



**COMMUNITY
INTEREST
COMPANIES**

Regulator of Community Interest Companies

**Annual Report
2008 – 09**

Regulator of Community Interest Companies

Annual Report 2008 - 09

Annual Report presented to Parliament by the Secretary of State for Business, Innovation and Skills in pursuance of section 27(8) of and schedule 3, section 7 to, the Companies (Audit, Investigations and Community Enterprise) Act 2004

REPORT BY THE REGULATOR ON THE EXERCISE OF HER FUNCTIONS

- 1. Foreword 1
- 2. Executive Summary 3
 - 2.1. Summary..... 3
 - 2.2. Strategic Priorities 2009-12 4
 - 2.3. Business Plan 2009-10..... 4
- 3. The Regulator..... 4
 - 3.1. The Legislation 4
 - 3.2. Status 5
 - 3.3. Functions 5
 - 3.4. Powers 5
 - 3.5. Role..... 6
 - 3.6. Vision, Mission and Values 7
 - 3.6.1. Vision 7
 - 3.6.2. Mission 7
 - 3.6.3. Values 7
 - 3.7. Location and Organisational Structure of the Office..... 7
 - 3.8. Cost to business 8
 - 3.9. Grant in Aid received 2008-09 8
- 4. Corporate Governance & internal controls 8
 - 4.1. Memorandum of Understanding..... 9
 - 4.2. The Corporate Plan 9
 - 4.3. Grant in Aid 9
 - 4.4. Operational and financial Reporting..... 9
 - 4.5. Internal Audit..... 10
 - 4.6. Budget and controls 10
 - 4.7. Risk Assurance 10
 - 4.7.1. Risk Management..... 10
 - 4.8. Appeals against Regulatory Decisions 11
- 5. Business Objectives for 2008-09 11
- 6. Activities to meet Business Objectives for 2008-09 (see Annex 3)..... 11
 - 6.1. Activities to raise the profile of community interest companies. 11
 - 6.2. Activities to mitigate the impact of new or existing legislation on CICs 12
 - 6.3. Activities to consult on our regulatory approach and regulatory decision made..... 12
 - 6.4. Activities to develop strong links with key organisations 13
 - 6.5. Activities to demonstrate good governance and pro-actively manage risks..... 14
- 7. Statistical information about community interest companies 15
 - 7.1. Applications 2005-09 15
 - 7.2. Monthly average of applications received and percentage increase 15

7.3. Monthly average of applications approved and percentage increase per year.....	15
7.4. Growth in CICs live on the Public Register 2005-09	16
7.5. The number of CICs formed either by incorporation or conversion	16
7.6. Conversions as a % of the total number on the Public Register	16
7.7. The number of CICs CLG or CLS (schedule 2 and 3) per country at 31/03/09	17
7.8. The number of CICs CLG or CLS (schedule 2 and 3) in the UK 2005-09	17
7.9. The number of CICs converted to a Charity 2005-09	17
7.10. The number of Charities converted to a CIC 2005-09.....	17
7.11. The number of community interest companies dissolved 2005-09	18
7.12. Type of accounts delivered by community interest companies	18
7.13. Number of CIC reports and accounts reviewed 2005-09	18
7.14. A snapshot of information about CIC directors.....	18
7.14.1. Number of Directors.....	18
7.14.2. Age range of Directors	18
7.15. Location of community interest companies.....	19
7.16. Sectors in which community interest companies operate.....	19
7.17. Number of visitors to the website during 2008-09	20
ANNEX 1: REPORT OF THE OFFICIAL PROPERTY HOLDER	21
1. Foreword.....	21
2. Status.....	21
3. Functions.....	21
4. Recruitment.....	22
5. Control	22
6. Performance	22
7. Finance.....	22
ANNEX: 2.....	23
1. Section 29 of the CAICE Act 2004.....	23
2. Schedule 5 to the CAICE Act 2004	23
ANNEX 3 – DETAILS OF ACTIVITIES DURING 2008-09.....	25
1. Presentations	25
2. Joint Working.....	25
3. Meetings.....	26
4. Exhibitions	26
5. Net working Events.....	26
6. Telephone interviews	27
7. Advertisements, Press Releases and Quotes for Articles.....	27
8. Letters, formal consultations and new leaflets.....	27
9. Applications received and approved 2008-09.....	28
10. Applications approved per month during 2008-09	28

11. Number of incorporations and conversions 2008-09	28
12. Type of community interest company registered in the UK 2008-09	28
13. Number of charities converting to a CIC 2008-09	29
14. Number of community interest companies converting to a charity during 2008-09.....	29
15. Community interest company dissolutions during 2008-09	29
16. Reasons for dissolutions during 2008-09	29
17. Community interest company reports reviewed 2008-09	29
18. Number of appeals against regulatory decisions made during 2008-09	30
19. Number of complaints received about the level of service 2008-09	30
20. Number of complaints about community interest companies in 2008-09.....	30
21. Number of telephone calls/Emails/Web Hits during 2008-09	30
22. Information and guidance provided via the website	31
23. Response time for dealing with, regulatory decision requests during 2008-09	32
24. Response time for queries and complaints during 2008-09	33

REPORT BY THE REGULATOR ON THE EXERCISE OF HER FUNCTIONS

1. Foreword

By Sara Burgess, Regulator of Community Interest Companies



As we reflect on our 3rd year of operation it gives me great pleasure to be writing my second introduction to the annual report. It reflects and builds on the foundations of our previous years' work in delivering an innovative and exemplary service to bodies that want to take on the unique form of Community Interest Company and to those which have already done so.

It has been an exciting year of growth in the recognition and development of community interest companies (CICs). In July we celebrated achieving the registration of the 2000th CIC with Eastbourne Borough Football Club; a milestone reached far sooner than originally anticipated and demonstrates the pace at which growth has been taking place. We are now well on the way to 3000 and anticipating the next celebration at 5000.

The world around us has changed in the last year. 2009 could see increased activity across the range of social enterprise and growth of community interest companies within that if there is the sea change in investment and interest arising from the credit crunch.

It remains to be seen what the real impact will be upon this legal form and social enterprise in general but for now our rate of registration has grown and remains consistent; our small team continues to work incredibly hard to make sure that each registration is smooth and a good experience and that the companies we register are committed to the ethos of the brand.

Our powers as a regulator are set out in the Companies (Audit, Investigation and Community Enterprise) Act 2004. Our ability to use these powers with operational independence helps us in developing confident, regulated community companies. Our Corporate & Business plan sets out our purpose as a regulator, our longer term strategy and our objectives for 2009-2010.

We had some key goals for this year which included increasing awareness raising and creating a better understanding within the business community and society in general. There is still a long way to go but the increase in numbers of companies registering suggests that the message is being heard and this remains top of the list in our latest plan. We are beginning to develop a body of knowledge now about the companies who have taken up this form and have been able to produce a series of case studies, which we hope will help in getting a better understanding of what a CIC does to more people.

Part of our role has been to support individuals and companies as they set off down the business path but there has clearly been a need for like minded people to share their ideas, knowledge and experiences of setting up this still new form of company. This year saw the beginnings of mutual support for those who want it through a Community Interest Company Forum hosted by the Social Enterprise Coalition. Success has grown out of it through useful discussion and raising of issues and in the form of the CIC Association. This was set up and developed by CICs who attended the first Forum meeting and which is taking on the mantle of awareness raising, developing the brand within the social enterprise movement and raising issues for debate.

Working with other bodies to achieve an efficient and effective integrated approach to regulation is essential. We have developed our working relationships with other regulators and bodies over the year and our joint quarterly meetings with BERR and the Office of the Third Sector have been

particularly successful in strengthening our relationship with them, development of the brand, establishing policy, reviewing progress, and in our contribution to their targets.

Our contact with Regional Development Agencies, other Government Agencies and key funding bodies has also helped to establish the CIC in the minds and policies of those who support business development. We will continue to develop and strengthen partnerships in the coming year.

A regulatory model must be responsive to the changing environment keeping abreast of needs and influencing policy. Over the last year I have become aware of the increasing debate about the key feature of the community interest company, the asset lock, and in particular the caps on dividends and performance related interest. To this end I have initiated a formal consultation in order to gather a body of evidence on views about this part of the asset lock and to consider whether there is a need for change or revision. The consultation starts at the beginning of the new financial year and will be completed by the autumn. Results are expected to be announced later in the year.

