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To the Chair and Board Members of CVT
The Kingfisher Offices
Moulton
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31st May 2015

Dear Mrs Chadwick-Histed and Trustees of CVT

The Comparative Costs of Co-working and of Employees.

The Charity Commission expressed the view in 2005 "that the level of benefits accruing to co-workers is not normally any greater than the cost of wages would be if a 'volunteer' was not available." This was repeated by them in November 2012 and referred to again in their October 2013 letter.

Indeed the importance was recognised by the trustees and in his 22nd November reply Chris Cook states ***"The board fully accepts the points made elsewhere in your letter which underpin the need for the trustees to take action: - the need to demonstrate that co-worker payments are reasonable and bear comparison with wages" - "that the level of benefit a co-worker receives should not be any greater than the cost of wages if a "volunteer" was not available"***

The comparison between co-worker benefits and the cost of employee wages was and remains therefore a matter of principle interest and concern. However since making this commitment to the Charity Commission, CVT have doggedly refused all requests to provide the details.

What is notable however is the lead up to the November 2012 exchange of correspondence.

On 6th February 2012 Bethan Wilkins-Jones of the Charity Commission called Huw John and then wrote confirming the details of a whistle-blowing complaint alleging ***"that a number of individuals at the Trust in Malton are using charity money to support their lifestyles within its communities."*** and asking for his response once the trustees had had an opportunity to consider them.

Huw John replied on the 15th advising that ***"due to the sensitivity of the issue I have appointed an external investigator who has Camphill/CVT knowledge in respect of both financial and co-worker issues."***

On the 11th May HJ replies to CC attaching SP's report but adding ***"Although the independent investigation of the Croft has not highlighted any evidence that charity funds were misused, as a Charity we do of course take seriously any assertion regarding possible misuse of charity funds and resources"*** however he adds ***"The complaint serves as a timely reminder of such risks a charity faces and reference to this complaint will now be incorporated into a wide ranging review process we are already undertaking into financial control and management arrangements within the Trust. Part of this review, is considering issues concerning co-worker expenditure and their terms of engagement."*** This comment leads the Commission to further involvement and in dealings with the Commission was strictly contrary to the advice given by the Charity's specialist solicitor in charity matters

BW- J replied on 23rd July 2012, accepting that there was no misuse of charity funds, adding

“You advised that the issues raised .. will be incorporated in a wide ranging review process...into financial control and management arrangements...part considering issues concerning co-worker expenditure and their terms of engagement”

“Presumably the review will be looking at the procedure and process for agreeing benefits of co-workers, how the level of benefits for co-workers is determined and the mechanisms you have in place for ensuring those payments are reasonable. Grateful for copy of report etc etc”

Having involved the Commission in something that they later confirmed was fully within the trustees’ powers to deal with it is all the more difficult to understand why Chris Cook carried out his own whistle blowing in September 2012.

What makes this even more mysterious is that only two months later Bethan Wilkins-Jones writes her letter saying ***“We are writing to you as a trustee of the above charity because concerns have been raised with us that the charity is exposed to serious financial, safeguarding and reputational risks. There is also the issue that because of the way the trustee body is constituted, the Board of Trustees is unable to effectively resolve these matters. Please note that due to the seriousness of these concerns, this letter has been sent to all the trustees of the charity.”*** The last sentence includes the co-worker trustees and clearly links her letter to Chris Cook’s whistle blowing . She then sets out the subjects of concern ***“Regulatory issues***

We have identified a number of serious regulatory issues and these are as follows:

- 1. An excessive level of benefits for co-workers***
- 2. Lack of accounting and financial reporting of co-worker benefits***
- 3. Management of conflicts of interest both at Board and community level***
- 4. Adhering to safeguarding policies”***

Why she can say that ***“We have identified a number of issues of serious regulatory concern”*** is surprising as the Commission did not identify them, Chris Cook brought them to her attention. The Commission in writing to another party follows a specific pattern; they repeat the content of the writer’s letter. However in this case they have neither done this nor drawn attention to the source of the information. Why is this? Did CVT have an agreement with the Commission that their whistle blowing would be kept secret at that time?

