

The Senses Trust

Registered Charity No: 1094562

Introduction

1. This report is the statement of the results of an inquiry conducted under section 8 of the Charities Act 1993.

2. The Senses Trust ("the charity") was registered as a charity on 11 November 2002. The objects of the charity are (a) To advance education to the public particularly, but not exclusively, by integrating disabled and able-bodied people in environmental education, horticultural and recreational projects, with particular emphasis on including children and young people; and (b) Provide financial or other assistance to people who are poor. The charity operates from Kemeys Commander, near Usk in South Wales.

3. In the year ending 31 December 2003 the charity's income was £150,603.

Issues

4. During the course of the Inquiry concerns were raised about:

- Whether the activities undertaken by the charity were consistent with either the charity's stated objects or other charitable objects.
- Potential conflict of interests in relation to connected party transactions whereby [REDACTED] had entered into commercial transactions with a Company of which [REDACTED] were shareholders.
- Concerns were expressed over whether the trustees exercised sufficient control and management over [REDACTED].

5. The inquiry opened on 14 September 2004.

Findings

6. The charity's main activity had focussed on providing home working opportunities to those living in rural Monmouthshire who had been adversely affected by the economic problems created by the severe outbreak of foot and mouth disease during 2002 and afterwards. The Commission found that the charity had in fact moved away from its original objects upon which its application for registration had been based.

7. Although the initial idea of homeworking arose from a desire to relieve poverty, the provision of employment for homeworkers through commercial activities is not necessarily exclusively charitable.

8. The provision of home working opportunities had been developed through a company established by [REDACTED] to manage the production and sales of commercial products (soap and other cosmetics) produced by homeworkers.

9. [REDACTED] had negotiated with a third-party Company for the purchase of intellectual property rights and materials necessary for the manufacture of products. The third-party company was operated by [REDACTED]. Given also that [REDACTED] were also the shareholders of the trading company, there was a potential conflict of interest. No other companies or suppliers were approached, although independent advice and valuation had been received prior to agreeing the terms of the agreement. The Commission was satisfied that the agreement was made upon commercial terms.

10. Initially the charity received funding from various bodies to support its operation. It was intended that the trading company would generate sufficient income to allow the project as a whole to be self sufficient but, to date, this had not been achieved.

11. At the time of registration the charity's application had been signed by [REDACTED] who had described [REDACTED] as [REDACTED]. Following registration [REDACTED] was appointed to a remunerated position. Owing to [REDACTED] expertise, the trustees did not deem it necessary to conduct an open recruitment exercise. [REDACTED] is no longer involved with the charity's operation.

12. Initially, the trustees allowed the development and direction of the charity to be driven by the energy and enthusiasm of [REDACTED]. As a consequence, insufficient focus was directed to the stated objects of the charity.

Outcome of the Inquiry

13. Ownership of the trading Company has now been vested in the name of the charity.

14. During the course of the Inquiry the trustees advised that the charity's current finances are now very low and, without further grants having been applied for, see no viable future for the charity's continuation. The trustees have reconsidered the activities of the charity in conjunction with the stated objects.

15. The Inquiry closed on 24 June 2005.

Wider lessons

16. When trustees apply to the Commission for their organisation to be registered as a charity, the application should provide the fullest possible detail about its current and proposed activities. In this way the Commission can suggest appropriate or additional objects at an early stage and identify any activities which might not further charitable purposes.

17. Where an individual is prominent in establishing a charity, any subsequent employment of that individual should be as a result of fair and open competition.

18. Owing to the scale or nature of a charity, the trustees may, of necessity, have to delegate to employees decisions on day-to-day management matters. In these circumstances the scope of the delegated authority must be clearly laid down in writing and instructions given for important matters to be reported to the trustees. The trustees remain legally responsible and must supervise and control the work of the officers.