I firmly believe the introduction of this legal form has made a positive impact in the social enterprise movement and in the world of small business. As some companies are now making their 2nd annual return it is clear that they are implementing their plans and meeting their objectives with a great degree of success. As a regulator we have continued to place emphasis on improvement in the delivery of our service. Given the positive feedback we receive we want to continue to respond well to needs and to work with to promote the success of the CIC form. My thanks to the team for all their hard work commitment and enthusiasm through the year, and for their excellent support to me, we will all work to keep up with developments around us and I am looking forward to another busy year.



Sara Burgess
20 May 2009

2. Executive Summary

2.1. Summary

Our aim was to facilitate the growth of community interest companies in the United Kingdom through the provision of information; and effective, fair and proportionate regulation.

Throughout the year forty-two presentations were provided by the Regulator and she represented community interest companies at over sixty events or meetings; and provided several interviews and articles for the media.

One-thousand, two-hundred and nine applications were received this year and one-thousand, one-hundred and twenty-two applications were approved. The average number of applications received was seventy-two per month last year and one hundred this year. This was an increase of thirty-eight percent.

The number of community interest company reports and accounts, reviewed by the Regulator, increased to seven-hundred and eighty-nine, a sixty-seven percent increase. In addition, the Office dealt with over six thousand telephone and e-mail enquiries; and distributed over seven thousand briefing packs, leaflets and case studies.

The Regulator received one complaint about the level of service, but many compliments about the helpfulness and professionalism of the team. There were twelve complaints about the activities of community interest companies, but none this year required the use of the Regulator's supervisory powers. No appeals were received against a regulatory decision.

During the year eighty-six, three percent of, community interest companies dissolved. This compared favourably with companies generally, at eleven percent approximately. The reasons given for dissolution (where provided) varied, for example, the company was not trading, the ill health of its directors, or a shortage of staff or volunteers etc. Only two community interest companies converted to a charity and one charity converted to a community interest company.

The number of live community interest companies on the public register grew to two-thousand, six-hundred and sixty-five by 31 March 2009, a thirty-three percent increase on the previous year. Seventy-four percent of these are limited by guarantee. Six-hundred and ninety-five are limited by shares and of these one hundred and forty-nine (twenty-one percent) adopted the provisions in schedule 2, which only allow dividends to be paid to an asset-locked body.

From a snapshot taken at the end of the year the average number of directors in a community interest company was 2.98; the smallest number was one director and the largest seventeen directors. Twenty-seven percent of directors were aged under 40 and fifty-five percent were aged between 40 to 59.

Forty-one percent of community interest companies were within the South-East corridor of England. Four percent were in Scotland; three percent in Wales and one percent in Northern Ireland. They were operating in a number of sectors, but mainly in the following:

- Physical well-being; sports; radio & television; artistic & literary
- Education
- Health and social work.
- Real estate, renting, research and development and other business activities.

There were a number of staff changes during the year and an increase overall staffing levels of 0.44 of a full-time equivalent at 31 March 2009. Externally, these changes had no discernable impact on performance and the transition proved seamless for customers. It did have an impact

on the team but they worked together to prioritise the workload; streamline processes; and learn new skills thereby ensuring standards were maintained, or improved.

2.2. Strategic Priorities 2009-12

The corporate plan sets out our aims over the next three years to 2012. It also sets out the activities we are hoping to complete in the current year to further those aims. This is an evolving strategy, which will be reviewed and revised in light of experience, feedback and changes in landscape. Key stakeholders were consulted to ensure their requirements were met.

Our strategic priorities aim to support BERR in achieving its objective 6: 'To encourage enterprise, growth and business investment' by:

- Creating greater general awareness of community interest companies (CICs).
- Building public confidence in CICs through effective impartial regulation.
- Ensuring those affected by the regulation of CICs are highly satisfied with our services.

2.3. Business Plan 2009-10

During the next financial year our main priorities are:

- To pro-actively instigate and support activities that will raise the profile of community interest companies.
- To develop strong links with key organisations to ensure an integrated approach to regulation; and to provide quarterly reports to stakeholders.
- To be able to demonstrate good governance and pro-actively manage risks.
- To consult on our regulatory approach; make regulatory decisions within agreed targets; and to invoke regulatory powers, as and when necessary

Note - On 5 June 2009 the Department for Business, Enterprise and Regulatory Reform (BERR) was merged with the Department for Innovation, Universities and Skills (DIUS) to create the Department for Business, Innovation and Skills (BIS).

References to BERR in this document have not been amended in order to accurately reflect the status during the reporting period.

3. The Regulator

3.1. The Legislation

The Companies (Audit, Investigations and Community Enterprise) Act 2004 ("the Act") and the Community Interest Company Regulations 2005 ("the Regulations") came into force on 1 July 2005 and established community interest companies in England, Wales and Scotland as a new type of registered company, which may be a private company limited by shares, or by guarantee or public limited company.

In order to form as, or convert to a community interest company ("CIC"), an organisation must meet certain formal criteria, notably in relation to the contents of its memorandum and articles of association, and it must satisfy the Regulator that it passes the community interest test. According to section 35(2) of the Act an organisation satisfies the community interest test if a reasonable

person might consider that it carries on its activities for the benefit of the community, or a section of the community.

The Regulator's Office is financed by BERR (CLG) under Schedule 3(6) of the Act. The statutory fees, for considerations and determinations by the Regulator, are paid to the Registrar of Companies under Regulation 36 of the Regulations. The Registrar of Companies, by virtue of section 57 of the Act, pays the monies collected into the consolidated fund.

All statutory documents required under the Companies Act 1985 and the Companies (Audit, Investigations and Community Enterprise) Act 2004 must be delivered to the Registrar of Companies. The Registrar of Companies must provide the Regulator with copies of certain documents and await the Regulator's determination.

The Companies Act 2006 (Commencement No. 2, Consequential Amendments, Transition Provisions and Savings) Order 2007 came into force on 06 April 2007. On the coming into force of the Order, it became possible to form, or to convert to, a community interest company registered in Northern Ireland.

3.2. Status

The Regulator of Community Interest Companies is an independent Statutory Office Holder appointed by the Secretary of State for Business, Enterprise and Regulatory Reform under the Act. The Regulator's functions are set out in the Act and the Regulations.

The first Regulator, John Hanlon, was appointed from 01 April 2005 and his successor Sara Burgess was appointed on 14 September 2007.

3.3. Functions

The Regulator has three main functions:

- 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 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.

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 in their memoranda or articles by not transferring assets for less than full consideration (other than for the benefit of the community).

3.4. Powers

The Act gives the Regulator powers to intervene in various ways in relation to community interest companies whose activities are giving cause for concern. These powers are only to be exercised

where the required default conditions apply and only to the extent necessary to maintain confidence in community interest companies.

Default conditions apply in relation to the power to appoint or remove a director; appoint a manager; or protect property. The default conditions are:

- the company is not satisfying the community interest test, or not carrying out activities in pursuit of its community interest objectives; or
- there has been mismanagement, or misconduct, in the administration of the company; or
- there is a need to protect the company's property, or to secure the proper application of its property.

The Regulator's powers include the right to:

- Investigate, or appoint a person to investigate, the affairs of the company;
- Require annual accounts to be audited by a qualified auditor;
- Bring civil proceedings in the name or on behalf of a community interest company;
- Appoint or remove a director;
- Appoint a manager;
- Petition to wind up;
- Order a dissolution to be void;
- Order a company's name to be restored to the register.

In relation to the property of a community interest company, the Regulator may order:

- The vesting in, or transfer to, the Official Property Holder of any property held by or in trust for a community interest company;
- A person not to part with property without consent;
- Any debtor not to make payment without consent;
- To restrict the transactions entered into by the company or the nature or amount of the payments the company may make.

If a community interest company becomes an "excluded company" (essentially, a political party, political pressure group or a subsidiary of a political party or political pressure group), the Regulator may order:

- The transfer of specified shares to specified persons for companies with a share capital;
- Extinguish the interests of specified members and appoint replacement members in a company limited by guarantee.

3.5. Role

3.4.1. The Regulator is an independent statutory office holder and aspires to be an effective, fair and proportionate regulator inspiring public and professional confidence. As such, the Regulator is committed to providing informed, impartial and fair regulatory decisions and "light touch regulation". The Act expresses this principle by requiring her to discharge her functions in accordance with good regulatory practice having regard to:

- The likely impact of her actions on those who may be affected;
- The outcome of consultation with, and with organisations representing, community interest companies and others with relevant experience; and
- The desirability of using resources in the most efficient and economic way.

3.5.2. In addition, in line with best practice, any action taken will encompass the following five principles:

- **Proportionality:** Intervening only when necessary and appropriate to the risk posed, with costs being identified and minimised.
- **Accountability:** Justifying decisions and subject to public scrutiny.
- **Consistency:** Government rules and standards must be joined up and implemented fairly.
- **Transparency:** Being open and keeping Regulations simple and user friendly.

