

Office of the Regulator of Community Interest Companies: information and guidance notes

Chapter 9: Corporate Governance

Excerpt: for full text see <https://www.gov.uk/government/publications/community-interest-companies-how-to-form-a-cic>

9.1.3. Members

In a company limited by shares the members are usually the shareholders subject to the provisions included in the Articles of Association. In a company limited by guarantee the members are usually the subscribing guarantors and others admitted to membership according to the Articles of Association.

Although the day to day running of the company may be delegated to the directors, subject to company law and the Articles of Association of the company, the ultimate control of the CIC and responsibility for major policy and other decisions rests with the members. The general meeting of a company's members is its ultimate decision-making body, and members have statutory rights to require the company to call such meetings.

For example, they can appoint and dismiss the directors, delegate powers to the directors, declare dividends, approve major transactions and change the constitution of the company (see Chapter 5).

In all companies, but more so with CICs, members should not regard delegation to directors as being the same as abdication of responsibility. It is important that the members should monitor the performance of the CIC and the directors, for example, to satisfy themselves that the company continues to meet the community interest test and fully involves the community in its activities and development

As explained further in Chapter 11, the light touch regulatory regime operated by the Regulator means that, to a large extent, the Regulator relies on others to bring to the Regulator's attention any matters causing concern about the activities of a CIC. The members clearly have a role to play in drawing such concerns to the attention of the Regulator who will consider whether the Regulator should take any action.