



Appeal number: CA/2019/0017

**FIRST-TIER TRIBUNAL
GENERAL REGULATORY CHAMBER
(CHARITY)**

TAMARA LLOYD

Appellant

- and -

**THE CHARITY COMMISSION FOR
ENGLAND AND WALES**

Respondent

Judge McKenna (CP)

Sitting in Chambers on 22 November 2019

**WRITTEN REASONS FOR DECISION DATED 8
NOVEMBER 2019**

1. Following an oral hearing before me on 8 November 2019, I dismissed this appeal by order of the same date. I now provide my written reasons for doing so.

A: Background to the Appeal

2. The Appellant founded a charity (“the Charity”) known as the ‘Alternative Animal Sanctuary’ in 2005 (registered charity number 1111406). Its governing document is a trust deed dated 25 August 2005. At the time of the hearing of this appeal, there were five charity trustees: Tamara Lloyd, her mother Edith Lloyd, her sister Debbie Dance, and two family friends who apparently ceased their involvement with the Charity some time ago. The Charity operates at premises owned by Tamara Lloyd, where she lives with many dogs, a number of horses, cats, pigs and other small animals. She has, by her own admission, unconventional views about animal husbandry, so that many of the animals roam free and some of the dogs sleep with her in her bed.
3. The Charity Commission opened a statutory inquiry into the Charity on 2 March 2017. It issued a Direction under s. 84 of the Charities Act 2011 on 30 August 2017. It made

a financial restriction Order on 8 August 2018, a freezing Order in November 2018 and appointed an Interim Manager, acting to the exclusion of the trustees, on 2 January 2019. The Charity did not challenge any of these regulatory interventions, although it was informed of its right of appeal to the Tribunal. In May 2019, the RSPCA and police entered the Charity's premises with a warrant and removed a number of animals on welfare grounds. In June 2019, Channel 5 broadcast a documentary featuring Tamara Lloyd, titled 'The Woman with 106 Dogs'.

4. On 20 August 2019, the Charity Commission carried out a review of the interim manager appointment, pursuant to s. 76 (6) of the Charities Act 2011. It concluded that the interim manager appointment under s. 76 (3) (g) should not be discharged and should remain in place. Further, that the schedule to the interim manager appointment should be varied so as to add the following phrase to the Interim Manager's functions: "*Having determined the viability of the charity's future, to take such steps as are necessary to wind the charity up*".
5. On 27 August 2019, the Appellant lodged a Notice of Appeal with the Tribunal. The basis of her challenge to the Charity Commission's decision of 20 August was unclear, save that she disagreed with it. By way of remedy, she asked the Tribunal to appoint an advisor to assess the Charity's future. She also asked for an expedited hearing as she was concerned that the Charity might be wound up before the Tribunal could consider the matter. The Charity Commission was unwilling to delay the winding up process in view of the situation at the Charity. In the circumstances, I issued Directions for an expedited hearing, which was held in public at Huntingdon Law Courts on 8 November 2019.
6. At the hearing, Tamara Lloyd represented herself. She had not brought her hearing bundle with her, but the Charity Commission was able to provide her with a copy. The Charity Commission was represented by Ms Mabrouk, an in-house lawyer. I am grateful to them both for their submissions. I considered a hearing bundle running to some 900 pages (including 150 pages of animal photographs). Ms Lloyd provided the Tribunal with some additional materials outside the framework of the Tribunal's Directions, as described below.
7. The Charity Commission presented its case first so that the Appellant could respond to it. After the close of the Charity Commission's case, Tamara Lloyd asked for an adjournment to obtain legal advice. Having considered that application, I decided that it was fair and just to refuse it and continue with the hearing, noting that Ms Lloyd had had the opportunity to arrange representation but chosen not to do so, that she had been sent details of free legal advice agencies by the Tribunal, and that she had consulted lawyers on other matters in relation to the Charity but not in respect of this hearing.
8. As noted above, I gave my Decision orally at the close of the hearing and dismissed the appeal. I now provide my written reasons for doing so. The date for making any application for permission to appeal runs from the date this statement of reasons is sent to the parties.