- Targeted: Focused on the issue and minimising any side-effects.

3.6. Vision, Mission and Values

3.6.1. Vision

Community interest companies thriving throughout the UK at the heart of our communities, synonymous with integrity and excellence, recognised and trusted by the communities they serve, the public, business and government agencies.

3.6.2. Mission

To facilitate the growth of community interest companies in the UK, through the provision of information and effective regulation.

3.6.3. Values

The promotion of equality and diversity lies at the heart of our aspiration “to be an effective, fair and proportionate regulator inspiring public and professional confidence”. We will be open and transparent in the way we work and fair and proportionate in the way we regulate community interest companies. We will deliver by demonstrating the following values in the way we work.

- Integrity: Above all, we are committed to integrity in all that we do.
- Accountability: We will take responsibility for our decisions and actions.
- Mutual respect: We will ensure equality of opportunity and provide support in achieving personal growth and development.
- Teamwork - Is the essence of our ability to succeed. We value the contribution of each individual, singularly, and as part of the team effort. We will learn from each other and share our skills and resources to better serve the needs of community interest companies and to ensure personal and corporate development. Promoting a "can do" culture.
- Professionalism - We are committed to the highest standards in all we do. We ensure we are well informed and then act decisively and consistently. We are determined to deliver an outstanding service so that our relationships with community interest companies and those affected by them will be mutually worthwhile.

3.7. Location and Organisational Structure of the Office

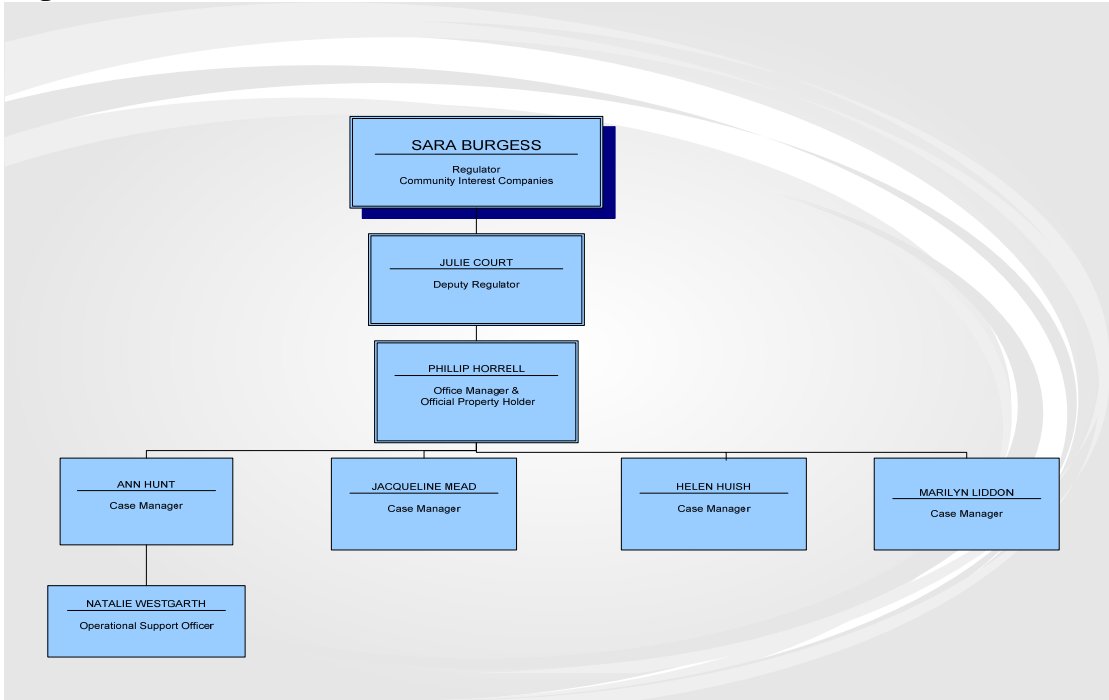
The office is based in Companies House, Crown Way, Maindy, Cardiff CF14 3UZ and has a service contract with the Registrar of Companies to provide its main support services.

The CIC Office is supported by BERR staff under BERR terms and conditions with BERR HR systems and controls in place. As at 06 April 2009 the Regulator had five full-time staff and two part-time; six females and one male, with no registered disabilities that the Regulator has been made aware of.

01 April 2008		01 April 2009
Number of full time equivalent		Number of full time equivalent
0.6	Regulator	0.6
1	Deputy Regulator	1
1	Office Manager	1
3	Case Officers	3.76
1	Operational Support Officer	0.68
6.6		7.04

During the year there were a number of staff changes:
 John Bryon (Case Officer) left on 04 April 2008.
 Jaci Mead (Case Officer) joined on 19 May 2008
 Helen Huish was promoted to Case Officer on 31 July 2008
 Natalie Westgarth (Operational Support Officer part-time) joined 22 September 2008
 James Stimson (Case Officer) left on 24 October 2008
 Marilyn Liddon (Case Officer part-time) joined 03 November 2008

Organisational Structure of the Office



3.8. Cost to business

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 below are payable by community interest companies to the Registrar of Companies on delivery of the documents relating to the listed events. In each case £15 of the fee is transferred to the consolidated fund to cover an element of the Regulator’s costs.

Event	Fee
Incorporation of a CIC	£35
Conversion to a CIC	£25
Annual Community Interest Company Report	£15

3.9. Grant in Aid received 2008-09

Grant in Aid:	£405,880
Salaries:	£281,992
Running Costs:	£123,888

4. Corporate Governance & internal controls

The Regulator, after the end of each financial year, publishes an annual report of its activities. The report outlines the Office of the Regulator’s main activities and performance during the previous financial year and sets out in summary form the Office of the Regulator’s forward plans. The report is laid before Parliament by BERR in accordance with the statutory requirements of

Office of the Regulator of Community Interest Companies
 Tel: 029 2034 6228 www.cicregulator.gov.uk
 EMAIL: cicregulator@companieshouse.gov.uk

The Act (Schedule 3(7)) and guidance on Parliamentary procedure. The Regulator's aims and objectives are set out in detail in the Corporate Plan.

The Regulator has primary responsibility for providing assurance on risk management and internal control for the office. The Regulator may also contribute to the Sponsor Department's (BERR) Accounting Officer's own review and Statement of Internal Control. The Regulator whilst delegating tasks to others remains ultimately responsible and accountable for all decisions taken in her name.

4.1. Memorandum of Understanding

A memorandum of understanding between the Regulator and BERR is reviewed every three years. The purpose of this memorandum is to set out the accountabilities and responsibilities of the Regulator of Community Interest Companies and BERR and the working relationship between the two bodies. BERR guidelines and procedures are followed if a situation arises that is not detailed in the memorandum.

4.2. The Corporate Plan

Consistent with the timetable for public spending reviews the Office of the Regulator submits annually to BERR a draft of the Office of the Regulator's updated corporate plan covering three years ahead. The plan reflects the Office of the Regulator's statutory duties and, within those duties, the priorities set from time to time by the Secretary of State. In particular, the plan demonstrates how the Office of the Regulator contributes to the achievement of the Department's PSA targets.

The main elements of the plan, including the key performance targets, are agreed between BERR and the Office of the Regulator in the light of the Department's wider decisions on policy and resources.

4.3. Grant in Aid

Each year BERR sends to the Regulator:

- A formal statement of the annual budgetary provision allocated by BERR.
- A statement of any planned changes in policies affecting the Office of the Regulator, where applicable.

Once the Regulator's budget has been approved by BERR, the Office of the Regulator has authority to incur expenditure approved in the budget without further reference to BERR, subject to any conditions in the memorandum of understanding; and providing the Department with such information about its operations, performance, individual projects, or other expenditure as the Department reasonably requires.

4.4. Operational and financial Reporting

The Office of the Regulator:

- Operates management information and accounting systems which enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in its agreed corporate and business plans.
- Reports on performance against key targets to the Department regularly and provides an annual report to parliament.
- Attends quarterly performance and financial monitoring meetings with the sponsor department.
- Informs BERR of any complaints about the Regulator accepted by the Ombudsman for investigation, and about the Regulator's proposed response to any subsequent recommendations from the Parliamentary Ombudsman.

4.5. Internal Audit

The Accounting Officer for the Office of the Regulator is personally responsible for safeguarding the public funds for which she has charge; for ensuring propriety and regularity in the handling of those public funds; and for the day-to-day operations and management of the Office of the Regulator.

