

## **BLCF Funding for CIC/Social Enterprise**

Organisations applying for funding for social enterprises or community interest companies (CIC) must demonstrate that the purpose for which they are requesting funding is wholly not for profit and/or for charitable purpose. They must adopt a form of governance which provides a certain level of transparency and accountability acceptable by BLCF as the funder.

### **What is a Community interest company (CIC)**

A CIC is a limited liability company incorporated under the companies Act 2006 with the specific aim of providing benefit to the community.

A CIC has continuity of purpose once it is incorporated it will continue in existence until it is either dissolved or converted to a charity. If it is dissolved the residual assets will be preserved for the community rather than distributed to members.

It can be a company but limited by guarantee – with no shareholders and it is not for profit. Any profit generated is used to grow and develop the company or goes directly to benefit the community.

### **Specific guidance for CIC**

- CIC director's remuneration should be reasonable and transparent and comparable with other directors in the sector.
- You have a Board of three or more unrelated Directors or Trustees.
- CIC Asset Lock is designed to ensure that the assets of the CIC (including any profits or other surpluses generated by its activities) are used for the benefit of the community or for charitable purposes
- BLCF will not fund a CIC limited by shares if dividends are payable to non-asset locked bodies or individuals
- A CIC will be asked to provide a copy of its CIC36 form (declaration on the formation of a community interest company), or a CIC 37 form (application to convert a company to a CIC)

### **What is a Social enterprise**

A social enterprise is a business model which puts the interest of people and planet before shareholders gain.

Whatever the industry social enterprise operates differently from typical businesses. They are driven by social/environmental mission

They focus on the needs of the community they serve.

They trade primarily for social purposes and are committed to reinvesting profits towards achieving social objectives

They are independent with a constitution and governance, they earn 50% of income from trading

If trading for 12 months or more have a social enterprise mark

Committed to reinvesting principal proportion of profits towards achieving social objectives

### **Specific guidance for social enterprise**

- It will be expected that you generate a certain amount of income and that you can evidence the income. That you have a realistic achievable business plan.
- You have a Board of three or more unrelated Directors or Trustees with no financial interest.
- If directors and employees are the same people, line management arrangements will need to be transparent and appropriate.