

KENDAL TOWN COUNCIL

Notice of Meeting

AUDIT, GRANTS & CHARITIES COMMITTEE

**Monday 30th July 2018 at 7.00 p.m.
in The Mayor's Parlour, Kendal Town Hall**

Committee Membership (8 Members)

Matt Severn (Chair)
Paul Bramham
Douglas Rathbone

Geoff Cook (Vice Chair)
Robert Crawford
Chris Hogg

Pat Gibson
Julia Dunlop

AGENDA

1. APOLOGIES

2. PUBLIC PARTICIPATION

Any member of the public who wishes to ask a question, make representations or present a deputation or petition at this meeting should apply to do so before the commencement of the meeting. Information on how to make the application is available on the Council's Website - <http://www.kendaltowncouncil.gov.uk/kendal-town-council/statutory-information/guidance-on-public-participation-at-kendal-town-council-meetings/> or by contacting the Town Clerk on 01539 793490.

3. DECLARATIONS OF INTEREST

To receive declarations by Members and/or co-optees of interests in respect of items on this Agenda

[In accordance with the revised Code of Conduct, Members are required to declare any Disclosable Pecuniary Interests (DPIs) or Other Registrable interests (ORIs) which have not already been declared in the Council's Register of Interests. Members are reminded that it is a criminal offence not to declare a DPI, either in the Register or at the meeting. In the interests of clarity and transparency, Members may wish to declare any DPI which they have already declared in the Register, as well as any ORI.]

4. MINUTES OF PREVIOUS MEETING AND MATTERS ARISING (not otherwise on the agenda). Minutes of meeting held on 30th April 2018 (*see attached*)

5. ANNUAL REVIEW OF THE TERMS OF REFERENCE (*see attached*)

6. MEETING DATES 2019

- 28th January 2019
- 29th April 2019
- 29th July 2019
- 28th October 2019

7. ANNUAL WORK PROGRAMME (*see attached*)

8. BUDGETARY CONTROL STATEMENT (3 MONTHS ENDED 30TH JUNE 2018) (*attached*)

9. INTERNAL AUDIT MANAGEMENT LETTER AND ISSUES ARISING (*see attached*)

KENDAL TOWN COUNCIL

10. **GENERAL GRANTS** (see *attached*)
11. **ITEMS FOR THE NEWSLETTER**
 - Autumn/Winter 2018 Edition – deadline 21st September, publication 29th October
 - Spring 2019 Edition – deadline 25th January, publication 4th March
12. **ANY OTHER BUSINESS**
13. **DATE OF NEXT MEETING – TUESDAY 30TH OCTOBER 2018 AT 7.00PM**

Liz Richardson
Town Clerk

By e-mail/post to: Members of the Committee
 All other Councillors (agenda only, for information)

Please note that only Committee Members will receive the minutes and attachments, but that other Councillors may request a copy of any agenda papers. Any Councillor who is not a Committee Member may still attend the meeting, as an observer.

Members of the Press and Public are welcome to attend the meeting.

KENDAL TOWN COUNCIL

Audit, Grants and Charities Committee

**Monday 30th April 2018 at 7.30 pm
in The Mayor's Parlour, Town Hall, Kendal**

- PRESENT** Councillors Rachael Hogg (Chair), Geoff Cook (Vice Chair), Andy Blackman, Paul Bramham, Sylvia Emmott and Douglas Rathbone
- APOLOGIES** Councillor Austen Robinson
- OFFICERS** Jack Jones (Town Treasurer) and Nicky King (Council Secretary)
- 1181/17/18 PUBLIC PARTICIPATION**
- None.
- 1182/17/18 DECLARATIONS OF INTEREST**
- There were no declarations of interest made at this point.
- 1183/17/18 MINUTES OF THE MEETING HELD ON 29TH JANUARY 2018**
- The Chairman presented the minutes of the meeting held on 29th January 2018, which had been approved by full Council on 5th March 2018.
- RESOLVED** That the minutes of the meeting of the Committee held on 29th January 2018 be accepted as a correct record.
- MATTERS ARISING** (Not on Agenda)
- 1184/17/18** None.
- 1185/17/18 AUDIT OF TOWN COUNCIL HERITAGE ASSETS**
- The Treasurer confirmed that the audit of the Town Council's Heritage Assets had been completed by Morag Clement, Kendal Museum Archaeology Curator in March 2018.
- Items equating to just under 5% of the total collection were selected at random and checked against the collection database. Three items were highlighted as missing. Last year there had been two items missing, one of which had since been found.
- The Treasurer advised that the items were of low value and unlikely to be found. He suggested that they be written out of the catalogue. If they were subsequently found they could be written back in again.
- The audit report made two recommendations:
1. Photos on the mezzanine need to be stored in racks or large folders.
 2. Continue to update the database with information such as the number of items and a simple description.

The Treasurer advised that the Mayor's Attendant was working on these items. Councillor Bramham commented that photos should be on acid free paper. It was noted that the Mayor's Attendant was researching suitable paper.

The Treasurer advised that the report would be on the agenda for the next Mayoralty & Arts Committee.

Members discussed the need to ensure items are recorded if loaned out or leave the building. The Treasurer confirmed that a system had been set up to record movement of items.

Councillor Emmott proposed that Committee approve the two recommendations and ask the Mayoralty & Arts Committee to write off the missing items. This was seconded by Councillor Blackman and carried.