The Office of the Regulator is too small to establish an audit committee and its finances are managed through BERR financial systems. BERR has agreed that an internal audit should be conducted from time to time as directed. BERR Internal audit has a right of access to all documents prepared by the Office of the Regulator.

4.6. Budget and controls

The Office of the Regulator is funded by BERR through a Grant in Aid contribution. BERR budget systems and controls apply in the CIC office; this includes BERR procedures relating to procurement, receipts and expenditure where information should be submitted to BERR, as necessary.

All arrangements concerning the Regulator's terms and conditions are detailed in the employment contract. The Office is otherwise wholly staffed by BERR personnel and BERR pay and conditions of service apply.

The Office of the Regulator forwards to BERR an annual report on fraud and theft suffered by the Office of the Regulator and notifies any unusual or major incidents as soon as possible.

4.7. Risk Assurance

The Regulator has primary responsibility for providing assurance on risk management and internal control for the office. The Regulator may also contribute to the Sponsor Department's (BERR) Accounting Officer's own review and Statement of Internal Control.

The Regulator has to satisfy herself that the following factors, which underpin the effectiveness of risk management and internal control, have been adhered to in the office, throughout the year.

4.7.1. Risk Management

Measures are implemented to ensure staff are sufficiently aware of the risks to achieving their objectives; are capable of applying skills, tools and techniques to identify, assess and prioritise risks inherent to delivery, and evaluate actions in place or required to manage them; and make decisions to pursue new policies and approaches with due consideration of the 'appetite' there is for taking risks in pursuit of objectives or targets.

The Office of the Regulator's risk management strategy is in accordance with the guidance issued by BERR and risks are identified and addressed as an integral part of the corporate planning process. The CIC Office is committed to a process of continuous development and improvement. Systems are developed in response to relevant reviews and best practice.

The Regulator reviews the effectiveness of the statement of internal control and the review is informed by monthly operational and financial reports. BERR liaises with the CIC Office on a regular basis and monitors management and financial controls through BERR systems. The Regulator and CIC senior management all have a role to play in making sure that there is a robust process to ensure effective systems of internal control are maintained and reviewed. BERR, the sponsor department holds quarterly performance monitoring meetings.

4.8. Appeals against Regulatory Decisions

Appeals against a determination made by the Regulator may be brought on the grounds that in making a decision the Regulator has made a material error of law or fact. An appeal is made to the Appeal Officer, a statutory office holder appointed by the Secretary of State for Business Enterprise and Regulatory Reform. The Appeal Officer is independent both from the Government and from the Regulator.

5. Business Objectives for 2008-09

5.1. To pro-actively instigate and support activities that will raise the profile of community interest companies.

5.2. To pro-actively identify and mitigate any adverse impact on CICs, of new or existing legislation.

5.3. To consult on our regulatory approach and make regulatory decisions within agreed targets and to invoke regulatory powers, as and when necessary.

5.4. To develop strong links with key organisations to ensure an integrated approach to regulation; and to provide quarterly reports to stakeholders - ongoing.

5.5. To be able to demonstrate good governance and pro-actively manage risks – ongoing.

6. Activities to meet Business Objectives for 2008-09 (see Annex 3)

6.1. Activities to raise the profile of community interest companies.

To meet this objective the Regulator (see Annex 3 for more detail):

- presented, exhibited and networked at events;
- wrote to key organisations offering the opportunity of an article, a presentation, or a meeting;
- met with various individuals and bodies to provide information about the community interest company legal form;
- wrote articles, provided quotes and telephone interviews for the media;
- celebrated the 2000th CIC;



- facilitated and distributed a series of CIC stories developed by journalists



- Drafted and distributed briefing packs, leaflets and guidance to individuals and organisations

6.2. Activities to mitigate the impact of new or existing legislation on CICs

To meet this objective the Regulator discussed and provided comment to, the following organisations regarding draft legislation:

- Charities Commission
- Department for Business, Enterprise and Regulatory Reform
- Department for Children Families and Schools
- Department for Communities and Local Government
- Department of Health
- Financial Service Authority
- The Office of the Third Sector
- The Registrar of Companies

In particular, the Regulator provided comment to the BERR legal team regarding the consequential amendments resulting from the Companies Act 2006 and changes to the Community Interest Company Regulations 2005; and worked closely with Companies House regarding changes to processes, systems, forms and guidance. This work continues until implementation on 01 October 2010.

6.3. Activities to consult on our regulatory approach and regulatory decision made

These activities include consulting on our regulatory approach; regulatory decision making within agreed targets; and invoking regulatory powers, as and when necessary.

The Regulator (see Annex 3 for more detail):

- met quarterly with the Department for Business, Enterprise and Regulatory Reform and the Office of the Third Sector to discuss performance.

- attended and answered questions at the CIC Forum hosted by the SEC



- attended and answered questions raised by the CIC Association
- attended networking events and met with key stakeholders (see Annex 3)
- provided a feedback facility via the website; a dedicated e-mail address to the Regulator; and a 24/7 voicemail facility:
- issued a consultation document on the Community Interest Company Regulations 2005 (“the Regulations”) Part 6, regulations 17 to 22, which deal with the caps on dividend payments and performance related interest paid;
- decided 1,122 organisations were eligible for community interest company status (see Annex 3);
- dealt with 3,707 telephone and 2,807 e-mail enquiries
- dispatched 2,657 briefing packs; 4,802 leaflets; and 32 CIC ‘story’ packs;
- provided and maintained on the website a list of live community interest companies; guidance; FAQs; forms; templates; links to other relevant sites and corporate documents. The website conforms to accessibility guidelines and was visited by 84,013 unique visitors and had 2,447,407 web hits;
- received and dealt with 1 complaint about the level of service received (See Annex 3);
- received and deal with 12 complaints about the activities of community interest companies (see Annex 3);
- requested feedback on the CIC legal form via the SEC survey.

6.4. Activities to develop strong links with key organisations

- The Regulator supports events and workshops to create awareness of community interest companies, in particular to reach:
 - funders;
 - organisations providing information to the Social Enterprise and Voluntary Sector;
 - voluntary groups;
 - Government Departments; and
 - other Regulatory Bodies
- The Regulator agreed memoranda of understand with the following organisations:

Office of the Regulator of Community Interest Companies
 Tel: 029 2034 6228 www.cicregulator.gov.uk
 EMAIL: cicregulator@companieshouse.gov.uk

- Department for Business Enterprise and Regulatory Reform
- The Charities Commission
- The Housing Corporation England*
- The Office of Scottish Charity Regulator
- The Office of the Third Sector
- The Scottish Housing Regulator
- The Social Enterprise Coalition
- The Regulator agreed a service level agreement with the Registrar of Companies

* The Housing Corporation ceased operation on 30 November 2008. Arrangements are in hand to draw up a memorandum of understanding with the new bodies.

For more detail see Annex 3.

6.5. Activities to demonstrate good governance and pro-actively manage risks

- The Regulator agreed the Corporate Plan to 2010 & Business Plan for 2008-09 and grant in aid for the CIC Office with BERR. Copies of the plans were placed on the website
- The Regulator complied with BERR's monitoring requirements following BERR Finance, HR and Risk Assurance policies and systems; and by attending meetings quarterly with BERR and OTS.
- Information was collated and distributed to stakeholders in a quarterly report and to the Secretary of State in an annual report, which is laid before parliament.
- Risks were monitored, mitigated and escalated to BERR, when appropriate.
- Monthly operational and financial reports are prepared and monitored by the Regulator.
- Team and individual SMART objectives and training were agreed and met.
- All staff completed the Professional Skills for Government (PSG) core skills assessment during 2008-09.
- Memoranda of Understanding were agreed with other Regulators and reviewed annually.
- A service level agreement was agreed with Companies House for support services.

