



**COMMUNITY
INTEREST
COMPANIES**

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

OPERATIONAL REPORT

First Quarter 2014 – 2015

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1. REVIEW

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



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

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

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

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:

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.

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

Other funders that have helped CICs include:

FUNDER	AMOUNT £	CIC NAME

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.

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	637	191	5	441
Total	10678	2522	45	8111



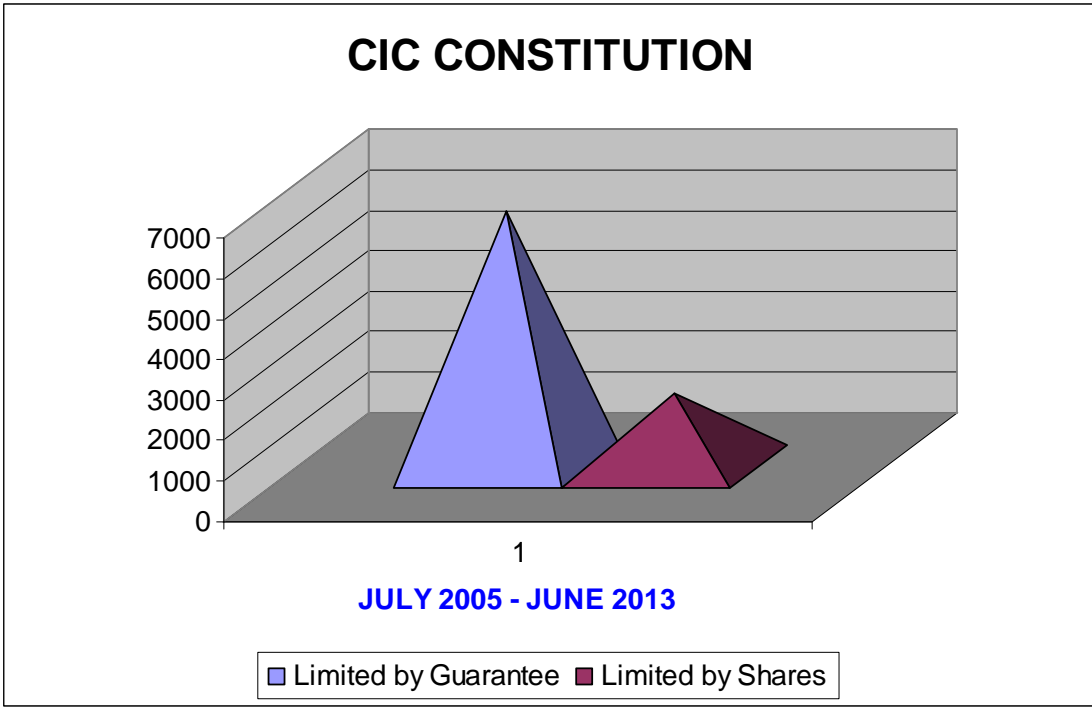
b) INCORPORATIONS AND CONVERSIONS

United Kingdom	
Incorporations	7135
Conversions	976
Total	8111
England	
Incorporations	6508
Conversions	897
Total	7405
Northern Ireland	
Incorporations	108
Conversions	12
Total	120

Scotland	
Incorporations	312
Conversions	44
Total	356
Wales	
Incorporations	207
Conversions	23
Total	230