RESOLVED

1. Photos on the mezzanine to be stored in racks or large folders.
2. Continue to update the database with information such as the number of items and a simple description.
3. Mayoralty & Arts Committee to be requested to write off the missing items highlighted in the audit report.

1186/17/18**REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT**

The Treasurer explained that the Accounts and Audit Regulations require the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes. The internal audit for 2017/18 had been carried out by R F Miller & Co. The review of the internal audit service comprised two aspects, meeting standards and characteristics of effectiveness. The Treasurer considered that the performance of R F Miller & Co was satisfactory in all respects. He asked Members to consider the review and the reappointment of R F Miller & Co as internal auditors for 2018/19.

Councillor R Hogg proposed the review be approved and forwarded to full Council and that R F Miller & Co be re-appointed for 2018/19 and this was carried.

RECOMMENDATION

That Council approves the review of the effectiveness of its internal audit arrangements in 2017/18.

RESOLVED

That R F Miller and Co be re-appointed as internal auditors for 2018/19.

1187/17/18**ANNUAL REVIEW OF THE SYSTEM OF INTERNAL CONTROL AND ANNUAL GOVERNANCE STATEMENT**

The Treasurer presented the Annual Review of the System of Internal Control and Annual Governance Statement 2017/18.

Under the Accounts and Audit Regulations 2015 the Town Council must ensure it has a sound system of internal control which:

- Facilitates the effective exercise of its functions and the achievement of its aims and objectives.
- Ensures that the financial and operational management of the authority is effective; and
- Includes effective arrangements for the management of risk.

Each financial year the Council must also conduct a review of the effectiveness of the system of internal control and prepare an Annual Governance Statement (AGS) in the format prescribed by the Annual Return, Section 1. The AGS must be approved before the Council approves the annual accounts.

The Treasurer highlighted the following points:

Internal Control Framework

This summarises the key governance controls operating within the Council. The Council was considered to have a sound framework of internal control.

Review of Effectiveness

The Treasurer said that during 2017/18, the Council had complied fully with all the controls identified within the framework and had responded appropriately to new responsibilities eg. the calling of the Parish meetings and the new General Data Protection Regulations.

Practitioners Guide

Proper accounting and governance arrangements are set out by CALC and related organisations in their publication "Governance and Accountability for Smaller Authorities", known as the Practitioners Guide. Councils were recommended to adopt the Practitioners Guide.

A new edition had just been published which applies to 2018/19. The main changes related to the treatment of Community Infrastructure Levy (CIL) receipts. Although assets are charged to revenue in the year of acquisition and do not appear on the Council's balance sheet, the Guide does not specify a method for their valuation. Based on current practice, the Treasurer put forward a draft policy statement for adoption by the Council, as follows:

The Council records individual assets in its Asset Register when obtained and values them at their acquisition cost. Their recorded value does not change from year to year until disposal. Assets gifted or transferred at nil cost are recorded at a nominal value of £1 as a proxy cost.

Annual Governance Statement (AGS)

Guidance from the External Auditors states that the results of the internal audit review must be considered before the AGS can be approved by full Council and signed by the Mayor and Town Clerk. The Treasurer advised that the internal auditors had been informed Council required at least an informal opinion from them before the full Council meeting on 14th May; to date, the auditors had attended the Council on the day of the Committee meeting and had not raised any concerns.

Members were satisfied with the review of the internal control framework and the AGS. Councillor Blackman proposed that these be taken forward to Council. This was seconded by Councillor Emmott and carried.

RECOMMENDATION That Council:

1. Adopts the CALC publication "Governance and Accountability for Small Authorities 2018" with effect for 2018/19.
2. Confirms its policy on asset valuation as per the draft policy statement presented.
3. Approves the review of the effectiveness of the Council's system of internal control and the draft Annual Governance Statement 2017/18.
4. Authorises the Mayor and Town Clerk to sign the AGS.

1188/17/18 FINANCE OUTTURN REPORT – YEAR ENDED 31ST MARCH 2018

The Treasurer presented two reports on the Council's financial position as at 31st March 2018. The first provided figures showing actual income and expenditure against the original budget and the second reported on the 2017/18 Annual Accounts, and the accompanying statements.

The first report confirmed that net expenditure for 2017/18 was contained within budget. The Treasurer highlighted a trend for underspending throughout the year and explained the main areas of underspend at year-end. The overall underspending of £21,346 for the year has been retained in accumulated reserves, which remain at a healthy total level, currently £283,528.

The Reserves Statement shows the transactions on individual funds and reserves for the financial year. Earmarked funds increased from £222,210 to £233,406 in the year. The General Fund working balance closed the year at £50,122, which is £8,726 higher than the £41,396 assumed in the 2018/19 Budget. Management Committee is recommending to Council that this excess should be reserved towards an increased target balance of £40,000 in order to provide a buffer against the possibility of further Parish polls.

In summary the Council has contained expenditure against budget and is in a sound financial position.

Councillor R Hogg proposed to recommend acceptance of the report as presented. This was seconded by Councillor Emmott and carried.

Councillor Cook commented that the reserves are substantial and that the new Council needed to progress projects already earmarked. It was suggested that the Treasurer clarify why reserves are held and indicate how much in total is already committed to projects, since new Councillors would not be aware of historic discussions/background.

RESOLVED That the Finance Outturn Report – Year Ended 31 March 2018, as presented, be accepted. The Treasurer to clarify why reserves are held and indicate how much in total is already committed to projects.