7. Statistical information about community interest companies

7.1. Applications 2005-09

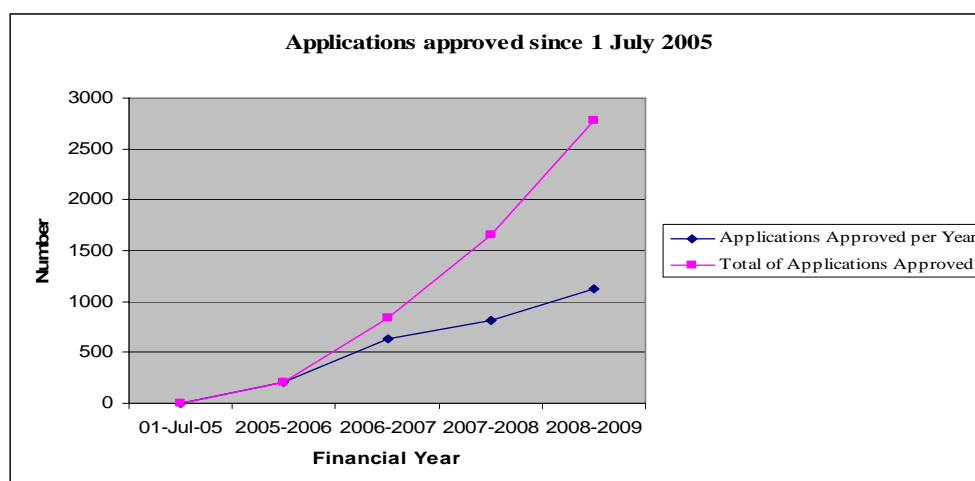
	2005-06	2006-07	2007-08	2008-09	Total
Received	260	719	873	1,209	3,061
Approved	208	637	814	1,122	2,781
Ineligible	1	0	0	0	1
Converted to a charity	0	0	3	2	5
Dissolved	0	0	35	86	121

7.2. Monthly average of applications received and percentage increase

Period	Applications received per year	Cumulative total	Monthly average	% increase in monthly average
July 2005 - March 2006	260	260	28	
April 2006 – March 2007	719	979	60	14%
April 2007 – March 2008	873	1,852	72	20%
April 2008 – March 2009	1,209	3,061	100	38%

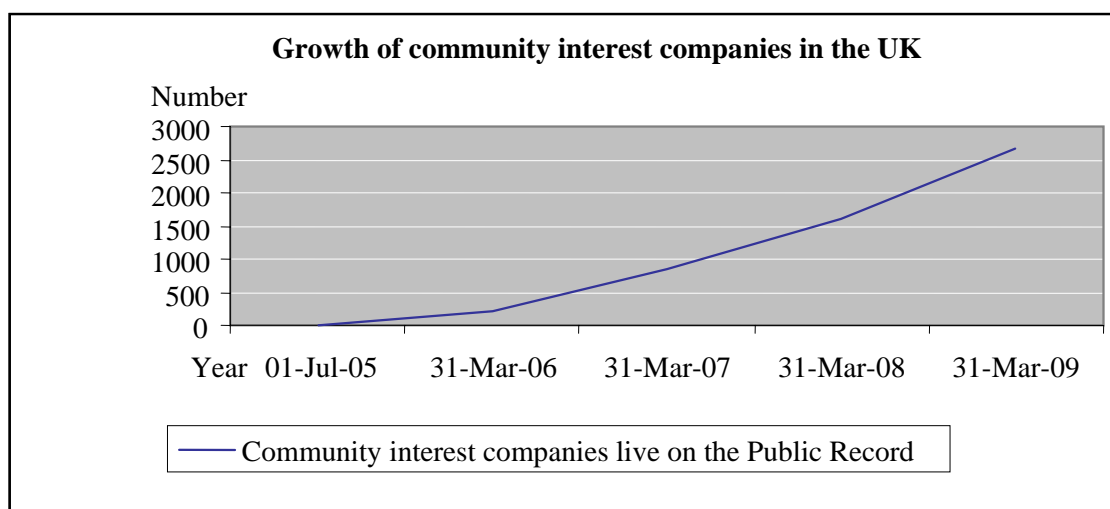
7.3. Monthly average of applications approved and percentage increase per year

Period	Applications approved per year	Cumulative total	Monthly average	% increase in monthly average
July 2005 - March 2006	208	208	23	
April 2006 – March 2007	637	845	53	30%
April 2007 – March 2008	814	1659	67	26%
April 2008 – March 2009	1,122	2,781	93	38%



7.4. Growth in CICs live on the Public Register 2005-09

Period	Approved	Dissolved	Converted to a Charity	CICs live on the Public Register	Cumulative Live on the Public Register
1/7/ 05 – 31/03/06	208	0	0	208	208
2006 – 2007	637	0	0	637	845
2007 - 2008	814	-35	-3	776	1621
2008 - 2009	1,122	-86	-2	1034	2655
Total	2,781	-121	-5	2655	



7.5. The number of CICs formed either by incorporation or conversion

Live companies at 31/03/09	United Kingdom	England	N. Ireland	Scotland	Wales
Incorporations	2,267	2,104	16	82	65
Conversions	388 (14%)	365	1	15	7
Restorations	0	0	0	0	0
Total as at 31 March 2009	2,655	2,469	17	97	72

7.6. Conversions as a % of the total number on the Public Register

Live on the Public Record	Incorporations	Conversions	Total	Conversions as a % of the total number on the Public Register
July 05 – March 06	168	40	208	19%
2006 – 2007	526	111	637	17%
2007 – 2008	680	96	776	12%
2008 – 2009	893	141	1034	13%
Total			2,655	

7.7. The number of CICs CLG or CLS (schedule 2 and 3) per country at 31/03/09

Live companies at 31/03/09	United Kingdom	As a % of live CIC	England	N Ireland	Scotland	Wales
<i>Public Companies</i>	0		0	0	0	0
<i>Private Companies:</i>						
Incorporations limited by guarantee	1,784		1,659	12	61	52
Conversions limited by guarantee	176		164	0	6	6
Total of ltd by guarantee	1960	74%	1,823	12	67	58
Incorporations limited by shares schedule 2	99		95	1	1	2
Conversions limited by shares Schedule 2	50		45	1	4	0
Total ltd by shares schedule 2	149	6%	140	2	5	2
Incorporations limited by shares schedule 3	401		372	3	16	10
Conversions limited by shares schedule 3	145		134	0	9	2
Total ltd by shares schedule 3	546	20%	506	3	25	12
Overall total as at 31 March 2009	2,655		2,469	17	97	72

7.8. The number of CICs CLG or CLS (schedule 2 and 3) in the UK 2005-09

	Ltd by guarantee	% of % of total	Ltd by shares schedule 2	% of % of total	Ltd by shares schedule 3	% of % of total	Total
July 05 - March 06	157	75%	3	1%	48	24%	208
2006 – 2007	447	70%	12	2%	178	28%	637
2007 – 2008	569	73%	51	7%	156	20%	776
2008 – 2009	787	76%	83	8%	164	16%	1034
Total	1960	74%	149	6%	546	20%	2,655

7.9. The number of CICs converted to a Charity 2005-09

Financial 2005-06	Financial Year 2006-07	Financial Year 2007-08	Financial Year 2008-2009	Total
0	0	3	2	5

7.10. The number of Charities converted to a CIC 2005-09

Financial 2005-06	Financial Year 2006-07	Financial Year 2007-08	Financial Year 2008-2009	Total
0	1	1	1	3

7.11. The number of community interest companies dissolved 2005-09

Financial 2005-06	Financial Year 2006-07	Financial Year 2007-08	Financial Year 2008-2009	Total
0	0	35	86	121

7.12. Type of accounts delivered by community interest companies

Percentage delivered to the Registrar	Type of accounts delivered
42%	Total Exemption Small (Balance sheet)
32%	Total Exemption Full (Director's report, profit & loss and balance sheet, if not trading the profit & loss will be absent)
18%	Dormant (Balance sheet)
5%	Full (Director's report, auditor's report, balance sheet, profit & loss)
2%	Small (Director's report, auditor's report, balance sheet and if trading a profit and loss)
1%	Partial Exemption (Accountant's report and balance sheet – there may also be a director's report and/ or a profit & loss)

7.13. Number of CIC reports and accounts reviewed 2005-09

2006/07	2007/08	2008/09	Total
18	262	789	1,069

7.14. A snapshot of information about CIC directors

7.14.1. Number of Directors

2867 CICs had a total of 8554 directors

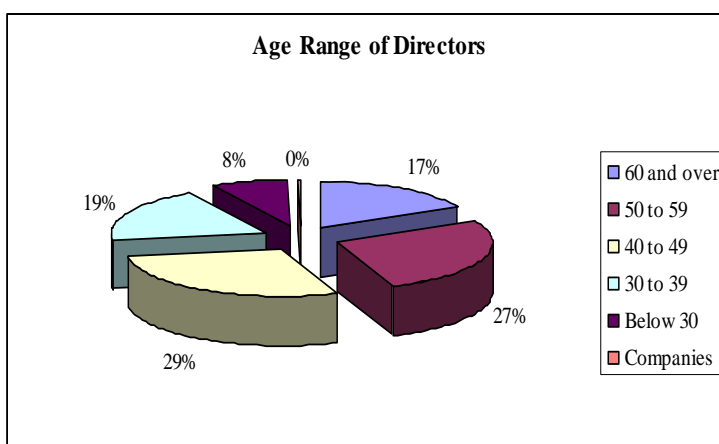
Smallest number of directors in a CIC is 1

