

## **CTC Charitable Status – The Case against Unification – Impact on RtR**

Some years ago the CTC set up the CTC Charitable Trust and transferred the Club's main asset, the property, along with most of the staff, to the new organization. The Club remained a (mutual) Company Limited by Guarantee. It has become clear that the Trust/Company relationship leaves a lot to be desired and has created governance, strategic, financial and organizational issues that have proved difficult to resolve.

The National Council proposal to merge the two into a single charitable organization, far from providing an overwhelming case for unifying CTC, avoids addressing key implications of unification.

In the context of local campaigning and RtR, combining the two will create unnecessary tensions between campaigning and charitable activities which will continue to be difficult to resolve.

My view is that current and future issues can be resolved more easily and more effectively within the existing structure of a company (CTC, the Club) and a charity (the Charitable Trust), albeit with better separation and management of company and charity functions.

### **Would becoming a unified membership charity benefit the RtR Network or not?**

Surveys have shown that campaigning is one of the principal reasons many cyclists join the CTC. Charitable status should make no difference to the function of campaigning on the part of a registered charity, however the realities are that campaigning on issues relating to the activities and responsibilities of public bodies runs the risk of being suborned by a charitable CTC's (currently vast) need to attract funding from those same bodies.

In recent years the CTC's combined income from grants and contracts has rocketed to nearly two thirds of total income, most of it from public sector or quasi public sector organizations. This leaves the campaigning side of CTC exposed to pressure from these sectors when funding ends or is replaced, particularly if a campaign, either local or national, were to challenge a funder overtly.

*Although CTC campaigning, and its volunteers, can be supported under charity rules, the practical risks are all "downside", both direct and indirect. Having two separate-but-linked organizations helps isolate campaigning activities from such influences and pressures and ensures CTC remains the UK's only independent representative organization for cyclists.*

### **How does organizational complexity impact on RtR?**

Internally, CTC is a complex organization and would become more so as a merged charity. It's more like an old fashioned conglomerate, highly diversified with demands and constraints that conflict with one another, and unconventional accounting and cost assignment arrangements.

Financially, having such a large proportion of funding coming from grants and contracts means that, should one or more major project run over budget, the whole organization carries the cost of any over-run. As the Trustees are required to put the charitable interests first, paying members and volunteers, in particular, will have to pick up the tab. This has already impacted on support for RtR as a result of over-runs elsewhere last year.

*The alternative, a more clearly split organization, would allow financial risks from business and project activities to be ring fenced and, from the point of view of council and trustees, would create organizations that are easier to control.*

Well, you might suggest, these funds could also be ring-fenced under the trust. Actually not that easy; under charities law trustees are statutorily obliged to act in the interest of the charity, so member's interests, as well as benefits, become secondary. Funded projects in support of charitable objects (usually under strict grant/contract terms) will have to be prioritized in preference to member's interests not directly linked to those projects.

*Quite what that would mean in the long term is unclear, but CTC has already shown it is prepared to cut support for local campaigns and volunteers when problems occur elsewhere within the organization.*

**CTC is not just financially complex but also organizationally complex:**

Many of you are concerned at the slow pace of improvements in CTC's support for local campaigners. This has been made all the more difficult (and added more complexity) by the decision to split RtR from Campaigns Department. It is now within Cycling Development, the department also responsible for execution of charitable projects along with businesses such as cycle training and mountain biking. Regular staff changes, combined with the needs of grant and contract funded projects, have conspired to make constructive dialogue on development, let alone real progress, difficult to achieve. Essentially, the slow pace of delivery can be laid at the foot of an organization whose eyes are clearly on other balls (or maybe that should wheels).

*That will not change under the current unification proposals.*

**What is the problem?**

In reality there are two problems here, one a lack of improvement in core functions and services (the problems of RtR support are not isolated from those of other groupings within CTC), the other the desire to not only undertake charitable projects, but wanting to do it from within a monolithic charitable trust.

**My view is that it is not possible to do either or both effectively under the current proposals. The conflicts; financial, organizational and motivational; are just too great.**

**Splitting the current, highly unsatisfactory, arrangement into two clearly focussed, funded and regulated organizations will support and protect everyone's interest, including our need to pursue campaigns at national and local level....and it would do so in a much more transparent, effective and efficient manner.**

**I would urge you vote against the proposal to convert CTC into a charity.**

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