B: Evidence

9. I heard oral evidence from Tamara Lloyd's mother Mrs Edith Lloyd and from her sister Debbie Dance. They had both provided brief witness statements in advance of the hearing. Tamara Lloyd also sought to rely on a written veterinary report from Dr Stephen W Cooke BVSc MRCVS, which appeared to have been prepared for different legal proceedings. Tamara Lloyd did not herself provide any witness evidence to the Tribunal but sent the Tribunal a link to her autobiography which is available on-line. I particularly noted from this her vivid description of the night her home caught fire in 2008 during which the animals which slept in her bed had not been evacuated and had died.
10. I heard oral evidence from James Reddish, the Charity Commission's case officer, and from Phil Watts of Anthony Collins Solicitors, the Interim Manager. Both had provided witness statements in advance of the hearing. I am grateful to all the above witnesses for their evidence.
11. Mr Reddish's evidence, given first, was that the Charity had initially come to the Charity Commission's attention as a result of its contractual relationship with a fundraising agency known as Euro DM Ltd, with which the Charity had also entered into a loan agreement. Mr Reddish described the Charity's financial position as 'fragile' as a result on its over-reliance on direct marketing fundraising carried out by Euro DM Ltd. An audit of the Charity's financial reports raised serious concerns about its finances, governance and management, including: no records kept of trustee meetings; expenditure on building works without supporting contractual information; no auditable record of donations received; unidentifiable bank receipts and cash withdrawals; payments for charity expenses made using the credit cards of members of the Lloyd family with the Charity paying the credit card bills; no licence or lease regarding the Charity's occupation of Tamara Lloyd's home; no contract of employment in respect of Tamara Lloyd's work for the Charity; clear conflicts of interest within the trustee body and a failure to recognise or manage appropriately related party transactions. A statutory inquiry was therefore opened in 2017.
12. Mr Reddish described his visit to the Charity in July 2017 and the subsequent Direction he issued under s. 84 of the Charities Act 2011, requiring the charity trustees to take specified steps to address the areas of concern which had been identified. His evidence was that the charity trustees had failed to carry out the specified actions within the time frame set by the s. 84 Direction and that this constituted 'misconduct and mismanagement' under the Charities Act 2011. In late 2017, the Charity appointed a legal adviser and Mr Reddish expressed the view that progress had been made during the period of that person's involvement. However, he also stated that by October 2018 the relationship between the legal adviser and the Charity had broken down, leaving serious regulatory concerns unaddressed.
13. Mr Reddish consequently made a protective Order under s. 76(3)(f) of the Charities Act 2011 restricting payments of more than £2000 from the Charity's bank account without the Charity Commission's prior written consent. Mr Reddish's evidence was that the

restriction Order had been breached by Tamara Lloyd on three occasions in August, September and October 2018 respectively, when payments of more than £2000 were made from the Charity's bank account without the Charity Commission's prior written approval. He produced the Charity's bank accounts to support his evidence in this regard. His opinion was that this behaviour also constituted 'misconduct and mismanagement' under the Charities Act 2011.

14. The Charity Commission obtained the Charity's bank accounts following the service of Orders under s. 52 of the Charities Act 2011 on its bank. This established that Tamara Lloyd was the sole signatory to the Charity's bank account and that in the period from 2010 to 2017, the Charity had expended £370,000 on payments to her personal credit cards. Despite an assurance that this practice had ceased following the opening of the inquiry, the bank statements also showed that payments to service Tamara Lloyd's own credit card debts had been made in July and October 2018. Consequently, in early November 2018 the Charity Commission revoked the restriction Order and imposed a freezing Order on the Charity's bank account under s. 76 (3)(d) of the 2011 Act. The freezing Order was revoked later that month in view of the logistical difficulties of ensuring that essential food and other supplies were purchased on an ongoing basis in the interests of animal welfare.
15. The Charity Commission was also concerned that Tamara Lloyd had made apparently unilateral investment decisions on behalf of the Charity. These included the purchase of an antique horse box and of a cottage, in relation to which no professional advice had been taken and there had been an expenditure of Charity funds on refurbishments. Mr Reddish explained that the Charity Commission decided in January 2019 to appoint an Interim Manager, to the exclusion of the trustees, under s. 76 (3) (g) of the Charities Act 2011.
16. Mr Reddish explained the Charity Commission's view that the media attention concerning the RSPCA visit and the Channel 5 documentary were both damaging to the reputation of the Charity and possibly also impacted on public trust and confidence in the charity sector more generally.
17. In July 2019 the Charity Commission reviewed the Interim Manager Order, as it is required to do. It decided not to discharge the Order and to vary the schedule to the Order to include the phrase "*Having determined the viability of the charity's future, to take such steps as are necessary to wind the charity up*". The Decision Log recorded that it had considered the human rights and equality implications of so doing.
18. Mr Reddish also gave evidence about the Charity Commission's consideration of whether to remove Tamara Lloyd from her trusteeship of the Charity. He explained that it had so far refrained from doing so because of the unique circumstances whereby the Charity currently operates from her home and with her voluntary labour. However, he said he had informed the charity trustees that the Charity Commission would be considering their removal after the result of the Tribunal hearing was known.
19. Asked by Tamara Lloyd why he had not said at the outset that the Charity would have to be closed down, Mr Reddish answered that the Charity Commission had initially