Average number of directors per CIC is 2.98

Largest number of directors in a CIC is 17

7.14.2. Age range of Directors

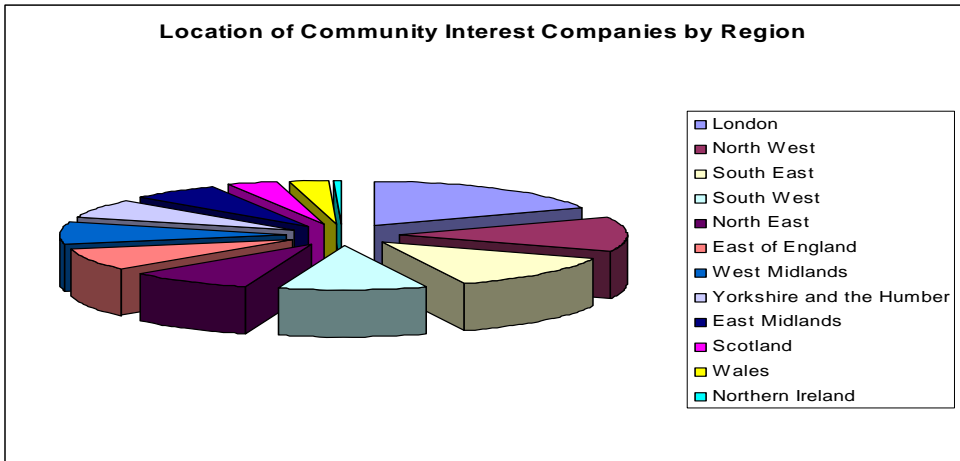
60 and over	1485	17.36%
50 to 59	2285	26.71%
40 to 49	2452	28.67%
30 to 39	1616	18.89%
Below 30	689	8.05%
Companies	27	0.32%
Total	8554	100.00%



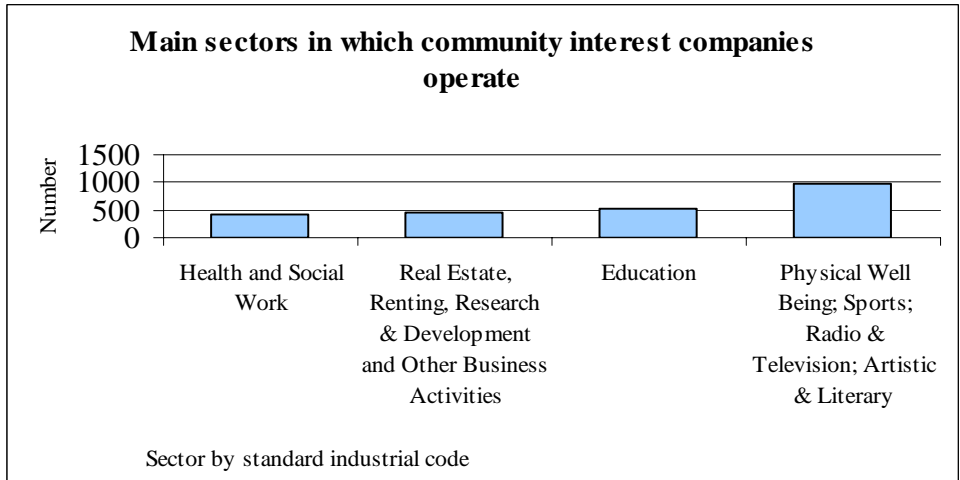
7.15. Location of community interest companies

- 41% are in London/South-East/West
- 22% are in the North-East/West
- 17% in London is the highest concentration

Location of Registered Offices	Number	%
London	485	17%
North West	342	13%
South East	349	13%
South West	279	11%
North East	232	9%
East of England	219	8%
West Midlands	211	8%
Yorkshire and the Humber	184	7%
East Midlands	168	6%
Scotland	97	4%
Wales	72	3%
Northern Ireland	17	1%
Total	2,655	100



7.16. Sectors in which community interest companies operate



	United Kingdom	England	N Ireland	Scotland	Wales
Group A - Agriculture, Hunting and Forestry	12	11	0	1	0
Group B - Fishing	3	3	0	0	0
Group C - Mining & Quarrying	0	0	0	0	0
Group D - Manufacturing	60	44	0	8	8
Group E - Electricity, Gas and Water Supply	17	14	1	1	1
Group F - Construction	10	8	0	2	0
Group G - Wholesale, Retail; Certain Repair	80	72	0	3	5
Group H - Hotels and Restaurants	50	45	0	2	3
Group I - Transport, Storage & Communication	57	53	1	3	0
Group J - Financial Intermediation	22	21	0	1	0
Group K - Real Estate, Renting, Research and Development and other Business Activities	450	417	4	12	17
Group L - Public Administration & Defence	29	29	0	0	0
Group M - Education	509	477	3	16	13
Group N - Health and Social Work	410	397	1	9	3
Group O - Other Social & Personal Services	988	915	7	39	27
Group P - Private Households with Employees	0	0	0	0	0
Group Q - Extra Territorial Organisations	0	0	0	0	0
Total	2,697	2,506	17	97	77

NB: Group O - Other Social and Personal Services includes:

Physical Well Being Activities; Sporting Activities; Radio and Television Activities and Artistic and Literary Activities

7.17. Number of visitors to the website during 2008-09

	March 2009	March 2008	March 2007	March 2006
Unique visitors	84,013	75,516	6,020	2,692
Number of hits	2,447,407	2,029,231	178,311	96,389
Pages most viewed:				
Frequently asked questions	28,251	28,353	2,458	1,247
Guidance	22,084	22,472	2,378	2,226
List of community interest companies	29,077	25,103	2,330	1,637
Forms	23,788	21,231	1,980	1,494
About the Regulator	11,129	11,999	1,142	601

ANNEX 1: REPORT OF THE OFFICIAL PROPERTY HOLDER

1. Foreword

In discharge of my responsibilities under Schedule 5 to the Companies (Audit, Investigations and Community Enterprise) Act 2004 (“the Act”), I submit my report on the exercise of the functions of the Official Property Holder for Community Interest Companies during the financial year 2008-09.

2. Status

1. The Official Property Holder is a corporation sole by virtue of paragraph 1(1) of Schedule 5 to the Act.
2. The Act and the Community Interest Company Regulations 2005 establish community interest companies as a new type of limited company registered by the Registrar of Companies, which may be private (limited by shares or by guarantee), or public.
3. Section 29(2) of the Act requires the Regulator of Community Interest Companies (“the Regulator”) to appoint a member of the Regulator’s staff to be the Official Property Holder.
4. The relationship between the Regulator and the Official Property Holder is further specified, with other relevant details, in Schedule 5 to the Act. Copies of section 29 and Schedule 5 are annexed to this report.
5. The Official Property Holder is based in the Office of the Regulator in Companies House in Cardiff.

3. Functions

6. The Act gives the Regulator various powers to protect the assets of a community interest company. In essence, the function of the Official Property Holder is to protect such assets until authorised to arrange for its transfer, as directed by the Regulator.
7. In particular, under section 48(1), the Regulator may by order transfer to the Official Property Holder any property held by, or held in trust for, a community interest company. Or he may by order require persons in whom such property is vested to transfer it to the Official Property Holder.
8. The Official Property Holder’s function is then to hold the property transferred to or vested in him as a trustee.
9. The Official Property Holder may release, or deal with, the property:
 - to give effect to any interest in, or right over, the property of any person (other than the community interest company by which, or in trust for which, the property was held before it was vested, or transferred), or
 - at the request of a person appointed to act as administrative receiver, administrator, provisional liquidator, or liquidator of the company.
10. On discharging an order made under section 48(1) the Regulator may make any order as to the vesting, or transfer, of the property and give any directions which he considers appropriate.

11. Except as mentioned in paragraph 8 above, the Official Property Holder may not release or deal with property vested in or transferred to him, except in accordance with directions given by the Regulator.

12. As soon as possible after the end of each financial year, the Official Property Holder must prepare a report on the exercise of the Official Property Holder's functions during the financial year.

13. The Official Property Holder must send a copy of the report to the Regulator, who must send it to the Secretary of State.

4. Recruitment

14. I have held the office of Official Property Holder for Community Interest Companies since 01 July 2005, when section 29 of the Act came into force.

15. On 25 July 2005, when the Regulator's office opened to receive applications, I was able to fully exercise my functions.

