated by Cleveland Fire Brigade. It was launched in April 2011 and has already secured numerous contracts with companies in the oil and gas, nuclear and petrochemical sectors throughout the UK with some contracts worth millions of pounds. EDF Energy, Springfield Fuels, Ensus and Harvest Energy are just some of the leading organisations working with and benefiting from the company's expertise in safety services. It provides consultancy, risk assessment, emergency planning and response training, all aimed at protecting personnel, assets and reputation, preventing damage and avoiding disruption to production. Since the beginning of this year the company has been particularly busy as it aims to become an internationally known risk management company! The website can be found at www.cfbriskmanagement.com

Clouds End was formed in 2009 with the purpose of helping people with a hoarding disorder. The CIC works directly with clients in their own homes helping them to develop strategies to use themselves in the future. They aim to gain the trust of their clients to help them develop the skills and confidence needed to regain control over the possessions that have overwhelmed them. They also offer face to face training courses for local authorities, housing associations, charities, emergency services and GPs. They are developing the National Hoarding Task Force charity with Jasmine Harman, TV presenter, as its patron. This will be a large resource for anyone who needs information and resources around hoarding disorder. Clouds End director Heather Matuozzo is a consultant to the BBC for their documentaries 2012 and 2013 entitled Britain's Biggest Hoarders –the first documentary won the MIND Media award. The website can be found at www.cloudsend.org.uk

Development Media International Associates converted to a CIC in 2007 with the purpose of running radio and TV campaigns to change behaviours and save lives in developing countries. During the year the CIC focused on a major project in Burkina Faso in Africa. The campaign comprises 60-second pre-recorded creative radio spots delivered 10 times a day, and 2-hour live interactive call-in programmes delivered once a day that encourage potentially life-saving practices, such as families washing their hands to avoid infection, using mosquito nets to prevent malaria, mothers to breastfeed exclusively for 6 months etc. Radio messaging was chosen over television as in Burkina Faso, a low-income country with high rates of child mortality, television does not reach many in rural communities but the country has encouraged the development of independent FM radio, and listenership reaches 80% in many regions. They predict that at the end of the year two and a half year project the campaign could potentially cut mortality rates by 15-20% and could be almost as cost-effective as vaccinations. The website can be found at www.developmentmedia.net

Realise Futures CIC is based in East Anglia and has chalked up a spectacular first 12 months, increasing its turnover by £3.3million and creating

more than 100 new jobs. The CIC, which was spun out of Suffolk County Council a year ago, provides advice, training, skills development and paid employment for people who are disabled or disadvantaged. In its first year as a stand-alone business its turnover has grown to £16.7m and its workforce has increased by 105 to around 370. This total includes 35 new jobs in careers advice across the East of England, with the company becoming one of three biggest providers under National Careers Service. The website can be found at www.realisefutures.org

Warm Zones converted to a CIC in 2008 with the purpose of delivering schemes to address fuel poverty throughout England, Scotland and Ireland. Warm Zones currently has 11 Zones operating throughout England. Their main objective is to tackle the main causes of fuel poverty – energy inefficient housing and low household incomes. The underlying objective of all Zones activities is to better enable people to heat their homes, thus increasing the well being of those living in them which will in turn decrease the number of cold related illnesses and deaths. All residents with the Zones are offered a free face to face door step assessment regardless of tenure and work is free of charge to those residents within the Zones who are vulnerable and in fuel poverty. Looking forward the Government has introduced its new ECO (Energy Company Obligation) scheme and Green Deal. Warm Zones believes it is well positioned to play a major role within these new schemes and is currently holding negotiations with the major energy companies to facilitate their ECO projects. The website can be found at www.warmzones.co.uk

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:

BalancED MK was formed in 2010 with the purpose of supporting people affected by eating disorders, through self-support groups, one to one counselling and education. They work mainly in the Milton Keynes and surrounding area and with people of all ages. They provide specialist counselling sessions to clients operating a bursary scheme to ensure sessions can be available for all, including free initial assessments. They also operate the ReBalance Self Help Group which is a friendly group for anyone affected by an eating disorder including carers. They continue to receive wonderful support from the Tudor Trust which this year once again donated £15,000 to the CIC. The website can be found at www.balancedmk.co.uk.