c) CONSTITUTION

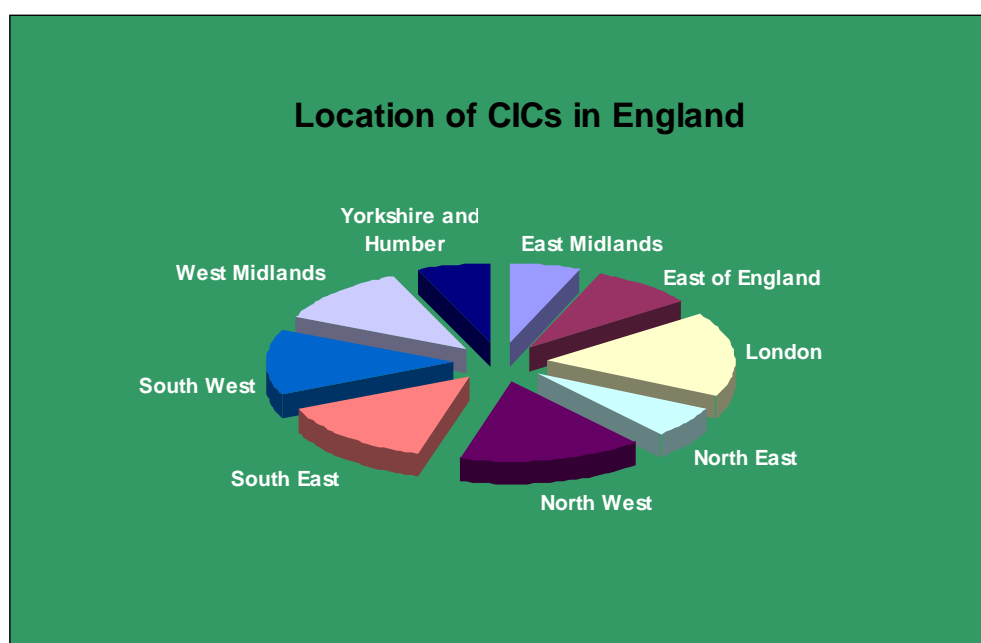
United Kingdom	
Limited by Guarantee	6282
Limited by Shares	1829
Total	8111
England	
Limited by Guarantee	5733
Limited by Shares	1672
Total	7405
Northern Ireland	
Limited by Guarantee	104
Limited by Shares	16
Total	120
Scotland	
Limited by Guarantee	255
Limited by Shares	101
Total	356
Wales	
Limited by Guarantee	190
Limited by Shares	40
Total	230



At the close of the period 77% of the CICs on the public register were limited by guarantee, with 23% limited by shares.

d) **LOCATION OF REGISTERED OFFICE**

	Number	%
East Midland	462	6
East of England	654	8
London	1259	16
North East	491	6
North West	1155	14
South East	1046	13
South West	981	12
West Midlands	890	11
Yorkshire and Humber	467	6
Total England	7405	92
Northern Ireland	120	1
Scotland	356	4
Wales	230	3
Total	8111	100

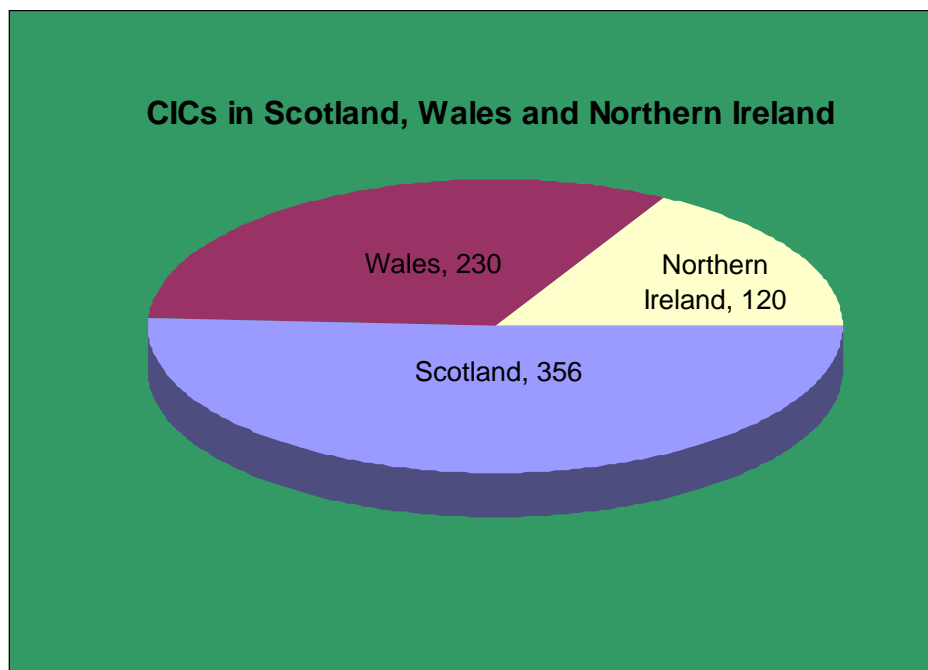


e) CICS IN SCOTLAND, WALES AND NORTHERN IRELAND

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 Social Enterprise UK. She has also had meetings with Social Firms Wales and The Business Enterprise, Technology and Science Minister to discuss CICs in Wales to spread the CIC word!



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	1087

9. 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		
Previous quarter		

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