Operational Case Report

The Camphill Village Trust (232402)

About the charity

The charity has a long history of providing care and education for people with disabilities and now maintains 9 separate communities in England and Wales. Most of the communities provided by the charity are described as ‘life-sharing’; this means that beneficiaries live alongside volunteers (known as co-workers) who provide care and support, although there are also employees involved. This is a unique feature of the charity.

The co-workers do not receive a salary, but have their ‘reasonable needs met’. Around the time our involvement started co-workers made up a significant proportion of the trustee board.

Why the commission got involved

Following a whistle-blower contacting the commission about the level of benefits received by co-workers in one community and the filing of a number of serious incident reports, and in response to our correspondence with the charity, we were contacted by the Chair of the charity in September 2012, on behalf of all trustees who were not co-workers (independent trustees) who felt they were unable to give us the assurances we were seeking.

The Chair expressed their own serious concerns about the lack of proper control by the trustee body and inadequacy of the record keeping for benefits received by co-workers. These benefits were significant. However this has to be understood in the context of co-workers not receiving a salary. The benefits included payments for school fees for co-workers’ children, co-workers’ holidays and on the costs of their mobile phones. Without a recognised policy to authorise these payments, there was a real danger to the reputation and funding of the charity.

The Chair shared the increasing concern among the charity’s public sector funders, including a local authority, which had asked a community to provide details of how co-worker allowances were worked out and had questioned for whose benefit the community operated. The community, like the rest of the charity, had no written policy about co-worker allowances.

The Chair shared that the charity’s independent trustees, together with its senior management team, had not felt able to address the concerns due to the influence exercised by co-workers and who they felt did not recognise the need for change.

The issues raised were of serious regulatory concern to us. We needed to address:

- very serious concerns about excessive private benefit for co-workers
- barriers to the proper management of conflicts of interest at Board and community level
- the barriers to adequate oversight by independent trustees
- some specific concerns about safeguarding risks to vulnerable beneficiaries arising from the charity's unusual approach
- risk to the charity's financial future resulting from the risk of local authorities withdrawing funding
- lack of adequate accounting and financial reporting of co-worker benefits

The action we took

The charity wanted to address the problems and asked for a meeting with the commission to seek our advice. We set out an agreed action plan, which set out 5 key steps the trustees needed to take in order to resolve our serious concerns about the management and future of the charity. Specifically, we told the trustees to:

- introduce a clear policy on co-worker remuneration, to include a schedule of allowances that the co-workers are entitled to claim and a system ensuring that authorisation of limits for spending are adhered to
- amend the charity's governing document to ensure sufficient independent trustees to manage any conflicts of interest; in practice, we explained that this effectively requires the independent trustees to be in the majority
- ensure any conflicts of interest are properly managed in line with trustees' legal duties, including through the introduction of formal conflicts of interest policy to apply at national board level and within individual communities
- prepare proper accounting records that explain the charity's transactions in line with trustees' legal duties which set out spend by individual co-worker or community
- ensure all co-workers and staff are aware of the rules and regulations with regard to the safeguarding of vulnerable beneficiaries and ensure that these regulations are adhered to

Impact of our involvement

The charity closely monitored its progress against the action plan over several months and reported its progress to the commission. We are now satisfied that the trustees have made very good progress with the plan to ensure that co-worker benefits can be demonstrated to be incidental and used to achieve the object of looking after beneficiaries, rather than being part of the purpose of the charity itself.

The trustees have decided that co-worker benefits will now be paid from agreed budgets, with the independent trustees determining the rules for applying the budget.

Amendments have been made to the charity's governing document so that independent trustees are in the majority on the Board and have effective control of the charity.

The charity has introduced a requirement that all co-workers sign up to the charity's safeguarding rules and regulations. In addition, a safeguarding specific review has been developed. The charity is making good progress in this area.

This case demonstrates that we do not always have to use our legal powers to effect change. Even in serious cases, we can successfully intervene by providing robust guidance and checking that trustees have complied with it. This approach was possible in this case, as key trustees shared our concerns and were committed to addressing them urgently.

Lessons for other charities

It is a fundamental principle of charity law that any private benefit that arises from a charity's work - so any benefit that is not to the intended beneficiaries of the charity - must be incidental. Any private benefit must be authorised and fully accounted for. It is also important that conflicts or interest in charities which threaten to harm the interests of beneficiaries are avoided and where unavoidable, managed properly.