RECOMMENDATION That Council approves the Finance Outturn Report (Year Ended 31 March 2018).

1189/17/18 ANNUAL ACCOUNTS 2017/18

The Treasurer presented a report in respect of the Council's Annual Accounts 2017/18 for consideration prior to submission to Council. These included an Income and Expenditure Account (showing comparative figures for the 2016/17 financial year), Balance Sheet, Reserves Statement and the Annual Return (Section 2, Accounting Statements).

He highlighted several variations between the 2017/18 figures and those for the previous year; these included an increase of £15,357 in income. Of this figure, £11,845 was due to the rise in Council Tax and £2,666 from CIL income. Several expenditure headings showed reduced spending in 2017/18 as the 2016/17 accounts contained a backlog of work planned for 2015/16, which had been delayed following the December 2015 flooding.

Debtors showed a balance of £29,518, the majority of which is to be claimed back from HMRC. A claim had been submitted.

Members were requested to review the draft Annual Accounts prior to submission to the Town Council. The Treasurer advised that these would be presented to Full Council on 14th May 2018 for approval and signing by the Mayor and Town Clerk, for subsequent submission to the External Auditors.

Members concluded that they were happy for the Treasurer to present the annual accounts to Council. Councillor Cook proposed that Committee recommend acceptance of the report by Council. This was seconded by Councillor Bramham and carried.

Councillor Cook thanked the Treasurer for his work in preparing the Annual Accounts.

RECOMMENDATION That Council accept the Annual Accounts 2017/18 as presented.

1190/17/18 GENERAL GRANT APPLICATIONS 2018/19

The Treasurer advised that there were two applications for consideration. The available budget was £9,130.

1191/17/18 North West Air Ambulance

Application received for a grant of £1,000 towards general running costs. It was noted that North West Air Ambulance carry out approximately 450 missions a year in Cumbria. The application was discussed and supported by Members. Councillor R Hogg proposed that a grant be awarded. This was seconded by Councillor Emmott and carried.

RECOMMENDATION That a grant of £1,000 be awarded to North West Air Ambulance.

1192/17/18 **Space2Create**

Application received for £1,500 to create a confidential area within their unit. The Charity works with vulnerable adults suffering with long term mental or physical illness. It was noted that the unit is rented with five years remaining on the lease. The Treasurer advised that audited accounts were not yet available and these would need to be produced prior to an award being made.

Councillor Blackman proposed that a grant be awarded, subject to receipt of audited accounts, and this was carried.

RECOMMENDATION That a grant of £1,500 be awarded to Space2Create, subject to receipt of audited accounts.

1193/17/18 **GENERAL GRANTS CRITERIA 2019/20**

The Treasurer presented the General Grants Criteria for 2019/20 and advised that only minor changes had been made. Committee considered the criteria and agreed that they were happy to approve it.

RESOLVED That Committee approve the General Grants Criteria for 2019/20.

1194/17/18 **GENERAL GRANTS – MULTI-YEAR FUNDING AGREEMENTS**

In January 2017 the concept of longer term funding agreements for general grant recipients was referred to the Committee for consideration. The Committee deferred making any recommendations for 2018/19, as it would create a commitment for an incoming Council. Instead it asked that the matter be brought back to this meeting so that the current Committee membership could propose suitable principles before them being presented for ratification by the newly composed Committee in July 2018.

The Treasurer advised that any offer of multi-year agreements would apply to grant applications for the 2019/20 financial year. In principle he had no problems with the concept of multi-year agreements; the Council's finances are stable and its Grants budget has been maintained at a consistent level for several years. However he suggested that it would be prudent to include a condition that any multi-year agreement be reviewed should these circumstances change. Multi-year agreements would give certainty to organisations but would not necessarily result in less work for KTC or result in a saving of admin costs. He added that conditions of agreement would also need to be applied to multi-year agreements in order to safeguard the Council's interests.

A general discussion ensued. Councillor Cook suggested that the phase 'multi-year' should be specified. There was general agreement that this should be no more than 3 years. Members further agreed

that a breakout clause should be written into the agreement should funds be misused or the organisation cease to exist etc.

Committee discussed the requirement for recipients of grants to submit a report. Currently this was only requested for grants over £2,000. It was felt that an annual report should be provided with a due date specified.

It was agreed that the Treasurer would re-draft the report for further consideration at the next Committee meeting.

RESOLVED

That the Treasurer re-draft the report on multi-year funding agreements for further consideration at the next Committee meeting.

1195/17/18

SCHOOLS OF SCIENCE AND ART CHARITY – 2017/18 ACCOUNTS AND 2018/19 FORECAST

The Treasurer presented a report which set out the Schools of Science and Art Charity's summarised Receipts and Payments Accounts for year ended 31st March 2018 and a forecast for 2018/19. Committee were asked to review the Charity's financial position prior to it being reported to the Trustees at their meeting on 14th May.

The Charity's income for the year was £419, representing interest on its investments, while there was £520 expenditure on awards and grants. The Charity closed the year with accumulated funds of £15,491, of which £8,992 is invested on a long term basis.

The Treasurer highlighted that the Charity made regular annual awards of £50 each to Kendal College, Kirkbie Kendal School and Queen Katherine School to fund a prize in the name of the Mayor of Kendal. Members were asked to approve this for 2018/19.

In August 2016, the Trustees agreed to provide £1,000 to the Brewery Arts Centre in support of one of its bids to funding organisations. This money was yet to be requested by the Centre.

