



Case Report

The Air Ambulance Service (1098874)

About the charity

The charity's objects are to relieve sickness and injury, to preserve health and to save lives, principally by providing an Air Ambulance Service.

Why the commission got involved

We received several complaints about the charity, which made detailed allegations of:

1. Significant losses incurred by the charity as a result of a failed fundraising event held in 2012.
2. A large loan made to one of the charity's senior employees without appropriate board oversight.
3. A lack of oversight by the charity's trustees, with the charity's chief executive and chairman making important decisions without seeking input of the full board.

The issues raised pointed to potentially serious regulatory concerns, so it was important for us to get involved and assess the facts, so as to determine the most appropriate regulatory response.

The action we took

We carried out a regulatory compliance meeting with the trustees and subsequently issued the charity with an action plan which included the following key points:

1. The charity must ensure it adheres to its charity's governing document and ensure trustees are involved appropriately in key decisions of the charity.
2. The trustees must satisfy themselves as to the exact legal basis for agreeing to the loan.
3. The trustees must provide us with a full report detailing the events that led to the failed fundraising event. The trustees must learn the relevant lessons to ensure that any future events are properly managed, events undergo appropriate feasibility scoping, and that proper methodology and skills are in place before the project commences.

What we found

1. The fundraising event

By examining the charity's own internal documents and our own assessment of relevant records, we established that a London fundraising event held in 2012 resulted in losses to the charity of around £111,000. We found that the event was poorly planned and failed to apply proper project management methodology. We also found that the charity failed to make adequate risk or due diligence assessments.

The trustees accept that the management of the event was poor, but maintain that, at the time, they felt they were appropriately overseeing the organisation of the event by the charity's staff; they stress that none of the information they were provided at the time by the charity's senior executives indicated that it would cause such large losses. The trustees also maintain that while the original purpose of the event was not successful in raising funds for the charity, it did help raise the charity's profile and identify future donors.

Nevertheless, we concluded that the processes in place for managing the event were significantly inadequate and that this amounted to a serious failure on the part of trustees.

2. Loan made by the charity to an employee

We established that a loan totalling £27,000 was made to a senior employee at the charity. It was not clear on what legal basis the loan was made. Charities may only apply funds in a way that helps them further their purposes for the public benefit and in the best interests of their beneficiaries.

As part of our case, we asked the trustees to provide us with a copy of any legal advice they had received on whether they could proceed with the loan - the trustees were unable to provide evidence of specific advice received on this point.

We established that the loan was put in place by the CEO and the chair, and that the wider trustee board was only informed after the event.

The charity told us it had telephoned the commission's helpline to discuss the loan¹. However, we have made clear that our helpline provides generic advice; if a charity is seeking our formal view on an important decision it proposes to undertake, the charity should write to us, setting out the specific circumstances and specifying exactly what power it considers it can rely on.

The trustees insist that the loan was in the charity's best interest, as it helped the charity retain a high performing member of staff. However, they remain unable to demonstrate that trustees made the decision properly and collectively at the time. The staff member in question is repaying the loan and payments are up-to-date.

3. Trustee oversight - relationship with CEO

We found that the trustees did not exercise sufficient controls over the CEO in relation to the two incidents of concern explained above, that there were unclear reporting procedures and that the trustees appeared over-reliant on the CEO and their chair and did not appear fully aware of their responsibilities to act as a collective body.

This led to the serious incidents, including the failed fundraising event.

¹ We do not keep records of all ad-hoc telephone calls.

We also established that the relationship between the CEO and chair was such that they did not sufficiently involve the trustee board as a whole, instead making a strategic decision - namely concerning the loan to a staff member - that should have been for the board to make, between themselves. This amounted to a serious governance failure.

Impact of our involvement

The trustees have agreed to complete the action plan. They have confirmed that they are:

- reviewing the charity's trustee recruitment and selection process
- continuing to ensure that new trustees are provided with induction training with regard to their legal duties and responsibilities and conflicts of interest (etc) and reviewing whether refresher training on these issues should be provided to the board
- undertaking a wholesale review of these policies and accompanying procedures; the trustees will continue to ensure these, and other policies and procedures, are regularly reviewed by the board of trustees and updated as appropriate
- reviewing its existing risk management strategies and identifying risks at all board meetings
- reviewing written role descriptions for the chief executive, chair and trustees which clearly set out the distinction between the trustees ultimate and collective responsibility for the administration and management of the charity and the CEO's parameters as an employee
- reviewing the role descriptions for other senior managers
- regularly reviewing the approval limits and control measures and procedures to ensure the efficient and appropriate running of the charity
- updating processes for future fundraising to ensure opportunities/initiatives are scoped appropriately, managed properly, budgeted for accordingly, project debriefs and 'lessons learned' carried out and a follow up action plan put in place post event

Further action by the commission

Since the action plan was issued we have met with the trustees to review their progress. The trustees are keen to ensure that improvements to their governance of the charity are made. The trustees have made good progress in improving the governance of the charity and are finding the action plan useful. The trustees pointed out, that although losses were made on the failed fundraising event, publicity for the subsidiary charity, Children's Air Ambulance may have attributed to a recent, substantial grant being made to that charity.

We will continue to work with the charity while they continue to make governance improvements.

Lessons for other charities

It is vital for trustees to clearly understand their role and responsibilities. This includes understanding the different roles of, and interaction between, the charity's senior staff and the trustees. Trustees should ensure that employees, particularly senior staff members such as the CEO, understand what is expected of them. Charities should put in place appropriate staff job descriptions, reporting and performance management systems.

Trustees must manage their charity's resources responsibly. They need to monitor and make themselves aware of any significant endeavour the charity enters into, ensuring that proper risk assessments and due diligence are carried out at the outset and kept under review. Trustees need check and ensure any significant venture (fundraising or other) is properly managed.

Trustees must act with reasonable care and skill. This means using the skills and expertise that trustees have, but also recognising when trustees and staff do not have the relevant expertise and should be taking advice. It is a legitimate call on a charity's resources to seek professional advice when it is needed, including when entering into significant fundraising ventures.

Charities need to be aware when and where they need to obtain proper advice in relation to charity law specifically (as opposed to experts in any other areas of law) - either from the commission, or from a charity law specialist.

The commission can provide formal advice under s.110 of the Charities Act 2011 on the performance of trustee duties and the proper administration of the charity. Trustees need to apply for this in writing, set out the particular circumstances of the matter and the specific advice they seek. Depending on the nature of the request and the information provide to it, the commission may only be able to provide general advice which may not be sufficient for complex or other important issues the charity is considering.

Trustees must always act in their charity's best interests. This includes:

- making well-informed decisions that take account of all relevant factors and ignore irrelevant ones
- declaring any conflicts of interest or conflicts of loyalty and preventing these from affecting the making of decisions in the best interests of the charity; this means that if a trustee, has a personal interest in a decision, they should declare it so that the other trustees can decide what level of participation, if any, is acceptable on behalf of the individual concerned; this will usually, as a minimum, mean not taking part in that decision

Trustees have a duty to act together. They should be accountable for the way they make decisions, and should hold staff and sub-committees to account for their actions and decisions. In cases where the chair is authorised by the other trustees to take action in an emergency, the decision should be reviewed and if appropriate ratified by all of the trustees as soon as possible afterwards.

Find out more:

- [Charity meetings: making decisions and voting](#)
- [The essential trustee: what you need to know](#)
- [Conflicts of interest: a guide for charity trustees](#)