

## MINUTES OF THE SECOND MEETING OF THE CIC FORUM

**Date: Monday 24 November 2009**

**Time: 10.00 – 14.30**

### 1. Welcome

**Director of Research and Policy, SEC, George Leahy**

George described the Coalition, its history and the nature of its work. He described its role in setting up the CIC legal form and its work in all policy areas including business support, accessing finance and the reduction of barriers in markets.

### 2. Keynote speeches

**CIC Regulator, Sara Burgess**

Sara outlined the significant features of the CIC model and emphasised the expansion in numbers of businesses incorporating as CICs. She explained her role as CIC regulator, emphasising the importance of light-touch regulation and illustrated this with her involvement in a number of developed and developing CIC projects.

She explained her mission to be increasing the profile of the CIC model, particularly the need to promote the model to funders and investors. She highlighted key current debates surrounding CICs, including a dividend cap, performance related interest and tax.

Sara concluded by highlighting the need to build evidence about CICs and her role in supporting development agencies at a local level and policy makers at a national level.

**Salford Health Matters CIC, Dr Rae Ellis, Director**

Dr Ellis outlined the development of Salford Health Matters, a CIC providing essential and enhanced GP services to the local community. She explained why the CIC model was especially applicable in this case, highlighting the flexibility, certainty of the CIC to reinvesting profits back into the services on behalf of the public sector.

Finally, she identified some of the challenges for the CIC, including those following from taking on the pathfinder status from the Department of Health's Social Enterprise Unit, such as higher targets than PCT-run GP practices, and the possibility of employee-ownership.

#### 2.1 Q & A and panel discussion

George Leahy, Sara Burgess, Dr Rae Ellis SHM CIC

Issues discussed included the following:

- How assets were transferred from the PCT to the Salford Health Matters CIC and what were the implications of this.
- How to bid for pathfinder status and the consequences of this responsibility
- The possibility and possible evolution of selling equity finance for CICs
- The advantages and possible challenges associated with employee-ownership
- Flexibility of CICs as a business but the finality of the asset lock and CIC status
- The view that CICs are the closest to converging the private and public sector

All of the issues raised at the forum will inform the Regulator's Office & Coalition policy work to support CICs.

### **3. Breakout group discussions on Finance, Governance and Brand Awareness**

Key points from each of the discussions are summarised below.

#### **Finance**

1. There is a time gap between proof of concept and sustainability of the CIC itself, highlighting the need for early preparation.
2. Innovative group structures need to be highlighted, including CIC owning subsidiaries which can trade their equity more readily and CICs being social lenders and acting as brokers.
3. The availability of finance in kind should be publicised, including guarantors, accommodation and expertise.

#### **Governance**

1. There is uncertainty concerning internal governance arrangements of CICs, including when and how clients or employees sit on boards of directors.
2. There is also uncertainty concerning more general governance structures, particularly when CICs form subsidiaries of charities.
3. Due to the lack of legal precedence, there is a desire to access good and bad practice guides, the development of which would be supported by the SEC.

#### **Brand Awareness**

1. There is a desire from CICs for funders to be able to access a simple statement about CICs provided by the CIC Regulators.
2. There is a need to inform professional networks about CICs to increase the publicity these professionals provide about CICs to their clients. Networks suggested included the Law Society, ACCA and CSR managers.
3. Increased media coverage of CICs can help promote the brand, such as a 'CIC of the month', illustrating why the CIC structure specifically is significant for the business' success.

### **4. Close**