The Treasurer advised that there are sufficient resources, around £2,400 forecasted income, for the Council to continue making the grants to the High Schools and College, as well as considering new applications. The availability of grants is advertised in the KTC newsletter and on the website.

Following a general discussion, Councillor R Hogg proposed that the Charity's accounts for 2017/18 and forecast income for 2018/19 be accepted and forwarded to the Charity's Trustees for approval. Also that the payment of the regular annual prize grants be made. This was seconded by Councillor Bramham and carried.

RECOMMENDATION

That the Trustees of the Charity be recommended to:

1. approve the Charity's Accounts for 2017/18 and forecast income for 2018/19;
2. approve the payment of the three regular annual prize grants for 2018/19

1196/17/18 ITEMS FOR THE NEWSLETTER

It was suggested that a follow-up story from a grant recipient be included in the summer edition, if space allowed.

1197/17/18 ANY OTHER BUSINESS

Councillor Blackman informed Committee that the Treasurer would be leaving KTC. One implication of this was bank account signatories. The Treasurer was currently a signatory with Barclays Bank and it was suggested that the Town Clerk become a signatory alongside the Treasurer for the time being. This was proposed by Councillor Emmott and carried.

1198/17/18 DATE OF NEXT MEETING

Monday 30th July 2018 at 7pm.

The meeting closed at 9.03pm.

Summary of Information, Resolutions and Recommendations to Council

Min	Subject	Information/Resolution/Recommendation to Council	
1185	Audit of Town Council Heritage Assets	RES	<ol style="list-style-type: none"> 1. Photos on the mezzanine to be stored in racks or large folders. 2. Continue to update the database with information such as the number of items and a simple description. 3. Mayoralty & Arts Committee to be requested to write off the missing items highlighted in the audit report.
1186	Review of Effectiveness of Internal Audit	REC	That Council approves the review of the effectiveness of its internal audit arrangements in 2017/18.
		RES	That R F Miller and Co be re-appointed as internal auditors for 2018/19.
1187	Annual Review of the System of Internal Control and Annual Governance Statement	REC	<p>That Council:</p> <ol style="list-style-type: none"> 1. Adopts the CALC publication "Governance and Accountability for Small Authorities 2018" with effect for 2018/19. 2. Confirms its policy on asset valuation as per the draft policy statement presented. 3. Approves the review of the effectiveness of the Council's system of internal control and the draft Annual Governance Statement 2017/18. 4. Authorises the Mayor and Town Clerk to sign the AGS.
1188	Finance Outturn Report	RES	That the Finance Outturn Report – Year Ended 31 March 2018, as presented, be accepted. The Treasurer to clarify why reserves are held and indicate how much in total is already committed to projects.
		REC	That Council approves the Finance Outturn Report (Year Ended 31 March 2018).
1189	Annual Accounts 2017/18	REC	That Council accept the Annual Accounts 2017/18 as presented.
1191	General Grant Applications 2018/19 – North West Air Ambulance	REC	That a grant of £1,000 be awarded to North West Air Ambulance.
1192	General Grant Applications 2018/19 – Space2Create	REC	That a grant of £1,500 be awarded to Space2Create, subject to receipt of audited accounts.

1193	General Grants Criteria 2019/20	RES	That Committee approve the General Grants Criteria for 2019/20.
1194	General Grants – Multi-Year Funding Agreements	RES	That the Treasurer re-draft the report on multi-year funding agreements for further consideration at the next Committee meeting.
1195	Schools of Science and Art Charity	REC	That the Trustees of the Charity be recommended to: <ol style="list-style-type: none"> 1. approve the Charity's Accounts for 2017/18 and forecast income for 2018/19; 2. approve the payment of the three regular annual prize grants for 2018/19



Terms of Reference for Audit, Grants & Charities Committee

The Committee

It is the Audit, Grants & Charities Committee's remit to:

1. Receive Audit Reports from the Internal and External Auditors and consider any issues that need addressing by the Town Council.
2. Appoint the Internal Auditors and review their effectiveness.
3. Receive the quarterly Budgetary Control Statement from the Town Treasurer and monitor the financial performance of each of the Town Council's Committees.
4. Review the effectiveness of the Council's internal control environment.
5. Review the Annual Accounts and draft Annual Return/Annual Governance Statement.
6. Conduct a formal review of the Town Council's Risk Assessments.
7. Examine all General Grant applications received and make recommendations to the Town Council.
8. Periodically review the Council's Financial Regulations and financial policies.
9. Consider the use of the monies held by the Council as trustees of the Schools of Science & Art Charity.

The Audit, Grants & Charities Committee shall meet in January, April, July and October each year. Further meetings will only be called if absolutely necessary.

The Chairman

The role of the Chairman of the Audit, Grants & Charities Committee is to provide direction and ensure committee members work together. The Chairman's duty is to ensure this end is achieved with consensus.

The Chairman will need to ensure:

- all points of view are given a fair hearing,
- all relevant information is available at the meeting,
- that Councillors are clear about the reasons for a decision,
- that irrelevant matters are not brought to Committee,
- the Council is protected from outside interference,
- that a friendly atmosphere is created and
- that business is conducted with reasonable speed.

The Chairman will liaise with the Treasurer in drawing up agendas, approve draft minutes and support the Treasurer, as appropriate, in the implementation of the Committee's decisions.