Whatever the reason we have repeated evidence of CVT bringing matters to the Commission that they, CVT, were responsible for resolving themselves. It is also clear that the matters that CVT raised were inflated to create an appearance of the co-workers failing to meet regulations. The reality is as follows:-

- 1 Excessive levels of co-worker benefits. CVT have no evidence of this, in fact the reverse is true.
- 2 Lack of accounting and financial reporting of co-worker benefits. Until Paul Abel was callously removed, Botton had an excellent, if unconventional, accounting system. The

introduction of an accountant and the sage 50 system, we are told by NYCC, somehow prevented the provision of information to meet the regulators standards.

- 3 Management of conflicts of interest both at Board and community level. The Commission confirmed the need for **“a majority of independent trustees”**. There has been a majority of independent trustees on the Board for years. The demerger of the Scottish communities removed the protection of this under Scottish Law and the amendment of the Articles in December 2012 reintroduced it. Why have CVT found it necessary to manage the removal of all co-worker trustees and with it the voice and influence of Camphill, and block the adoption of co-worker trustee replacements?
- 4 Adhering to safeguarding policies. A given although a number of suspensions, carried out with cynical lack of duty of care, have been found to have no foundation. Something of a CVT trait.

Continuing on the matter of excessive benefits - in preparation for the meeting with the Commission the 3rd edition, September 2013, **“Co-worker fund”** approach was prepared. In it is repeated the Charity Commission’s expectations **“that the level of benefit a co-worker receives should not be any greater than the cost of wages if a ‘volunteer’ was not available”**. It is significant that whilst the trustees **“agreed it would not be appropriate to go into the meeting with the Charity Commission with a preferred approach”** and agreed to share the Michael Luxford paper with the Commission they felt it was neither practical to meet the co-workers prior to this important meeting nor allow a co-worker presence at the meeting.

At this stage the request for confirmation from CVT as to the comparative costs of co-workers and employees remained unanswered. Following the families September 2013 complaint to the Charity Commission Frances Wright made statements to them, which she acknowledged saying **“We appreciate that large parts of your letter were quotes from other documents and would have no concern about their accuracy (with one exception relating to the document on co-worker costs)”** If she was able to disagree with the accuracy of the document she must had comparative costs from which to make that statement.

As Huw John reminds us the Charity Commission **“does not have the power to determine how the governing document of the charity should be interpreted.”** In our innocence the families took the Commissions’ words at face value but in the hands of the professionals, Huw John and Frances Wright, we have found the Commission wanting and manipulated by them.

It is also significant that by the 25th October 2013 Bethan Wilkins-Jones was able to write regarding ‘excessive level of benefits for co-workers:-

“At the outset of our recent involvement with the charity, we had a particular concern in relation to the conflict of interest and how this was managed, if the allowance were determined by the co-workers themselves and by local management committees. However, the composition of the governing body now ensures a majority of independent trustees. This has gone some way to addressing our concerns. The trustee body also accept that any co-worker benefits must be incidental to the object rather than as part of the purpose itself.

As discussed in our meeting of 23 September 2013, the trustees have agreed that co-worker benefits will now be dealt with by means of a co-worker budget. It is for the trustees to determine the detailed rules or guidelines, but we will be writing to the charity with more detailed guidance in relation to specific types of co-worker needs/expenditure, including the need to consider affordability. We are pleased with the progress that the charity has made in dealing with this challenging issue and will be in touch shortly regarding co-worker expenditure.”

And she closed by saying

"I am therefore satisfied that the trustees have taken the appropriate steps to address the serious issues raised (by CVT) and we have no outstanding regulatory concerns. Subject to issuing the further guidance to the charity regarding co-worker needs/expenditure, I will now be closing my case.

I would like to take this opportunity to thank the trustees for their co-operation and hard work and to wish the charity every success in the future."