sought to regularise the Charity's governance and operations but had finally concluded in June this year that this would not be possible. Ms Lloyd put to him that the outcome was pre-determined, but he did not accept this. He said it had only recently become clear that there would be no compromise on Tamara's part. Asked if the donors could have their money back, Mr Reddish said that this had not been considered.

20. In answer to a question from the Tribunal, Mr Reddish's evidence was that he was unsure whether the animals were owned by the Charity or by Tamara Lloyd personally. Ms Lloyd interjected to say that no paperwork was completed at the point that animals are handed over to her care. She said she is the registered keeper and that the microchips are registered in her name. In relation to the issue of making payments over the £2000 limit after the restriction Order was made, Ms Lloyd put to Mr Reddish that she had acted on legal advice at the time. Unsurprisingly, he said he could not comment on whether that was the case but that the Order clearly referred to the requirement for Charity Commission consent.
21. Philip Watts is a Senior Associate (non-solicitor) at Anthony Collins Solicitors LLP. He was appointed with his colleague Sarah Tomlinson as Interim Managers for the Charity in January 2019. Mr Watts gave evidence next, describing the history of his engagement with the Charity. In July 2019, he had been informed by Tamara Lloyd that the Charity had recruited an employee who would live in a caravan on site and that Ms Lloyd would step back from all operational involvement with the Charity. Given the need to ensure the animals were cared for, he had taken steps to regularise this appointment with an employment contract at National Minimum Wage. His evidence was that a contract of employment had also been offered to Tamara Lloyd but that she had rejected the terms and conditions offered.
22. Mr Watts also explained that he has since his appointment been attempting to finalise the Charity's missing accounts. At the hearing he was able to update the Tribunal that he had that week received draft accounts for the year ended March 2017. The delay in producing them had been due to several changes of accountant and unverifiable expenditure. He said that the accounts would be qualified. Work would now commence on the subsequent accounting periods.
23. Mr Watts' evidence was that since his appointment he has also sought to regularise the Charity's occupation of Tamara Lloyd's premises. He explained that Ms Lloyd insists there is a lease in place, but that it has not proven possible to find it. It appeared to him that a lease had been drafted some time ago but never formally executed. He had obtained a valuation report in relation to the appropriate market rent for the property and had agreed on an interim basis to continue payments of £2000 per month to the Appellant from the Charity for its occupation of her home.
24. Mr Watts evidence was that the Interim Managers had also valued and marketed the cottage which had been purchased by the Charity without advice, and he hoped that a sale would recoup 80% of the purchase price.