Changes UK was formed in 2009 with the purpose of providing supported housing and recovery services to those affected by drug and alcohol abuse in Birmingham. Their aim is to provide much needed support through the timely delivery of a number of programmes including detox, supported housing, peer mentoring services, recovery academy and homeless outreach. The CIC has grown from just one house to nine houses over the past 6 years and now provides supported housing for up to 35 service users at any one time. They have secured funding this year totalling over £63,000 from the European

Social Fund, Henry Smith Fund and a Freedom Project Grant. The website can be found at www.changes-uk.com

Farm Cornwall CIC is a group that supports small family farms and are based in Penzance, Cornwall and provides crisis support, farm training, computer training and debt management. The CIC has received a £48,000 grant from the Prince's Countryside Fund. The grant is among a series from the Fund that saw the allocation of £560,000 of funds towards training, rural communities, low-income farms and to help combat rural isolation. The CICs adviser Edward Richardson said isolation was a big problem for Cornish farmers. Fund director Victoria Harris said dealing with rural isolation was one of the pillars of the CICs work *"Farm Cornwall does invaluable work in a part of the country where farmers can be isolated and face financial problems."*

The website can be found at www.farmcornwall.co.uk

Home Space Sustainable Accommodation formed in 2008 with the purpose of providing and managing decent, affordable and sustainable Gypsy and Traveller (G&T) sites. Although based in the North West they work as a national project. They provide support to G&T residents that include skills, education or training, homelessness prevention, pathways into work and links to other support services. They currently manage 2 Gypsy sites, one in Carlisle that provides accommodation for 15 families and one in Ipswich providing accommodation for 42 families. They were successful in securing £1.02m from HCA'S Affordable Homes Programme to build and manage a new 15 pitch site in Basildon. Planning permission has been granted and development will commence in the near future. They were also successful in securing £186,000 to develop a new 7 pitch transit site in Allerdale, Cumbria. Land is currently being identified for development. The website can be found at www.homespacesa.co.uk

London Deaf & Disability Organisations formed in 2008 with the purpose of providing support to Deaf and Disabled People's Organisations (often referred to as DDPO's) in London. They have received significant funding this year securing £176,000 of Charitable Trust funding and a tender worth £54,000 from Transport for London to deliver, in partnership with Transport for All, a

disability equality and customer service training programme for London Underground staff. They also secured £560,000 from London Councils to deliver, in partnership with Transport for All, a two year capacity building project to London's disability sector. The majority of their funding continued to be from London Councils and the Big Lottery Fund which donated £37,000. They received £15,000 from Trust for London Campaigns towards a campaigns and communications project to support local DDPO's and a one-off donation of £7,000 from Trust for London towards deaf and disability equality campaigning work. The Office for Disability Issues gave them £9,000 to be used for strengthening Disabled People User Led Organisations. The website can be found at www.inclusionlondon.co.uk

Southwark Community Sports Trust formed in 2010 with the purpose of encouraging people of all ages to take part in sport and recreation activities. Their mission is to champion community sport, working with partners to deliver projects at a grass roots level and building strong community sports structures and opportunities. In their second year of trading they have made great progress in establishing sporting facilities. Grants to the amount of £49,000 were received from Sport England and the Lords Taverners for new cricket practice facilities and £4,000 from the Football Foundation for new mobile football goals. The number of schools and youth associations using the ground doubled and free cricket coaching was organised supported by the Mayor of London Free Sport programme. One of their major initiatives during the year was the incorporation of rugby facilities into the grounds and with the support of the Rugby Football Union and Kings College Hospital RFC this is now an integral part of their offering! The website can be found at www.communitysportstrust.co.uk

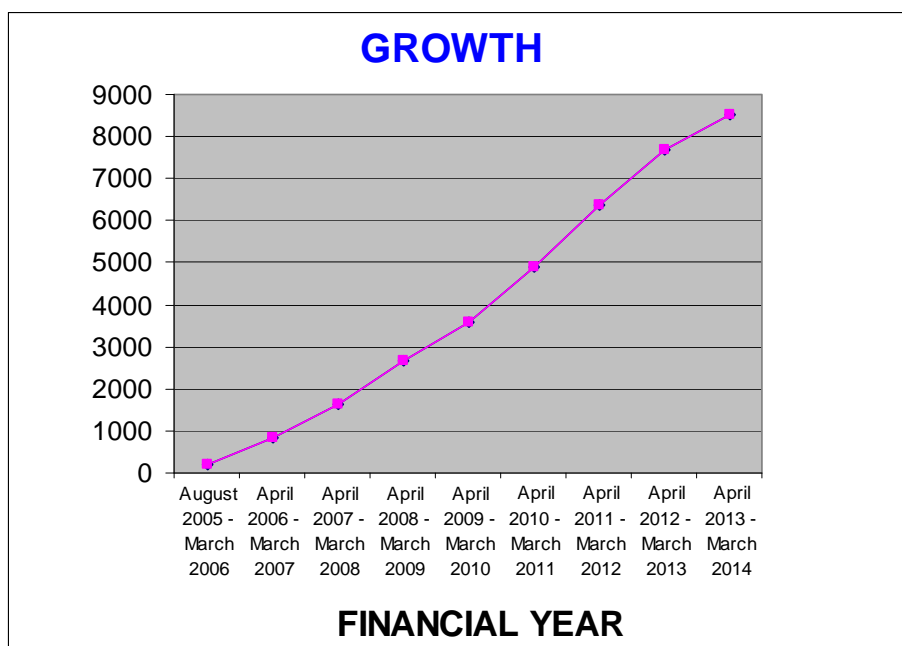
Other funders that have helped CICs include:

