



CHARITY COMMISSION
FOR ENGLAND AND WALES

Inquiry Report

Rebound Gateway Group

Former Registered Charity Number 1141136
(now removed from the register of charities)

A statement of the results of an inquiry into Rebound Gateway Group - registered charity number 1141136 (now removed from the register of charities).

Published on 25 October 2016.

The charity

Rebound Gateway Group ('the charity') was registered as a charity on 4 April 2011. It was governed by a memorandum and articles of association, incorporated on 11 October 2010 and dissolved at Companies House on 26 March 2013.

The charity's objects are:

'For the benefit of the public and in the interests of social welfare is the relief of individuals suffering from mental health disorders, related conditions and distress through the delivery of a comprehensive range of mental health services, in particular the provision of counselling and support'.

In practice, the charity aimed to provide persons suffering from mental health illness with services such as welfare advice, counselling and creative therapy sessions at a drop-in centre in the Doncaster area.

Issues under investigation

On 3 April 2012 the Charity Commission('the commission') opened a statutory inquiry into the charity under section 46 of the Charities Act 2011. The inquiry closed on 22 September 2016.

The commission was contacted by the Doncaster Safeguarding Adults Board who had serious concerns regarding the activities of one of the charity's trustees ('the trustee concerned'). The allegations related to the following areas:

- bullying and harassment of beneficiaries
- misappropriation of finances from beneficiaries
- beneficiaries being inappropriately asked to provide funds from their personal finances

During the inquiry additional issues were identified relating to the charity's financial structure which led to the commission examining financial records as part of the inquiry.

Findings by the Doncaster Council Safeguarding Adults Board

The commission reviewed the confidential report compiled by Doncaster Safeguarding Adults Board entitled Safeguarding Adults Investigation Report ('the Safeguarding report') dated February 2013 and updated in September 2013. The report highlighted concerns which related to one of the trustees, a director and chief executive officer of the charity. The trustee was also a director of an associated company Rebound Doncaster Trading Ltd ('RDTL'), a commercial company, which amongst its activities rented and ran a multi-occupancy property in Doncaster, for people with mental health issues ('vulnerable adults').

Safeguarding adults investigation and report

The commission's inquiry regularly exchanged information with Doncaster council's safeguarding team, including taking part in a joint case strategy meeting between the respective agencies during 2012.

Findings by the commission

In May 2012 the commission held a meeting with 2 former trustees of the charity to discuss the activities of the charity and of the trustee concerned in the incidents. During the discussion the former trustees informed the commission that there was no collaborative working between them and the trustee concerned. Meetings held were sporadic and decisions arising from the meetings were not recorded. All decisions relating to the charity were made by the trustee concerned, and many attempts made by the 2 former trustees to hold further meetings with the trustee concerned were postponed by that trustee. The charity's activities were carried out by the connected commercial company, RDTL, and any charity funds received were placed into the RDTL's account.

Due to alleged intimidation against the former trustees by the trustee concerned, the former trustees left the charity in May 2011 and September 2011, respectively. As remaining trustee and correspondent for the charity, the trustee concerned should have taken steps to arrange for the names of the former trustees to be removed from the central register of charities and for new trustees to be appointed. However the trustee failed to do so and the commission was not notified of the resignation of the former trustees in 2011.

The commission was told by the former trustees that regular nominal cash payments of £30-£40 were provided by the charity's beneficiaries, during May 2010 to September 2011, in payment for services provided to them at Pillar House, a centre which was run by the charity for the vulnerable adults. The payments were made directly to the trustee concerned but there was no record of any cash payments being banked by that trustee on behalf of the charity or how they were applied.

In May 2012 the commission carried out an examination of the charity's and RDTL's financial records, this examination corroborated the information that was provided by the former trustees, in that there were no records showing that a separate bank account had been set up on behalf of the charity, and that only financial records in the name of RDTL were traced. It appeared from the examination of the records that payments relating to the charity were made through RDTL's account. The commission was unable to trace any record of the minutes of the trustees meetings. Article 13 of the charity's governing document, its memorandum and articles of association, states that the directors must keep minutes of all: appointments of officers made by directors; proceedings at meetings of the charity; and meetings of the directors and committees of directors. The trustees breached their duties by not producing any minutes of meetings.

