



Operational Case Report

Police Dependants' Trust (251021)

About the charity

The Police Dependants Trust has objects to promote the efficiency of the police force in the UK by helping current and former police officers and their families when police officers have been killed or incapacitated as a result of an injury received while on duty.

Why the commission got involved

In March 2014, an article appeared in a national newspaper alleging that the charity was subject to a police investigation. The article linked the alleged investigation to plans the charity had in 2010 to transfer its investment portfolio to a particular financial adviser. Shortly afterwards, the charity submitted a serious incident report in relation to the media coverage due to the reputational harm arising from the reporting. At this stage, it was apparent that the charity had not been informed of any ongoing investigation by the police.

We had been made aware of concerns relating to the management of the charity's investments in 2010 whilst dealing with the charity's proposed merger with the National Police Fund. We were informed of a dispute among trustees resulting from plans to transfer the charity's investment portfolio. Initially, the trustees had decided to transfer the portfolio to an adviser with links to members of the trustee body due to their roles in other organisations which used the adviser's services. However, on reflection, a number of the trustees were uncomfortable with the decision making process. Ultimately, the trustees resolved their differences and agreed to initiate a tender exercise and the charity's investment portfolio was eventually transferred to a different provider.

At the time, the trustees acknowledged that this situation had highlighted poor governance at the charity. They took steps to improve the charity's management, including by commissioning an independent governance review in 2011. We concluded that, according to our regulatory approach at the time, there was no need for further regulatory action.

However, as the newspaper article suggested a police investigation was ongoing in relation to the 2010 events, we needed to establish the facts and assess whether the charity's current governance was adequate and the trustees were managing its investments appropriately.

The action we took

We opened an operational compliance case to assess the concerns. We requested a range of information and documents from the charity's trustees, such as:

- minutes of trustee meetings in 2010
- a copy of the charity's 2010 investment policy and an updated policy demonstrating how procedures have changed since the incident took place
- the charity's current business plan
- the charity's risk analysis document

We also met with the charity's trustees and CEO at its premises. Separately, we liaised with the police to verify whether they were investigating the charity.

What we found

We established that a police investigation relating to the Police Dependents' Trust had been launched following a complaint made to it at the time of the original dispute, but which had not yet been closed. We have been made aware that the investigation was closed in July 2014, following referral to the Crown Prosecution Service which concluded that none of the events or matters alleged in the complaint amounted to evidence of criminality and that no charges should be brought on the matter.

We found that the charity was making significant progress in implementing the recommendations of the 2011 governance review. The charity was able to demonstrate, that, among other things, it had:

- recognised the poor governance and dispute that arose in 2010
- put in place an investment management policy
- reviewed and improved its governing document, ensuring it was fit-for-purpose, and has subsequently incorporated
- put an end to the practice of trustees sending nominees to trustee meetings
- clarified trustees' scope of delegation to staff members
- created a number of working groups and sub-committees to improve governance
- agreed role description for trustees
- improved the organisation of trustees meetings, including by ensuring agendas are clear, papers are supported by appropriate evidence and trustees are sent papers sufficiently in advance of meetings

The trustees explained that some recommendations were still in the process of being implemented. A new CEO had recently been appointed, who was supporting the trustees in driving this forward.

Impact of our involvement

We acknowledged that the trustees, together with the new CEO, were making progress towards improving the charity's governance, which the trustees accepted had been seriously deficient in 2010. However we still had concerns about the robustness of the charity's governance, for example, the charity doesn't have a business plan or risk register in place. We emphasised the importance of the trustee body making collective decisions and recognising their ultimate responsibility for the administration and management of the charity. We also set the charity an action plan, on which they are required to report back to the Commission on progress, within a set timeframe. Among the actions required by the plan are:

- to review trustee skills and succession planning arrangements
- to put in place a trustee induction process
- to put in place a Business Plan
- to carry out a risk management exercise and put in place a risk register for regular review by the trustees
- to put in place and/or keep under review policies and procedures covering Investment management, financial controls, conflict of interest, fundraising and grants (we note that an investment management policy is already in place and that the charity's new constitution includes conflicts of interest management procedures)
- to review the CEO and managers' job descriptions to ensure that they clearly differentiate between the responsibilities of the trustees and employees

We understand that the charity is in the process of drawing up a comprehensive governance manual, which will be kept under regular review by the trustees and will address the points raised by our action plan, bringing together its business plan, key policies and procedures, updating them and introducing new policies where appropriate.

Lessons for other charities

Making good decisions

Good decision making is at the heart of good governance. Our guidance, [It's your decision](#), summarises a sound decision as one where trustees have:

- acted within their powers
- acted in good faith, and only in the interests of their charity
- made sure they are sufficiently informed, taking any advice they need
- taken account of all relevant factors
- ignored any irrelevant factors
- managed [conflicts of interest](#)
- made decisions that are within the range of decisions that a reasonable trustee body could make in the circumstances

If trustees are not able to demonstrate that they have followed these principles when making decisions, they expose their charity to serious risk, including reputational damage.

Conflicts of interest

All trustees have a legal duty to act in their charity's best interests when [making decisions as a trustee](#). If there's a decision to be made where a trustee has a personal or other interest in the matter to be discussed which may affect their ability to make a decision in the best interests of the charity, this is a conflict of interest and they won't be able to comply with their duty unless they follow certain steps.

Conflicts of interest are common in charities - having a conflict of interest doesn't mean a trustee has done something wrong. But trustees need to act to prevent them from interfering with their ability to make a decision only in the best interests of the charity.

By following a 3 step approach set out in our guidance (identify, prevent, record) trustees can avoid:

- making decisions that could be overturned
- risking their charity's reputation
- having to repay their charity if they make unauthorised payments to trustees