FUNDER	AMOUNT £	CIC NAME
Sport England	21,000	Stockport School of Gymnastics
South West Screen	3,500	Awen Productions
Awards For All	4,000	Hip & Harmony
The Varieties Club	1,000	Better Life Inspiration and Support Services
Tesco	500	Organic Countryside
HSBC	400	Obelisk Spinney Pocket Park

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	7	1332
2011 - 2012	2087	590	11	1486
2012 - 2013	2055	765	11	1279
2013 - 2014	1831	709	8	1114
Total	11872	3040	47	8784



b) INCORPORATIONS AND CONVERSIONS

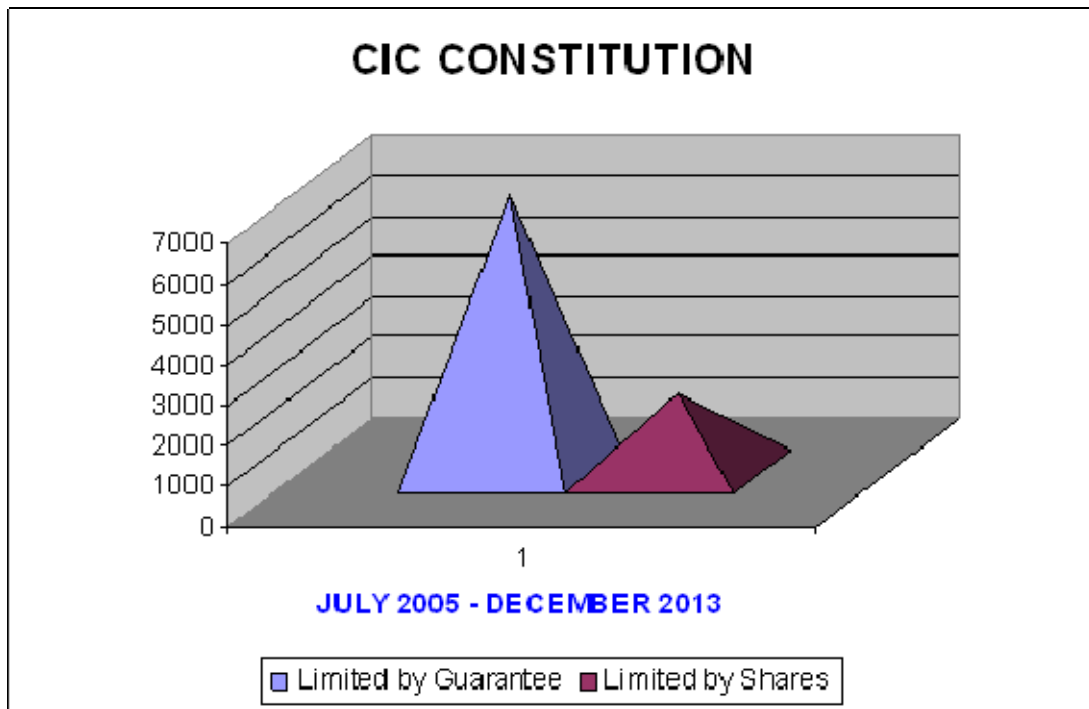
United Kingdom	
Incorporations	7705
Conversions	1079
Total	8784
England	
Incorporations	7007
Conversions	995
Total	8002
Northern Ireland	
Incorporations	115
Conversions	13

Total	128
Scotland	
Incorporations	344
Conversions	47
Total	391
Wales	
Incorporations	239
Conversions	24
Total	263

c) CONSTITUTION

United Kingdom	
Limited by Guarantee	6827
Limited by Shares	1957
Total	8784
England	
Limited by Guarantee	6208
Limited by Shares	1794
Total	8002
Northern Ireland	
Limited by Guarantee	112
Limited by Shares	16
Total	128
Scotland	
Limited by Guarantee	285
Limited by Shares	106