16. The Official Property Holder has not recruited staff during this financial year and has no staff to date.

5. Control

17. As the Official Property Holder, I have responsibility for ensuring that a sound system of internal control is maintained to achieve the aims and objectives of the Office of the Regulator of Community Interest Companies in respect of my functions.

18. The system of internal control is under consideration by the Department for Business, Enterprise and Regulatory Reform in consultation with the Regulator.

6. Performance

19. In the exercise of my functions for 2008-09, I can confirm that:

- No property either held by, or in trust for a community interest company has been vested in the Official Property Holder;
- No persons in whom such property is vested has been required to transfer it to the Official Property Holder.

7. Finance

20. The Official Property Holder may recover his expenses in respect of property held by him from the property, or from the community interest company, by which, or in trust for which, the property was held before it was vested in, or transferred, to the Official Property Holder.

21. Any expenses of the Official Property Holder not recovered in this way are to be met by the Regulator.

22. No expenses of the kind mentioned in paragraph 20 above were incurred during the financial year ended 31 March 2009.



Phillip Horrell
Official Property Holder
20 May 2009

Office of the Regulator of Community Interest Companies
Tel: 029 2034 6228 www.cicregulator.gov.uk
EMAIL: cicregulator@companieshouse.gov.uk

ANNEX: 2

1. Section 29 of the CAICE Act 2004

Companies (Audit, Investigations and Community Enterprise) Act 2004 'CAICE Act 2004'

S29 Official Property Holder

- (1) There is to be an officer known as the Official Property Holder for Community Interest Companies (referred to in this Part as "the Official Property Holder").
- (2) The Regulator must appoint a member of the Regulator's staff to be the Official Property Holder.
- (3) The Official Property Holder has such functions relating to property of community interest companies as are conferred or imposed by or by virtue of this Act or any other enactment.
- (4) Schedule 5 (further provisions about the Official Property Holder) has effect.

2. Schedule 5 to the CAICE Act 2004

Companies (Audit, Investigations and Community Enterprise) Act 2004 'CAICE Act 2004'

SCHEDULE 5

OFFICIAL PROPERTY HOLDER FOR COMMUNITY INTEREST COMPANIES

Status

- 1 (1) The Official Property Holder is a corporation sole.
(2) A document purporting to be-
 - (a) duly executed under the seal of the Official Property Holder, or
 - (b) signed on behalf of the Official Property Holder, shall be received in evidence and shall, unless the contrary is proved, be taken to be so executed or signed.

Relationship with Regulator

- 2 The Regulator must make available to the Official Property Holder such members of the Regulator's staff as the Official Property Holder may require in order to exercise the functions of the office.

Effect of vacancy

- 3 The Regulator must appoint a member of the Regulator's staff who is to act as Official Property Holder-
 - (a) during any vacancy in the office, or
 - (b) if the Official Property Holder is absent, subject to suspension or unable to act.

Property

- 4 (1) The Official Property Holder holds property vested in or transferred to him as a trustee.

- (2) The Official Property Holder may release or deal with the property-
- (a) to give effect to any interest in or right over the property of any person (other than the community interest company by which, or in trust for which, the property was held before it was vested or transferred), or
 - (b) at the request of a person appointed to act as administrative receiver, administrator, provisional liquidator or liquidator of the company.
- (3) Subject to sub-paragraph (2), the Official Property Holder may not release or deal with the property except in accordance with directions given by the Regulator.

Finance

- 5 (1) The Official Property Holder may recover his expenses in respect of property held by him from the property or from the community interest company by which, or in trust for which, the property was held before it was vested in or transferred to the Official Property Holder.
- (2) Any expenses of the Official Property Holder not recovered under sub-paragraph (1) are to be met by the Regulator.

Reports

- 6 (1) As soon as possible after the end of each financial year, the Official Property Holder must prepare a report on the exercise of the Official Property Holder's functions during the financial year.
- (2) The Official Property Holder must send a copy of the report to the Regulator.
- (3) "Financial year" means-
- (a) the period beginning with the date on which a person is first appointed as the Official Property Holder and ending with the next 31st March, and
 - (b) each successive period of 12 months beginning with 1st April.

ANNEX 3 – DETAILS OF ACTIVITIES DURING 2008-09

1. Presentations

- Association of Charitable Foundations workshop
- Butler Trust Seminar
- CAVS & CAVO Workshop
- CIC conference The Pierian Centre
- Cornwall Community Rural Council
- Croydon Voluntary Action Workshop
- Directory of Social Change and Community Matters
- Doncaster Community & Social Enterprise Partnership
- Erlestone Social Enterprise
- Excel Conference
- Healthcare Services
- Idealist.org dialogue conversation
- Ipswich CVS workshop
- Key Fund Yorkshire
- Korean Social Enterprise Delegation
- Launch of CIC Forum
- Lincoln University
- Merthyr Tydfil Council Workshop
- Monmouthshire Workshop
- NCompass
- Needham Market Internet Café Workshop
- New Deal for Communities Seminar
- Northern Ireland CIC Event
- Parkhill NHS Professional Services
- Rural Community Action
- S2S Trade Fair
- Salford CVS
- SEC Second CIC Forum
- Skillbuilders
- Social Enterprise Joint Working Group
- Social Enterprise Solutions Conference
- Social Entrepreneur Show
- South Wales Funding Network Workshop
- UnLtd Unconference
- Voluntary Community Action Trafford Workshop
- Wales Council for Voluntary Action Conference
- Withers LLP
- Worcestershire County Council Promotional Event

2. Joint Working

The Regulator has been actively engaged with the following organisations

- Business Link Yorkshire
- Central Office of Information
- Department for Business Enterprise and Regulatory Reform
- Department for Communities and Local Government
- Financial Services Authority

- National Assembly for Wales
- New Deal for Communities
- Office of the Third Sector
- Scottish Social Enterprise Coalition
- Social Enterprise Coalition
- Yorkshire Forward

3. Meetings

- ACEVO
- Art Switch Exchange Ltd
- Burton Sweet
- C-A-N-I Consultancy
- Cardiff Business School
- Charity Technology Trust
- Communities and Local Government Social Enterprise Unit
- Cool2Care CIC
- Directions Finningley CIC
- Expert Patients Programme CIC
- Healthcare Services
- Improvement and Development Agency (IDeA)
- Ipswich CVS
- Luton NDC
- Plymouth Hospitals NHS Trust
- Pony Share Scheme CIC
- Royal National College for the Blind
- RISE
- Rug Aid CIC
- Social Audit Network
- Social Enterprise Magazine
- South West Regional Development Agency
- The Pierian Centre CIC
- The Social Enterprise Load
- The Tool Factory
- Third Sector Magazine
- UnLtd
- Way Out Experiences
- Wilkie Farr & Gallagher LLP

4. Exhibitions

- Ethical Expo 2008
- Voice 09

5. Net working Events

- 2000th CIC celebration event
- Business Advice Networking
- Butler Trust
- Centre of Excellence in Sustainable Community Conference
- CDF Empowerment: Sharing Policy and Practice Conference
- Enterprising Solutions Awards
- Launch of Cornwall School for Social Entrepreneurs
- Regulatory Reform Conference

Office of the Regulator of Community Interest Companies
 Tel: 029 2034 6228 www.cicregulator.gov.uk
 EMAIL: cicregulator@companieshouse.gov.uk

- Social Audit Network Conference
- Social Enterprise East of England
- Social Enterprise World Forum Conference
- Youth Communications Network CIC celebratory event

6. Telephone interviews

- Public and Corporate Economic Consultants (PACCEC) to discuss research for Birmingham Chamber of Commerce on the evaluation of REALISE, a social enterprise micro-cluster pilot project
- Social Enterprise West Midlands for a ‘think piece’ article on CICs for circulation to their members

7. Advertisements, Press Releases and Quotes for Articles

- Advertisement in the ‘Big Issue’ Scotland November 08
- Assisted Eastbourne Borough FC with a press release for 2000th CIC and provided information to Companies House for the “Bulletin”
- Assisted with BERR press release on review of dividend cap
- Article provided "It does what it says on the tin"
- Article provided for the SEC Magazine about Prospectus Rules

8. Letters, formal consultations and new leaflets

8.1. The Regulator wrote to the following bodies providing information to raise awareness of community interest companies and offered the opportunity to meet with the Regulator.