She was therefore satisfied that the **"regulatory matters"** had been dealt with and she had no ongoing concerns about excessive benefits.

In advance of the December 2014 AGM CVT issued a 'Factsheet 6', linked to a further document claiming to be 'Co-worker costs: the facts'. Neither document is a balanced explanation. Both make claims some substantially misleading and some just contradictory. An example, 'Factsheet 6' states:-

"True cost of co-working

The current co-worker model is often referred to as a low cost method of providing care with a high productivity of work. The reality is far more complex than this simplistic analysis.

Our Approach

The Finance Director has overseen a comprehensive exercise to identify all co-worker cost incurred during the financial years ending March 2013 and 2014, attributing them as accurately as possible to individual co-workers.

A number of costs highlighted are incurred on a household of community basis, and also many co-workers live as couples – this makes it very difficult to directly attribute some costs because they are shared. Therefore any attempt to identify the cost of an individual has to be based on some assumptions around how these costs are allocated to each co-worker." What are we to believe from this, on the one hand we have a heading 'the true cost of co-working' and on the other it is stated that ***"A number of the costs highlighted above are incurred on a household or community basis (e.g. food, utility bills, insurance etc) and also many co-workers live as couples. This makes it difficult to directly attribute some costs as they are shared. Any attempt to identify the cost of an individual care worker therefore has to make some assumptions around how those shared costs are allocated between people being support, co-workers and guest volunteers"***.

Within the 'Factsheet 6' there could be no more dishonest statement than ***"The drive for transparency – During the review by the Charity Commission, significant concern was expressed over the level and nature of benefits co-workers were accessing and that the determination of these benefits was solely in the hands of the co-workers themselves. In response, the Commission requested that systems were developed to produce a more accurate picture of individual co-worker costs. The commission stipulated clearly that the overall benefit represented by these costs should be demonstrably no different than the cost of using traditional employees."*** It was CVT that advised the Commission that it was carrying out a review and raised the supposed concerns with the Commission in doing so. The Croft investigation proved conclusively that there was no misuse of public funds which the Commission fully accepted. That co-workers determine their own benefits is a scurrilous statement and one suggested to the Commission over the matter of the proportion of independent to co-worker trustees co-workers. The statement ends by stating what has been a constant expectation of the Commission and as shown in this letter CVT have refused to deal with. The Commission have made it clear that the solution to all these issues lies in the trustees' hands and is their responsibility to resolve. The 'Factsheet' is a totally inaccurate statement and gives a false impression to all who read it.

Mark Barnish also said, at the AGM, when asked whether the comparison between the cost of a co-worker and the cost of an employee had been confirmed as promised for the last two years, that this information was not available and was unlikely to become available.

We have to ask how it can be that, with the communities' accounting systems under CVT control for the previous two years and under the scrutiny of the Charity Commission and the commissioning authorities CVT cannot answer this most pressing question. We do not believe that this information is unavailable, simply that CVT refuse to provide it because it would contradict the impression they have resolutely hung on to that co-working is more expensive than the cost of employees.

We now have the proof that for so long has been withheld. Confirmation of this is now available from the comparative analysis of CVT's 2010 and 2014 published accounts. Interestingly in his attempt to rubbish the report, which apparently he has not seen, Mark Barnish was quoted on the BBC saying "**what these findings show is that anyone with a basic grasp of financial accounts can choose to extract findings that appear to support the message they want to portray**". This is a direct reflection of how CVT are viewed and particularly in this case the lengths they will go to try and prevent such a comparative assessment being made.

This and removal from the AoCC are further evidence of CVT's lack of transparency and honesty and their drive to discredit and dismantle co-working. So much for the charitable intentions of CVT trustees and senior management and all to the disadvantage of the co-workers and more importantly our relatives the beneficiaries and the charity they chose and depend upon.

Please now confirm, at the earliest, that CVT will revert immediately to the traditional Camphill values and principles of vocational co-working and shared living for Botton as our relatives and we expect.

Yours faithfully



 Max White and Brian Knight