Charity Commission of England and Wales: report relating to the Cancer Care Foundation (13 November 2012)

The Cancer Care Foundation (CCF) is a registered charitable company in England, established in 1995. The Charity Commission of England and Wales (the Commission) investigated its operations, particularly relating to its fundraising, in a long-running Inquiry commencing in 2002, which culminated in this report. The Commission was concerned in 2002 to note the CCF’s high level of fundraising costs and the low level of direct charitable expenditure. A particular concern was the arrangement that CCF had with a professional fundraising company, Fundraising Initiatives Ltd (FIL).

The charity’s charitable purposes were:

- the relief, support and assistance (whether financial or otherwise) of people and their families who suffer or have suffered from any form of cancer, cancer-related or similar illness;
- the acceptance, payment or application of funds or property of any kind to or for the benefit of such charitable institutions or for such charitable purposes (wheresoever in the world the same shall be established and carried on) on such terms as the charity shall think fit.

The CCF had been the subject of earlier inquiries by the Commission in 1999 (relating to payroll giving schemes) and 2000 (relating to CCF’s fundraising methods). The 1999 inquiry showed that large amounts of expenditure were going to fundraising bodies, and very little to any actual charity (e.g. in 1998 over £71,000 was paid to fundraising agencies, and only £5000 to charity). The 2000 inquiry found that Caring Together Ltd (CTL), which was being used as a fundraising body for CCF was being mistaken for a charity, when in fact it was merely a fundraising body. In addition, members of the public complained that CTL had misrepresented that 100% of donations from the public were to go to charity, without disclosing substantial fees payable to CTL. This inquiry resulted in CTL becoming a wholly owned subsidiary of CCF with two trustees. A new fundraising body was then set up, Fundraising Initiatives Ltd, which was contracted to CTL.

In 2001, further concerns were raised by the Commission. These were in relation to:

- the continuing high fundraising costs of CCF;
- its relationship with its subsidiary (fundraising) companies;
- substantial income (£15.8 million) which was not reflected accurately in CCF’s accounts;
- the fact that CCF had failed to meet the targets for its charitable donations set by the Commission as a result of the 1999 inquiry (e.g. in 2000 a target of
£200,000 in donations to hospices had been set, and the actual amount donated was £20,000;  
• the fact that one of the trustees had resigned as a trustee to take up a paid position with CCF as its CEO. This was expressly prohibited by CCF’s governing document.

The latest Inquiry examined the following issues:

• whether the acquisition by CCF of a subsidiary company, Caring Together Ltd (CTL), and subsequent fundraising agreements were in the best interests of the charity;
• whether there were unauthorised trustee benefits; and
• whether some of the charity’s funds were held on special trusts for particular children’s hospices.

The Inquiry concluded that:

• in the acquisition by CCF of Cancer Care Foundation Trading Ltd (CCFTL) and Caring Together Ltd (CTL) and in subsequently entering into the fundraising agreements outlined in the Inquiry report, the trustees of the charity did not act in the best interests of the charity (this had resulted in litigation which was settled out of court);
• there were a number of instances of unauthorised trustee benefits being received by former trustees and members of their families. For example, it was found that:
  • a total of £308,500 had been paid (without reason) to former trustees or persons connected with them between 1999 and 2003;
  • the former trustee who had taken up the CEO position had been provided with a Jaguar motor vehicle by the charity for his exclusive personal use, and had had his private health benefits paid for;
  • the CEO role had no apparent work attached to it;
  • several other former trustees had resigned to take up paid positions with CCF;
  • one former trustee and a current director were paid ‘bonuses’ by CCFTL;
  • the spouses and children of a former trustee, and a director of CCFTL, were paid amounts for no apparent reason, and received benefits such as private health cover.
These were made in breach of trust and, given the extent and nature of the unauthorised benefits, the Inquiry was critical of the former trustees;
• there was insufficient information available to conclusively determine whether any funds, and if so what amount, had been raised from donors on the understanding that they would be used for the benefit of specific hospices.
Therefore no conclusions could be reached by the Inquiry as to whether or not any of the charity’s funds were held on special trusts.

The CCF has continued as a charity. An interim manager was appointed in 2003 to thoroughly restructure the fundraising practices of the CCF, and new trustees were appointed subsequently. Since the appointment of the new trustees the charity has made charitable donations of £3,555,384 to a number of children’s hospices.

The Full Report of the Inquiry may be viewed at: 