

## **Area Panels: September 2014**

### **Subject: Community Interest Company Briefing**

#### **Background**

The Bristol Estate Community Association (BECA) has been a Community Interest Company (CIC) since 2007. The CIC was established to develop and manage the 7 artist studios on the estate. Former bin stores that were subject to fly tipping and anti-social behavior were put into use.

BECA is also the residents association and it has received Estates Development Budget funding over a number of years. It is a not for profit organization.

Other examples of CICs in Brighton and Hove include the Big Lemon Bus and Mind's Expert Patients Programme.

#### **Community Interest Company (CIC)**

This section provides information about CICs and has mainly been taken, with permission, from the Resource Centre website.

A CIC is a limited company with special features to ensure that it works for the benefit of the community. It differs from a charitable company in that it can be set up for any legal purpose which benefits the community, whereas a charity must have exclusively charitable purposes.

A further advantage is that a CIC is subject to lighter regulation than a charitable company.

On the downside, a CIC may not be eligible for funding which is available to a charity.

CICs commit their assets and profits permanently to the community by means of an "asset lock", ensuring that unlike a private company, profits cannot be distributed to shareholders (people who own the company and have a share in the assets and receive an income from any profits).

CICs report to the Regulator of Community Interest Companies. A big advantage is that a CIC's not-for-profit status is visible as well as assured.

It is worth noting that a CIC cannot register as a charity, but that a charity may set up its trading subsidiary as a CIC - as Mind have in Brighton and Hove.

CICs have to register with Companies House as a company limited either by guarantee or by shares and then apply to the new Regulator for CIC status. The CIC Regulator's website has detailed guidance notes on all aspects of setting up a CIC, or converting an existing limited company to a CIC.

Like other residents' associations everyone living in the area of the association is a member. There are directors rather than a committee, and being a CIC ensures that they are not personally liable; the organization is liable for any debts. A Chair, Secretary and Treasurer are elected from the directors.