Community Interest Company (CIC) – Guidance for applicants

Cripplegate will fund organisations registered as a Community Interest Company (CIC). We understand that this is how some innovative work gets started and is often the mechanism an individual with a social benefit idea and a passion for making a positive difference starts out. We are particularly keen to encourage people who want to use their own lived experience and understanding to benefit their community.

We know it is easier to set up a CIC than it is to register a charity and that the reporting and governance requirements for CICs are different to those required by the charity commission. Understandably, this is why many organisations choose to become a CIC rather than a charity.

However, Cripplegate Foundation and Islington Giving need to be fair across all our funding. In terms of the information we require from applicants, we need to be asking the same of both charities and CICs. What we ask of charities is a requirement of our own due diligence checks and we need to be confident that we use the same checks with CICs.

For example, as with charity applicants, we need to be able to see a breakdown of how a CIC is funded and what it spends each year, and what money is held in reserve, including unrestricted reserves (see below for further clarification on what we mean by reserves). Usually, we cannot see this from the balance sheet or Micro Accounts required by Companies House. If a CIC just sends us a balance sheet, we will struggle to see how much money you have in reserve, and this impacts our ability to assess and prioritise which groups should be recommended for funding.

We also need to be sure that an applicant CIC is paying attention to its own governance. We require all charities applying for funds to have at least three trustees and all board members/trustees must be unrelated to each other. CICs must follow the same governance requirements with its directors if wishing to access funding from Cripplegate Foundation or Islington Giving.

What we need from CICs applying for our funding

We require applicant CICs to be constituted as a company limited by guarantee NOT limited by shares and must provide the following information when applying.

1. A full set of accounts. This must include a starting balance for the year, a breakdown of income and expenditure for the year, including grant sources and amounts, any surplus/deficit for the year and final balance carried forward. We will view this final figure as your current reserves. If any of that money is restricted i.e. the funder has given it to you for a particular project, you need to tell us this. Otherwise, we will assume all your reserves are unrestricted.

2. We will want to see that you have at least three Directors. To apply for funding from Cripplegate Foundation or Islington Giving, none of your directors if a CIC, or trustees if a Charity, should be related i.e. a family member, spouse or partner.

   In addition, CICs applying to Cripplegate Foundation or Islington Giving for the first time will need to show us:

3. A copy of your community interest statement (CIC36 form) that details how your company will benefit the community?

4. Inclusion of an 'asset lock' within the CIC Articles of Association. This is a legal promise stating that the company's assets will only be used for its social objectives, with a named not for profit organisation where any surplus funds will be transferred in the event of closure.

5. As a best practice consideration and to help evidence the active involvement of other Directors in the work of the organisation, we would need a different Director to the person completing the grant application complete and sign the Terms and Conditions document, should your CIC be successful in its application,

We will also pay attention to how your CIC grows and develops. In particular, where a CIC has an income over £100,000, we expect them to provide the above information in an easily accessible way. As part of any assessment, we also expect Directors of a CIC to exhibit a level of financial competence and understanding commensurate with the level of income and expenditure the organisation is responsible for.

Please ask for help

If you need help to clarify any of the requirements or the terms we are discussing here, please let us know. We appreciate that in the early days of a CIC, people might need more help and guidance. However, it is likely that we won't be the only grant funder who is asking these questions so, if you can get it right for us, with our help, that should help you when applying to other funders.

If you can't or choose not to provide us with the information as described, it is likely we will not be able to fund your work, which would be a shame.

You can also access organisational development and capacity building support including advice and support on improving financial management for your organisation from Voluntary Action Islington https://vai.org.uk/services/support-for-groups/

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