AUDIT, GRANTS & CHARITIES COMMITTEE ANNUAL WORK PROGRAMME

Late July:

- Review Terms of Reference
- Budgetary Control Statement
 - Three months ended 30 June
- Internal Auditor's Report & Issues Arising
- Grant Applications

Late October:

- Budgetary Control Statement
 - Six months ended 30 September
- External Auditor's Report & Issues Arising
- Grant Applications for Annual Budget
- Review Investment Policy
- Review Reserves Policy

Late January:

- Budgetary Control Statement
 - Nine months ended 31 December
- Formal Review of Risk Assessments
- Grant Applications

Late April:

- Review the effectiveness of Internal Audit/Internal Control
- Finance Outturn Report
 - Twelve months ended 31 March
- Annual Accounts:
 - Income & Expenditure Statement
 - Balance Sheet
 - Funds Statement
 - Review of Internal Control/Annual Governance Statement
- Schools of Science & Art Annual Accounts
- Audit of Town Council's Assets
- Review Grants Criteria
- Grant Applications

As required:

- Consider grant applications for Schools of Science & Art Charity
- Review of Financial Regulations (when required)

KENDAL TOWN COUNCIL

Monday 6 August 2018

AUDIT, GRANTS & CHARITIES COMMITTEE

Monday 30 July 2018

Budgetary Control Statement - Three months ended 30 June 2018

1. Budgetary Control Statement

Appendix A

The attached budget statement shows actual income and expenditure to date compared to the expected portion of the 2018/19 budget for the first quarter of the financial year. Adjustments have been made for known significant commitments and for the use of reserves. The variance column indicates the under or overspending against the profiled budget. Underspendings, ie favourable variances, are shown as positive figures, with overspendings, ie unfavourable variances, shown as negative (bracketed) figures.

a) Income -£18

- The first half-year's precept has been received in line with the budget; the Council has also received a further instalment of CIL (Community Infrastructure Levy) income from SLDC, amounting to £2,037; as agreed this will be transferred to an earmarked reserve until needed.
- At present there is forecast to be slightly more investment interest than expected, however it is too early to know whether this will continue.

b) Gross Expenditure +£16,765

Management -£966

- Staff Salaries currently show a £1,327 overspending against the profiled budget. The Administrative Assistant's post is vacant, but has been covered by an agency employee at a slightly higher cost. The leaving Treasurer has been paid for additional hours worked in preparing for a handover to his replacement. The Mayor's Attendant's costs are high compared to the profiled budget because of civic events and work resulting from the Condition Survey. These variances have been offset by an agreed temporary reduction in the Project Manager's hours.
- The Premises heading is currently overspent by £324, solely because of extra security measures taken in the Town Hall; this variance will reduce over the course of the year.
- IT expenditure has been relatively high in the quarter, due to the requirements of GDPR; the expected budget allows for this by front-loading resources into the budget to date.
- There are small variances across the remainder of the Committee's budgets, the majority of which tend to be fully spent by year-end.

Mayoralty & Ceremonies +£304

- There has been no expenditure on either Mayor's Travel or Twinning, which show underspendings of £200 and £500 respectively against the budget to date.

- The Functions heading records an overspending of £396 against profile; this budget will be monitored closely during the remainder of the year.

Allotments +£1,126

- General expenses show an underspending of £1,126 to date; expenditure is expected to pick up in the coming months

Bloom -£39

- The Bloom Committee budget is profiled to reflect the forecast phasing of expenditure on the service; in the absence of a planting contract, there is some uncertainty about the adequacy of resources, for which an increased general contingency provision was included in the approved budget.
- There is currently a net overspending of £410 on Floral Displays, although this heading includes an underspend of £750 on Community Planting.
- Competitions expenditure is currently £110 below profile, with the main costs to be incurred shortly.
- Sponsorship income is £260 higher than the full year's budget.

Christmas Lights & Festivals +£4,512

- The favourable variance of £4,317 on Festival Grants represents the unallocated funds in this budget, which can be expected to decrease as the year progresses and further grants are approved.
- There is a small net underspending of £194 on the Lights headings, where some advance expenditure is expected in the early part of the year.

Highways & Infrastructure +£2,098

- There has been less activity than expected on these headings, which frequently show an underspending at this stage in the year. In particular, none of the quarter's budget of £875 for new infrastructure has been spent.

General Grants +£7,605

- The variance represents the unallocated funds in this budget, which can be expected to be fully spent at year end as further grants are approved.

Action Plan Schemes +£3,265

- Although there has been £13,623 expenditure on Action Plan schemes, this is £3,265 below the profiled budget; because costs are met by means of a transfer from the Development Fund, the underspending does not affect the "bottom line".
- Income of £6,500 has been received towards the cost of reprinting leaflets; this will be reflected in the next revision of the Action Plan programme.

Contingency +£2,000

- There has been no use of the contingency provision in the first quarter of the year, however it is apparent that the new lease arrangements for the Town Hall accommodation will result in increased costs, which would be a call on this budget.

c) Use of Reserves -£3,265

- As the Action Plan expenditure is £3,265 lower than profiled, there is a corresponding reduction in the contribution from the Fund to meet that expenditure.

d) General Fund Balance +£25,473

- The £18 variance on income and net underspendings of £16,765 contribute to the use of the General Fund balance to fund the budget being £16,747 less than profiled.
- The opening balance on the General Fund was £8,726 higher than anticipated in the Approved Budget; combined with the quarter's underspending of £16,747, the Fund is currently £25,473 above its profile. This variance will reduce as expenditure picks up in the remainder of the year, however the Council has agreed a minimum target balance of £40,000 for the remainder of the year.