The inquiry found that the charity was removed as a charitable company from the register of companies at Companies House on 26 March 2013. Where a charitable company has dissolved the charity no longer exists. Section 34 of the Charities Act 2011 places a statutory obligation on the commission to remove from the register any institution which it no longer considers is a charity and any charity which has ceased to exist or does not operate. Therefore the commission removed the charity from the central register.

The inquiry endeavoured to trace the charity's outstanding funds but was unable to verify how they had been used.

The commission made attempts to contact the trustee concerned on numerous occasions in order to give them the opportunity to address the concerns raised against them. The commission sent emails and letters via recorded delivery to the trustee at a number of addresses that the commission obtained during the course of its investigation. The letters were returned with the markings, 'gone away', 'not called for', 'addressee unknown', and 'addressee gone away'. The trustee has not responded to any of the commission's requests.

Conclusions

It appears from the allegations raised in the Safeguarding report and the commission's findings from the examination of the charity's incomplete records, that the charity was seriously mismanaged. The charity appeared to have been run through another company, RDTL. There was no clear distinction between payments being made to or by the charity and RDTL, which has made it difficult to account for charitable funds, or to be satisfied that funds had been applied properly. There were also serious concerns regarding the activities and personal conduct of the trustee concerned.

The trustee concerned was given ample opportunity to respond to the allegations raised against them. The trustee has never responded to any requests to provide information or for requests for them to meet with the commission.

Regulatory action taken

The commission considered using its powers under section 79 of the Charities Act 2011 to remove the trustee concerned as a trustee, which would have the effect of that trustee not being able to act a trustee of any charity in future. However, due to the charity's dissolved status as a charitable company; the commission was unable to take such action. However, the commission is taking steps to ensure it is alerted to and monitors the activities of the trustee concerned should they decide to be involved with or register a charity in future.

Issues for the wider sector

The trustees of a charity are collectively responsible for its proper management. They should act together, in accordance with the requirements of their governing document and the general law, and they must always bear in mind their overriding duty to take decisions that are in the best interest of the charity. Further guidance about the obligations and responsibilities of trustees can be found in **The essential trustee: what you need to know, what you need to do (CC3)**.

When beneficiaries of a charity are children and/or vulnerable adults, trustees of a charity must take reasonable steps to protect them from harm. These steps will include ensuring that there is a child and vulnerable adults' protection policy in place and all persons coming into contact with children or vulnerable adults through their charity are aware of and follow that policy. Trustees are expected to familiarise themselves with the relevant law and to comply with it where required and to adopt best practice where this is available from an authoritative source. Further information on this area can be found on **GOV.UK**.

Trustees are under a legal duty to ensure that their charity's funds are applied in furtherance of its objects. They must also be able to demonstrate that this is the case. Section 130 of the Charities Act 2011 requires trustees to keep accounting records for their charity irrespective of their income level. Every charity's accounting records must be sufficient to show and explain its transactions and disclose with reasonable accuracy its financial position. Therefore, in order to show that they are complying with their legal duties, trustees must keep records and an adequate audit trail to show that the charity's money has been properly spent on furthering the charity's purposes for the public benefit.

All registered charities are required by law to keep accounts and provide annual returns to the commission and to keep their information on the public register up to date. The duty to file annual accounts with the commission applies to all registered charities whose gross income exceeds £25,000 per year. The way in which each charity must maintain, prepare and report its annual accounts depends on its income and expenditure, gross assets and constitution. Further information about the accounting and filing requirements can be found on **GOV.UK**.

Every charity needs an effective trustee body which has control over the administration of the charity and acts as a whole, especially because all trustees are equal in responsibility. Trustees must ensure that their charity has adequate financial and administrative controls in place, and that the funds of their charity are applied for the benefit of the public for which it has been set up.

Trustees have a legal duties in the management of their charity. Holding the position of trustee in name but failing to fulfill the legal duties of a trustee may amount to misconduct and mismanagement in the administration of a charity. Trustees entering into contracts with commercial organisations should give due consideration, and where appropriate seek professional advice, to ensure that they are satisfied that the commercial arrangement is in the best interests of the charity.