25. Mr Watts noted that the Charity's governing document prohibits benefits to trustees, but that Tamara Lloyd appears to have been meeting all her personal living costs from the Charity's funds. He took the view that this situation had occurred due to a lack of understanding of her obligations as a charity trustee rather than a desire to 'line her own pockets'. He had considered it fair to continue these payments on an interim basis until the outcome of the Tribunal hearing was known.
26. Mr Watts acknowledged Tamara Lloyd's passion for animals but expressed the view that she does not relate well to other people. His evidence was that an animal sanctuary requires a committed team of employees and/or volunteers if it is to care for dozens of animals but that the Appellant is unwilling or unable to work with others. He described Tamara Lloyd as holding fixed views about some animal welfare issues, such as that the dogs should be allowed to roam free. He said that these views were endorsed by the other trustees but that the situation was dangerous to other animals and also to any other humans on site.
27. Mr Watts' evidence was that Tamara Lloyd had previously refused to allow the RSPCA to enter the Charity's premises, with the result that they attended with a warrant and the police in May 2019. They removed some animals and served enforcement orders in relation to the care of those that remained. Mr Watts' understanding was that when the RSPCA later returned to check on progress, it had found that all the animals had been re-located by Tamara Lloyd. However, he understood that many have subsequently returned. He said that the RSPCA is now considering a prosecution against Tamara Lloyd. The RSPCA had placed the removed animals in animal sanctuaries, but Mr Watts' understanding was that Tamara Lloyd had instructed lawyers with a view to bringing legal action against those sanctuaries and seeking the return of the animals. He said he did not support the use of the Charity's resources on such litigation.
28. Mr Watts confirmed that he no longer considered the Charity viable, due to the uncertain nature of its occupation of the Appellant's home; the impossibility of separating the Charity's finances from those of the Appellant; the need for a new trustee body but the Appellant's unwillingness to accept and work with new trustees; the need for new staff and/or volunteers but the Appellant's unwillingness to work with them; the animal welfare issues identified by the RSPCA, in particular over-crowding, but the Appellant's unwillingness to refuse to accept new animals. He considered that a new charity would have to be set up from scratch to remedy the problems of this one and that, in all the circumstances, it was necessary, reasonable and proportionate for him to take the necessary steps to wind the Charity up.
29. Tamara Lloyd put to Mr Watts that he had not achieved very much since his appointment. She asked him questions on the basis that the trustees had already been removed from office when he was appointed. He confirmed that this was not the case.
30. Edith Lloyd is Tamara Lloyd's mother and a charity trustee. She made a witness statement for the Tribunal in which she described herself as an 'ex-trustee'. She accepted that the trustees were probably not suitable and that they fell far short of what the Charity Commission required. She complained in her statement about the costs of

the Interim Managers and their perceived lack of progress in regularising the affairs of the Charity.

31. Cross-examined, she said that she now understood that charity trustees have legal duties. She said she was unsure whether she had ever seen the s. 84 Direction which had been sent to her personal e-mail address. She described the Charity's way of operating as involving Tamara making a decision and then she and Debbie discussing it. She said she generally agreed with Tamara's way of running the Charity. She accepted that there were no minutes of trustee meetings and said they were no good at paperwork. She remembered agreeing to buy the cottage but not the horsebox. She agreed that it was reasonable for the Charity Commission to have opened an inquiry and appoint an Interim Manager. She said she would like the Charity to continue but with a new manager who would work with Tamara.
32. Debbie Dance is Tamara Lloyd's sister and a charity trustee. She made a witness statement for the Tribunal in which she criticised the Interim Manager, describing him as having a conflict of interest, a poor grasp of financial matters, and doing as little as possible for his fees.
33. Cross-examined, she said that she did not always agree with Tamara's decisions about the Charity, for example she had not agreed when Tamara spent £800 on a climbing frame for dogs. She said she accepted they had not been good trustees but had been under the impression that the Charity Commission would find new trustees. She said she did recall the decision to purchase the cottage and that no advice had been taken by the Charity before the purchase. She remembered receiving the s. 84 direction but said she had not wanted to be a trustee any more by that point. She readily accepted that she had fallen short of the duties of a trustee and that it was reasonable for the Charity Commission to have opened an inquiry and appointed an Interim Manager.
34. In answer to questions from myself, Ms Dance said that she had not meant to impugn the professional integrity of the Interim Manager in her statement. She said that by 'conflict of interest' she had meant 'difference of opinion' and that her reference to the fees was intended only to express concern about value for money. She became emotional at this point and said that her sister does an amazing job looking after animals that nobody wants and that she still sleeps with 20 to 30 dogs on her bed.
35. The Appellant additionally sought to rely on a witness statement from Dr Stephen Cooke BVSC, MRVS. It appeared he had been instructed in relation to proceedings to obtain the return of the animals removed by the RSPCA. His witness statement was served late and, contrary to the Tribunal's Directions for all witnesses in this case, he did not attend for cross examination. His witness statement was unsigned and did not comply with the usual formalities for an expert witness statement. Neither did it contain a statement of truth. Given that he had prepared the statement for different proceedings, I was concerned that he may not have considered himself bound by a duty to this Tribunal in respect of these proceedings. Tamara Lloyd asked the Tribunal to treat the report as confidential after she had submitted it but, as I explained to her, once it had been filed and referred to in open court, it was in principle disclosable to interested third