2. Action Plan**Appendix B**

A separate statement shows the actual expenditure to 30 June 2018 on individual Action Plan schemes, together with their full year budgets as updated by Council in June 2018. The total budgeted expenditure of £180,892 for the year differs from the £67,550 assumed in the Approved Budget; this is simply a presentational issue and has no impact on the Council's financial position. The main reason for the difference is the slippage of expenditure from 2017/18 into the current year.

3. Balance Sheet**Appendix C**

The Balance Sheet shows a snapshot of the Council's financial position as at 30 June 2018. The following points may be noted, but there are no areas of concern:

- The Investments balance of £361,811 comprises £180,000 in the Cumberland Building Society, £2,418 with Nat West and £179,393 in the Council's Barclays Bank Reserve Account. The latter figure is particularly high as it includes the precept income for the next three months.
- The Debtors figure of £13,659 includes £6,026 VAT which is being reclaimed from HM Customs and Excise, £1,000 for the Cycle to Work scheme and £2,402 accrued interest.
- Prepayments of £7,241 relate to adjustments for paid invoices which will be partly accounted for later in the year, eg £3,487 insurance premia, £199 alarm costs, £630 lighting, £967 subscriptions and £630 rents payable.
- The Creditors figure of £28,028 represents invoices and estimates of expenditure which had not been paid at 30 June 2018.
- Receipts in Advance of £131,229 comprise £116,670 precept income from SLDC, £3,857 Allotment deposits and £10,703 allotment rent income for the remainder of the calendar year.

4. Conclusion

The budgetary control statement indicates that expenditure to 30 June 2018 is within the profiled budget for the year to date, with a current net underspending of £16,747. This can be expected to decrease as the year progresses and spending programmes on Allotments, Bloom and Highways & Infrastructure pick up, while the £11,922 of unallocated grants can be expected to be spent by the year end.

5. Recommendations

- a) The Audit, Grants and Charities Committee is recommended to consider this report and forward its comments to full Council.
- b) The Town Council is recommended to accept this report, taking account of any comments from the Committee.

KENDAL TOWN COUNCIL					
BUDGETARY CONTROL STATEMENT: THREE MONTHS ENDED 30 JUNE 2018					
APPROVED BUDGET 2018/19	Heading	Budget to Date	Actual to Date	Reserve Entries	Favourable/ (Adverse) Variance
£		£	£	£	£
	INCOME				
	Precept:				
373,965	Council Tax	93,491	93,491		0
2,267	SLDC - Lighting	567	567		0
0	SLDC - Elections	0	0		0
376,232	Sub-Total	94,058	94,058	0	0
30,149	SLDC - Grant	7,537	7,537		0
	Other Income:				
2,460	Investment Interest	615	686		71
21,660	Allotment Rents	5,415	5,351		(64)
0	Community Infrastructure Levy	0	2,037	(2,037)	0
100	Miscellaneous	25	0		(25)
24,220	Sub-Total	6,055	8,074	(2,037)	(18)
430,601	TOTAL INCOME	107,650	109,669	(2,037)	(18)
	EXPENDITURE				
	Management:				
161,900	Staff Salaries & Expenses	40,475	41,802		(1,327)
(71,070)	Staff Recharges to Services	(17,769)	(17,769)		0
16,040	Premises	4,010	4,334		(324)
6,060	Supplies & Services	1,515	1,323		192
10,130	Audit, Subscriptions & Insurances	2,533	2,215		318
0	Elections	0	0		0
8,860	Newsletter	2,953	2,756		197
6,160	IT & Website	3,080	2,968		112
2,020	Miscellaneous	505	638		(133)
140,100	Sub-Total	37,302	38,268	0	(966)
	Mayoralty & Ceremonies:				
11,580	Staffing	2,895	2,895		0
5,150	Mayor's Allowance & Christmas Cards	5,000	5,000		0
800	Mayor's Travel	200	0		200
8,810	Functions	2,930	3,326		(396)
2,000	Twinning Expenses	500	0		500
28,340	Sub-Total	11,525	11,221	0	304
	Arts & Heritage:				
1,500	Exhibitions & Restoration of Heritage Items	0	742	(742)	0
2,000	Kendal Museum	0	0		0
3,500	Sub-Total	0	742	(742)	0
	Allotments:				
19,570	Staffing	4,893	4,893		0
11,150	General Expenses	2,788	1,662		1,126
0	Improvements & Developments	0	0		0
30,720	Sub-Total	7,681	6,555	0	1,126
	Bloom:				
15,790	Staffing	3,948	3,948		0
20,150	Floral Displays (incl. Community Projects)	10,925	11,335		(410)
1,700	Bloom Competitions	425	315		110
(500)	Receipts from Sponsors	(500)	(760)		260
37,140	Sub-Total	14,798	14,837	0	(39)
	Christmas Lights & Festivals:				
6,740	Staffing	1,685	1,685		0
16,030	Christmas Lights Displays	500	160		340
2,590	Christmas Lights Switch-On Event	0	146		(146)
35,000	Festival Grants	35,000	30,683		4,317
60,360	Sub-Total	37,185	32,673	0	4,512
	Environment:				
17,390	Staffing	4,348	4,348		0
500	Somervell Garden	125	0		125
0	Parks & Open Spaces Programme	0	0	0	0
17,890	Sub-Total	4,473	4,348	0	125
	Highways & Infrastructure:				
2,700	Infrastructure Maintenance	675	0		675
1,250	Litter Bin Emptying	313	332		(19)
3,500	New Infrastructure	875	0		875
2,267	Lighting - running costs	567	0		567
9,717	Sub-Total	2,430	332	0	2,098
36,000	General Grants	36,000	28,395		7,605
	Action Plan Schemes:				
67,550	Allocated Schemes	16,888	13,623		3,265
0	Action Plan Income	0	(6,500)	6,500	0
67,550	Sub-Total	16,888	7,123	6,500	3,265
8,000	Contingency	2,000	0		2,000
320	Wainwright Award	0	0		0
439,637	DIRECT EXPENDITURE	170,282	144,494	5,758	20,030