- Deputy Minister of Regeneration at the National Assembly for Wales
- Doncaster Council
- Tenant Services Authority
- The British Chambers of Commerce
- The Chairman of Community Renewable Energy (CoRE)
- The Coalfields Regeneration Trust in order to obtain details of their funding policy relating to Community Interest Companies

8.2. The Regulator wrote to the following organisation to raise awareness of community interest companies through placement of an article in their practice website/magazine publications:

- Corporate Responsibility Group

8.3. The Regulator opened a formal consultation about the dividend and performance related interest caps.

8.4. The Regulator printed information provided by community interest companies to journalists about the work they are doing for communities.

9. Applications received and approved 2008-09

Type	Number
Applications received	1,209
Approved	1,122

10. Applications approved per month during 2008-09

Period	Applications approved per month	Cumulative total	Monthly average
April 08	80	80	80
May 08	113	193	96.5
June 08	84	277	92.33
July 08	86	363	90.75
August 08	74	437	87.4
September 08	93	530	88.33
October 08	108	638	91.14
November 08	52	690	86.25
December 08	81	771	85.66
January 09	87	858	85.80
February 09	90	948	86.18
March 09	174	1,122	93.50

11. Number of incorporations and conversions 2008-09

2008-2009	United Kingdom	England	Northern Ireland	Scotland	Wales
Incorporations	999	933	13	27	26
Conversions	123	113	1	8	1
Total	1,122	1,046	14	35	27

12. Type of community interest company registered in the UK 2008-09

2008-2009	United Kingdom	England	Northern Ireland	Scotland	Wales
Public Companies	0	0	0	0	0
<i>Private:</i>					
Incorporated as Ltd by Guarantee	799	744	9	22	24
Incorporated as Ltd by Shares	200	189	4	5	2
Converted to Ltd by Guarantee	52	50	0	1	1
Converted to Ltd by Shares	71	63	1	7	0
Total	1,122	1,046	14	35	27

13. Number of charities converting to a CIC 2008-09

2008-2009	United Kingdom	England	Northern Ireland	Scotland	Wales
Charity converted to a CIC	1	1	0	0	0
Total	1	1	0	0	0

14. Number of community interest companies converting to a charity during 2008-09

2008-09	United Kingdom	England	Northern Ireland	Scotland	Wales
CICs converted to a charity	2	2	0	0	0
Total	2	2	0	0	0

15. Community interest company dissolutions during 2008-09

	Dissolutions	Dissolutions (Defunct)	Voluntary dissolutions
First Quarter	8	1	7
Second Quarter	23	2	21
Third Quarter	20	1	19
Fourth Quarter	35	4	31
Total for Year	86	8	78

16. Reasons for dissolutions during 2008-09

Number of dissolutions	Reason
47	No reason stated
7	Never traded
3	Defunct not trading in last three months
3	Insufficient work to make company viable
7	No longer feasible/viable
7	Unable to access funding
3	Ill health of directors
2	Financial difficulties
2	Did not want two CICs
2	More suited to a limited company
2	Shortage of staff/volunteers
1	Wanted to form a charity

17. Community interest company reports reviewed 2008-09

Type	Number
Community interest reports reviewed	789

18. Number of appeals against regulatory decisions made during 2008-09

The legislation relating to community interest companies provides for a process of statutory appeals against certain types of decisions, which the Regulator may take. Appeals may be brought on the grounds that in making a decision the Regulator has made a material error of law or fact.

No appeals were received during this period.

19. Number of complaints received about the level of service 2008-09

2008 - 2009

Type	Nature	Number	Closed	Open
Complaint against level of Service	Conduct of the office	1	1	0
Total		1	1	0

20. Number of complaints about community interest companies in 2008-09

2008 - 2009

Type	Nature	Number	Closed	Open
Complaint Against a CIC	Conduct of company	5	5	0
Complaint Against a CIC	Community benefit activities	4	2	2
Complaint Against a CIC	Contractual	1	1	0
Complaint Against a CIC	Distribution of assets	2	2	0
Total		12	10	2

21. Number of telephone calls/Emails/Web Hits during 2008-09

2008 - 2009

3,707	Telephone enquiries
2,807	E-mail enquiries
2,657	Briefing packs – issued
4,802	Leaflets – issued
32	Case Study Packs issued
84,013	Unique web visitors
244,7407	Web hits

22. Information and guidance provided via the website

- A link to an annual competition aimed at combating homelessness entitled ‘Bright Sparks’
- A link to Supply2.gov.uk a lower-value contract opportunity portal created by the Government to provide small businesses with access to lower-value public sector contracts
- A link to the Co-operatives UK website
- A report on a Social Accounting and Audit Research Project
- A newsfeed is updated on a regular basis with articles about CICs and related news of interest.
- A report on a Social Accounting and Audit Research Project
- Announcement of Cornwall Rural Community Council’s first CIC conference
- Announcement of the consultative document - Proposed Amendments to the Community Interest Companies Regulations 2005
- Announcement of the launch of the Regulator’s review of the dividend cap and performance related interest cap which began on 30 March 2009 and will conclude on 19 June 2009
- Announcement of the launch of BRS Se 100 index run by the Social Enterprise Magazine in partnership with the Royal Bank of Scotland
- Annual report 2007-08
- Big Issue Invest Press Release
- Chapter 2.3 of the Guidance was updated to read “It is therefore expected that the community will be *wider than just the members of the CIC” *deleted the word “usually”
- Coalfields Regeneration Trust Funding Policy
- Complaints leaflet “Standard of service of the CIC Office” updated with Ombudsman address
- Details of the Review by the Charity Commission of Bodies with Exempt Charity Status planned for late 2009
- Forth Sector business planning guide
- Information for Funders updated “Do charitable foundations fund CICs”
- Link to Bankruptcy and Becoming Bankrupt
- Link to “CIC Forum: Background and Objectives” included on Home Page
- Link to Society Media
- Link to the Social Enterprise Coalition survey on the effects of the current economic upheaval on social enterprises [Social Enterprise Survey](#)
- News article regarding Spruce Carpet Tiles CIC winning the title of Social Enterprise of the Year 2008 at the prestigious Scottish Business in the Community Awards
- Quarterly Report Jan-Mar 2008
- Quarterly Report Apr-Jun 2008
- Quarterly Report July-Sep 2008
- Quarterly Report Oct -Dec 2008
- Revised Form CIC53 was added to the Forms section of the website.
- Scottish Housing Regulator logo link
- Tool Factory launch of Social Impact Tracker
- UnLtd Level 2 Award Competition for Social Entrepreneurs
- Updated CIC forms - CIC36, CIC37 & CIC14
- Updated FAQ page Links to new version of CIC Forms 10,12,14,36 and 37
- Updated form CIC53
- Updated Guidance pages Chapters 1-11 & Annexes A-H to reflect change of Regulator
- Updated Models of Memoranda and Articles of Association ‘*examples of how forms should be completed*’ with latest version

23. Response time for dealing with, regulatory decision requests during 2008-09

Event 2008-09	Target time	Number	Result
Applications to form: Notification to the Registrar within 2 working days of the Regulator's determination	2 days	999	100%
Applications to convert: Notification to the Registrar within 2 working days of the Regulator's determination	2 days	123	100%
Notification of the withdrawal of an application: Notification to the Registrar within 2 working days of the Regulator's determination	2 days	6	100%
Ineligible to form as a community interest company: Notification to the Registrar within 5 working days of the Regulator's determination	5 days	0	100%
Annual community interest reports reviewed: Within 5 working days of notification of receipt by the Registrar	5 days	789	100%
Alteration of the objects statement: Notification to the Registrar within 5 working days of the Regulator's determination	5 days	15	100%
Changing or specifying an asset locked body: Notification to the Registrar within 5 working days of the Regulator's determination	5 days	3	100%
Dissolution and strike off: Notification to the Registrar within 5 working days of the Regulator's determination	5 days	86	100%
Supervisory powers exercised	-	None	Not applicable
Appeals Received	1 day	None	Not applicable
Complaints Received	20 days	13	100%
All CIC resolutions and other documents delivered to CH systematically monitored	Daily	Not available	100%

24. Response time for queries and complaints during 2008-09

Event 2008-09	Response Time	Number	Result
Voicemail & telephone calls	24 hours	3,707	100%
General queries	2 working days	2,807(e-mails)	99%
Substantive queries letters and e-mails	10 working days	21 letters	100%
		2,657 briefing packs requests were satisfied	100%
		4,802 leaflets requests were satisfied	100%
		32 case study packs issued	
Complaints about the level of service	20 working days	1	100%
Complaints about the activities of a CIC	20 working days	12	100%
Complaints about the misuse of the 'CIC' designation	20 working days	0	100%
Response to press queries	1 working day	5	100%
Freedom of information requests	20 working days	0	Not applicable
Payment of invoices	28 working days	55	100%