parties under open justice principles¹. Dr Cooke’s report set out a series of best-practice recommendations for the improvement of the Charity’s facilities following a visit to the premises he had made on 7 August 2019. He exhibited his subsequent correspondence with Tamara Lloyd and noted that by 21 October 2019 his recommendations had not been implemented. I decided to admit this witness statement into evidence but found it of limited assistance in all the circumstances.

36. As noted above, I also read the Appellant’s autobiography. It did not greatly assist me in making a decision in this appeal.

C: The Law

37. An appeal against the Charity Commission’s Order under s. 76 of the 2011 Act requires the Tribunal to “*consider afresh*” the Charity Commission’s decision (s.319 (4) (a) of the 2011 Act). In so doing, the Tribunal may consider evidence which has become available subsequent to the Charity Commission’s Order (s.319 (4) (b) of the 2011 Act).

38. It follows that the issue for the Tribunal in determining this appeal is whether the Tribunal would itself make the Order under appeal on the basis of all the evidence available to it at the hearing. In the usual way, the Appellant bears the burden of proof to persuade the Tribunal to allow her appeal. Conflicts of evidence are to be decided on the balance of probabilities.

39. Section 76 of the Charities Act 2011 provides (where relevant) as follows:

“(1) Subsection (3) applies where, at any time after it has instituted an inquiry under s. 46 with respect to any charity, the Commission is satisfied –

(a) that there is or has been a failure to comply with an order or direction of the Commission, ...or any other misconduct or mismanagement in the administration of the charity

(b) ...

(2)...

(3) The Commission may of its own motion do one or more of the following-

(a)...

(b)...

(c)...

(d) order any person who holds any property on behalf of the charity, or of any trustee for it, not to part with the property without the approval of the Commission;

(e)...

¹ *Cape Intermediate Holdings Ltd v Dring* [2019] UKSC 38 <https://www.supremecourt.uk/cases/uksc-2018-0184.html>

(f) *by order restrict (regardless of anything in the trusts of the charity) the transactions which may be entered into, or the nature or amount of the payments which may be made, in the administration of the charity without the approval of the Commission;*

(g) *by order appoint (in accordance with s.78) an interim manager, to act as receiver and manager in respect of the property and affairs of the charity.*

(4)...

(5)...

(6) *The Commission –*

(a) *must, at such intervals as it thinks fit, review any order made by it under paragraphs...(c) to (g) of subsection (3), and*

(b) *if on any such review it appears to the Commission that it would be appropriate to discharge the order in whole or in part, must so discharge it...*

(7)..."

40. There is no statutory definition of the terms “*mismanagement*” or “*misconduct*” so the terms carry their ordinary meaning. The Charity Commission’s published guidance defines them as follows:

“misconduct includes any act (or failure to act) in the administration of the charity which the person committing it knew (or ought to have known) was criminal, unlawful or improper”.

“mismanagement includes any act (or failure to act) in the administration of a charity that may result in significant charitable resources being misused or the people who benefit from the charity being put at risk”.

41. Section 78 of the Charities Act 2011 relevantly provides as follows:

78Interim managers: supplementary

(1) The Commission may under section 76(3)(g) appoint to be interim manager in respect of a charity such person (other than a member of its staff) as it thinks fit.

(2) An order made by the Commission under section 76(3)(g) may make provision with respect to the functions to be discharged by the interim manager appointed by the order.

This does not affect the generality of section 337(1) and (2).

(3) Those functions are to be discharged by the interim manager under the supervision of the Commission.

(4) In connection with the discharge of those functions, an order under section 76(3)(g) may provide—

(a) for the interim manager appointed by the order to have such powers and duties of the charity trustees of the charity concerned (whether arising under this Act or otherwise) as are specified in the order;

(b) for any powers or duties specified by virtue of paragraph (a) to be exercisable or performed by the interim manager to the exclusion of those trustees.