APPROVED BUDGET 2018/19	Heading	Budget to Date	Actual to Date	Reserve Entries	Favourable/ (Adverse) Variance
£		£	£	£	£
	CONTRIBUTIONS TO RESERVES:				
46,650	Development Fund	0	0		0
0	Development Fund External Income	0	6,500	(6,500)	0
1,080	Allotments Reserve	270	270		0
2,000	Arts & Heritage Reserve	0	0		0
2,500	Election Reserve	0	0		0
0	Community Infrastructure Levy Reserve	0	2,037	(2,037)	(0)
170	Wainwright Fund	0	0		0
52,400		270	8,807	(8,537)	(0)
	USE OF RESERVES:				
(67,550)	Development Fund: Allocated Schemes	(16,888)	(13,623)		(3,265)
0	Environment Reserve	0	0	0	0
0	Arts & Heritage Reserve	0	(742)	742	0
0	Election Reserve	0	0		0
(320)	Wainwright Fund	0	0		0
(67,870)		(16,888)	(14,365)	742	(3,265)
17,830	UNALLOCATED BUDGET	0	0		0
441,997	GROSS EXPENDITURE	153,664	138,936	(2,037)	16,765
(11,396)	INCREASE/(DECR) IN GENERAL FUND BALANCE	(46,014)	(29,267)	0	16,747
	GENERAL FUND BALANCE:				
41,396	Brought forward 1 April 2018	41,396	50,122	0	8,726
(11,396)	Increase/(decrease) in year	(46,014)	(29,267)	0	16,747
30,000	Balance carried forward	(4,618)	20,855	0	25,473

KENDAL TOWN COUNCIL			
ACTION PLAN MONITORING: EXPENDITURE TO 30 JUNE 2018			
RESOURCES:		Latest Programme	Actual 30 June 2018
		£	£
Development Fund:			
Opening Balance 1 April 2018		130,737	130,737
Contributions from/(to) Revenue:			
Budgeted Contribution		46,650	46,650
External Income:			
Kendal BID - Contribution to Leaflet Reprint		0	4,000
Kendal Futures - Contribution to Leaflet Reprint		0	2,500
Resources for Year		177,387	183,887
LESS: EXPENDITURE ON PROJECTS:			
	As at 1 April 2018	Latest Programme	Actual 30 June 2018
	£	£	£
Action Plan for Kendal:			
EH1 Signage, Interpretation and Public Realm Improvements:	14,296	704	0
EH1a Green Wall Project	0	11,000	0
EH1b Leaflet Reprint	7,126	3,374	0
EH1c Signage Improvements	2,524	976	0
EH3 Strategic Transport Infrastructure Study	10,000	20,000	0
Kendal Futures Funding:			
MG2 Support for Co-ordinator		8,000	0
MG4 Delivering the Action Plan	2,000	16,214	0
Tourism Support in Kendal:			
MG6 Support for Kendal TIC	5,000	10,000	0
MG16 Kendal Destination Website (funded by Kendal Futures)	2,733	867	8,200
Green Spaces Improvement Projects:			
EH6 Maude's Meadow	0	15,000	0
EH7 Heron Hill School Woodland Trail	596	1,404	0
EH9 Kendal Castle Environmental Improvements	17,910	6,090	5,173
KB1 SLACC Pollinator Project	5,800	1,300	0
Public Realm Improvement Projects:			
CL2 Christmas Lights, Stramongate	0	2,000	0
EH10 Market Place Enhancement (incl £10,000 LIP and £12,000 from SLDC)	4,371	32,629	0
CL3 Building Flag & Tree holder maintenance and replacement	916	1,084	0
EH15 Abbot Hall Play Area Improvements		5,000	0
EH16 Kendal Parks Play Areas Renovation		3,500	0
Other Schemes:			
MG8 Eden & South Lakeland Credit Union	6,000	3,000	0
MG9 Lancaster Canal Regeneration Partnership	250	250	250
MG12 Community Emergency Planning Group	5,000	5,000	0
EH14 Lakes Line Feasibility Study	0	2,000	0
AL1 Improve Boundary Wall/Fences, Greenside/Rinkfield Allotments		10,000	0
EH17 Blackhall Road Bus Shelters KADBUS scheme		21,500	0
	84,522	180,892	13,623
Resources: Balance carried forward		(3,505)	170,264