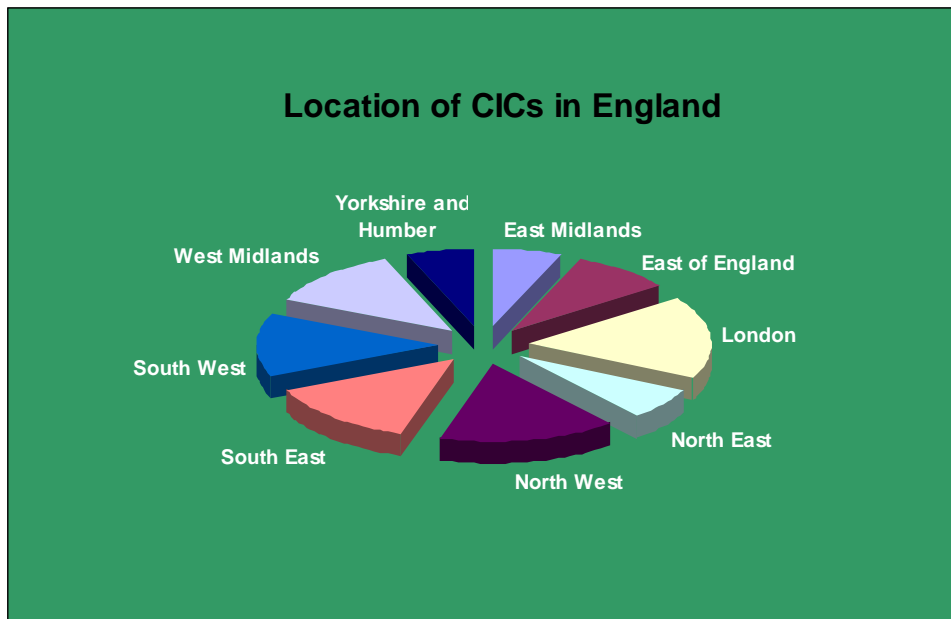
Total	391
Wales	
Limited by Guarantee	222
Limited by Shares	41
Total	263



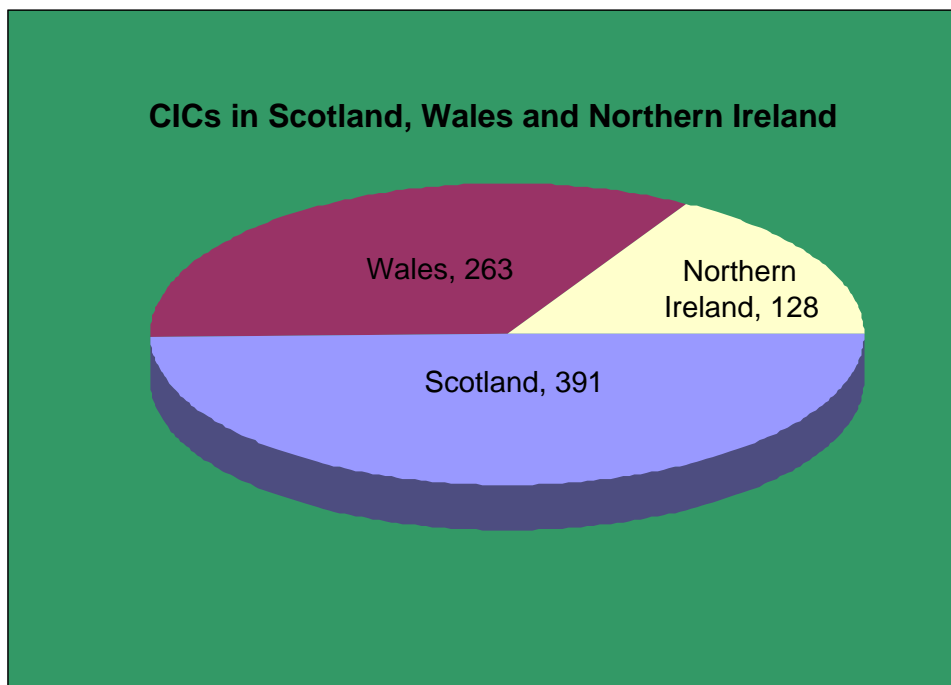
At the close of the period 78% of the CICs on the public register were limited by guarantee, with 22% limited by shares.

d) LOCATION OF REGISTERED OFFICE

	Number	%
East Midland	493	6
East of England	698	8
London	1389	16
North East	522	6
North West	1261	14
South East	1103	13
South West	1071	12
West Midlands	972	11
Yorkshire and Humber	493	6
Total England	8002	92
Northern Ireland	128	1
Scotland	391	4
Wales	263	3
Total	8784	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 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.

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	4163

2013 - 2014	3697
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8. 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	2774	1701
Previous quarter	1911	1192

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