(5) ...

(6)...

(7)

D: Submissions

42. Ms Mabrouk, on behalf of the Charity Commission, submitted that the issue for the Tribunal was whether it would, in all the circumstances, continue the appointment of the Interim Managers on the basis of the evidence before it. She submitted that there was no distinct right of appeal against the variation of the Interim Managers' duties in the schedule to the Order.
43. She noted that the Appellant had not in these proceedings presented any argument or evidence to suggest that the legal test for appointing the Interim Managers was not met. Indeed, the Appellant's own submissions and her witnesses' evidence had accepted that the statutory test was met. She submitted that the remedy requested in the Notice of Appeal was not within the powers of the Tribunal in any event.
44. Ms Mabrouk asked the Tribunal to find that a statutory inquiry had been opened and that there had been misconduct and mismanagement of the Charity in (i) failing to carry out the actions specified in the s. 84 Direction; (ii) breaching the restriction order; (iii) failing to make responsible and prudent investment decisions in the interests of the Charity; (iv) failing to formalise the lease between the Charity and the Appellant; (v) causing reputational harm to the Charity through adverse publicity; (vi) failing to manage the obvious conflicts of interest within the trustee body; (vii) failing to maintain proper financial and other records.
45. Tamara Lloyd submitted that she had hoped the Tribunal hearing would bring this matter to an end as the situation was making the trustees' lives stressful. She described charity status as a 'gentlemen's club' and said she would be happy to be thrown out of it. She was critical of the conduct of Mr Reddish and Mr Watts, describing the Charity as a 'state of the art' sanctuary and stating that under no circumstances was its ethos up for discussion.

E: Conclusion

46. Tamara Lloyd brought this appeal and asked for an expedited hearing but offered the Tribunal no challenge to the Charity Commission's evidence of misconduct and mismanagement, no positive case for the removal of the Interim Manager or any realistic plan to put the Charity onto a proper footing. She and her witnesses all readily accepted that they had failed as trustees, and that it had been reasonable for the Charity Commission to open an inquiry and appoint an Interim Manager. She made no challenge to the Charity Commission's conclusion as to her misconduct and mismanagement in the administration of the Charity for the purposes of s. 76 (3) (g) of the Charities Act 2011.

47. I am accordingly satisfied that an inquiry was opened into this Charity and that there was misconduct and mismanagement in the administration of the Charity by Tamara Lloyd. In particular, I am satisfied that she (i) failed to carry out the actions specified in the s. 84 Direction; (ii) personally breached the restriction order on the three separate occasions, as described by Mr Reddish and shown in the bank statements; (iii) failed to make responsible and prudent investment decisions in the interests of the Charity by purchasing the horsebox and a cottage without taking professional advice; (iv) failed to formalise the lease between the Charity and herself; (v) caused reputational harm to the Charity through adverse publicity in the television documentary and in respect of the RSPCA and police visit; (vi) failed to manage the obvious conflicts of interest within the trustee body; (vii) failed to maintain proper financial and other records.
48. I am therefore satisfied that the statutory criteria for not discharging and continuing the Interim Manager Order was met in this case and further that, on the evidence before me, it was reasonable to vary the Order so as to include the reference to the winding up of the Charity by the Interim Manager, who may do so under the dissolution clause in the Charity's governing document. For all these reasons, the appeal is dismissed.
49. Although I have no hesitation in dismissing this appeal, I expressed a concern to Ms Mabrouk that, if the Charity Commission had made an Order under s. 84B of the Charities Act 2011, the Charity would have been able to exercise a distinct right of appeal against the decision to wind it up. It troubled me that including the decision to wind up the Charity in the Interim Manager Order was a procedure which failed to give effect to a distinct right of appeal which had been conferred by Parliament in respect of a winding up decision. I considered that such a decision possibly engaged the trustees' right to a hearing under Article 6 ECHR. Nevertheless, I am satisfied in this case that the Interim Manager did have power to effect a winding up under the terms of the Charity's governing document and so I understand why a separate order was thought unnecessary. I make the point as one for the Charity Commission to consider in future cases.

(Signed)
Judge Alison McKenna
Chamber President

Dated: 22 November 2019