Foundation Derbyshire

Community Interest Company (CIC) Policy.

Last Updated August 2026

Community Interest Companies are not for profit structures with the capacity to generate income via the selling of services / training and / or resources to become sustainable. Ultimately a CIC should be moving towards operating in an environment where they are not reliant on external funding.

It is important to bear this in mind if you are considering setting up a CIC – they aren't the right structure for everyone.

There are a number of differences in the way these organisations are set up, compared to other community led not-for-profit groups.

Usually, we provide funds to groups run by a committee, or Board, of at least 3 unrelated people, who have a responsibility for managing the organisation and its activities effectively. It is expected that the management committee exists to promote the objects of the organisation in a way that is impartial, in the best interests of the organisation and its beneficiaries, and without the opportunity for personal profit or financial gain.

By contrast, CICs have a structure which permits directors to receive a wage for their work within the organisation. In general, this can bring risks to the organisation (and by default, risks to the funder) regarding impartiality, financial probity, value for money, tax liability and the minimum wage.

However, we appreciate that these structures are legal entities embracing a different way of tackling community issues and as such we, like many other funders, do provide access to funding for CICs.

We do have a set of additional criteria for CICs looking to apply to the Foundation and would recommend that you read through these before progressing further.

One

You must be legally set up as a CIC on Companies House. We should be able to access your CIC 36 Declaration on Formation document, which should be complete, as should your Memorandum and Articles of Association – we can't accept incomplete documents where aims / objectives or asset locks have been left blank

Two

The organisation must have a Board that includes at least three Directors. These Directors must not be related / partners or living at the same address. If you do have related parties, they must not form the majority of the total number of Directors - i.e. 2 out of 5 is acceptable.

Directors should be fully engaged (not passive / in name only) and bring a good level of relevant skills, experience and knowledge, which will help the CIC achieve its aims.

Three

Alongside having a minimum of three Directors we will look at 'persons with significant control'(PSC) as registered at Companies House. If your CIC chooses to have PSCs, we would expect this to mirror the board, with a minimum of three PSCs, with no one PSC having overall control.

Four

If we are being asked to fund a salary for a director, any salary costs requested must be shown to be reasonable and in line with salary structures within the field (art, sports etc).

Five

We would not expect the majority of Directors to be taking a salary / being paid **in any capacity** in connection with the CIC's work, at any point. This includes ad-hoc or freelance piece meal work.

There must be robust mechanisms for discussing and deciding on issues connecting to pay and systems to avoid conflicts of interest.

Six

CICs applying for funding will be asked to supply the name and address of a referee. The referee will be asked to complete a reference form.

The referee must not be a director, user/ beneficiary of the service or related to any director / user. Potential referees include referral partners , other charity partners or agencies, funders who have provide grants previously

Foundation
Derbyshire

Unit 2, Heritage Business Centre,
Derby Road, Belper DE56 1SW

01773 525860
www.foundationderbyshire.org
hello@foundationderbyshire.org

Charity Registration No. 1050485. Company Limited by Guarantee. Registered in England & Wales No. 2893759.
Foundation Derbyshire is the operating name of Derbyshire Community Foundation.