KENDAL TOWN COUNCIL
BALANCE SHEET AS AT 30 JUNE 2018

	£	£
Investments		361,810.89
Current assets		
Debtors	13,659.38	
Deposits	50.00	
Prepayments	7,240.75	
Cash at bank and in hand	25,200.31	
	46,150.44	
Current Liabilities		
Creditors	28,027.92	
Receipts in Advance	131,229.19	
	159,257.11	
Net Current Assets		(113,106.67)
		248,704.22
Represented by:		
Reserves		
General Fund		20,855.66
Development		123,614.05
Allotments		72,265.78
Arts & Heritage		4,451.60
Environment		2,393.68
Election		7,500.04
Community Infrastructure Levy		5,995.10
Wainwright		11,628.31
		248,704.22

KENDAL TOWN COUNCIL

Monday 6 August 2018

AUDIT, GRANTS & CHARITIES COMMITTEE

Monday 30 July 2018

Internal Audit Management Letter 2017/18

Report

1. The Council's Internal Auditor, R F Millers, have signed off the Annual Accounts and Governance Return for the year ended 31 March 2018. A copy of the relevant section of the Return is attached, where it will be seen that no exceptions were raised in their assessment of the Council's internal control arrangements.
2. In addition to the signed Return, Millers have issued the attached Management Letter, for consideration by both the Committee and full Council. No new issues have been raised, but they have repeated the note from previous years regarding the high proportion of cash invested with a single organisation, the Cumberland Building Society.
3. The Council's 90 day notice account with the Society pays a preferential rate of interest which is no longer achievable without committing the money for a longer fixed term. The investment, currently £180,000, is entirely consistent with the Council's investment policy, so the only issue is the risk of having most available monies with one organisation.
4. The Building Society has recently published its accounts for the year ended 31 March 2018, which show that it had assets of £2,523 million and reserves of £173 million at that date and is the 10th largest society in the UK. The Council has previously accepted the potential risk in investing the majority of its medium-term resources with the Building Society in view of the size of the organisation and its asset base. It is also expected that the amount available for investment will decrease as Action Plan projects progress.
5. The Council's Annual Return is currently with the External Auditors, PKF Littlejohn, for their review. The Internal Audit Management Letter is being reported to Council in August rather than the usual September timescale in case PKF Littlejohn seek comment from the Council before issuing their opinion.

Recommendations

6. The Committee is recommended to:
 - a) consider the Internal Audit Management Letter;
 - b) review the rationale for accepting the identified investment risk; and

c) forward its comments to full Council.

7. The Town Council is recommended, subject to the comments made by the Audit, Grants and Charities Committee, to:

- a) accept the Internal Audit Management Letter; and
- b) note that it has assessed and continues to accept the investment risk identified in previous years by the Internal Auditor.

Annual Internal Audit Report 2017/18

KENDAL TOWN COUNCIL

This authority's internal auditor, acting independently and on the basis of an assessment of risk, carried out a selective assessment of compliance with relevant procedures and controls to be in operation **during** the financial year ended 31 March 2018.

The internal audit for 2017/18 has been carried out in accordance with this authority's needs and planned coverage. On the basis of the findings in the areas examined, the internal audit conclusions are summarised in this table. Set out below are the objectives of internal control and alongside are the internal audit conclusions on whether, in all significant respects, the control objectives were being achieved throughout the financial year to a standard adequate to meet the needs of this authority.

Internal control objective	Agreed? Please choose one of the following		
	Yes	No*	Not covered**
A. Appropriate accounting records have been properly kept throughout the financial year.	✓		
B. This authority complied with its financial regulations, payments were supported by invoices, all expenditure was approved and VAT was appropriately accounted for.	✓		
C. This authority assessed the significant risks to achieving its objectives and reviewed the adequacy of arrangements to manage these.	✓		
D. The precept or rates requirement resulted from an adequate budgetary process; progress against the budget was regularly monitored; and reserves were appropriate.	✓		
E. Expected income was fully received, based on correct prices, properly recorded and promptly banked; and VAT was appropriately accounted for.	✓		
F. Petty cash payments were properly supported by receipts, all petty cash expenditure was approved and VAT appropriately accounted for.	✓		
G. Salaries to employees and allowances to members were paid in accordance with this authority's approvals, and PAYE and NI requirements were properly applied.	✓		
H. Asset and investments registers were complete and accurate and properly maintained.	✓		
I. Periodic and year-end bank account reconciliations were properly carried out.	✓		
J. Accounting statements prepared during the year were prepared on the correct accounting basis (receipts and payments or income and expenditure), agreed to the cash book, supported by an adequate audit trail from underlying records and where appropriate debtors and creditors were properly recorded.	✓		
K. (For local councils only)			
Trust funds (including charitable) – The council met its responsibilities as a trustee.	✓		Not applicable

For any other risk areas identified by this authority adequate controls existed (list any other risk areas on separate sheets if needed).

Date(s) internal audit undertaken

30/04/18

Name of person who carried out the internal audit

Mr Keith Michael Robson FCCA

Signature of person who carried out the internal audit

 SIGNATURE REQUIRED

Date

03/05/18

*If the response is 'no' please state the implications and action being taken to address any weakness in control identified (add separate sheets if needed).

**Note: If the response is 'not covered' please state when the most recent internal audit work was done in this area and when it is next planned, or, if coverage is not required, the annual internal audit report must explain why not (add separate sheets if needed).



Private & Confidential

The Directors
Town Hall
Highgate
Kendal
Cumbria
LA9 4DL

4 May 2018

PCN/BC/GC/KLT01/MLa

Dear Sirs

Report to Management

We have recently completed our internal audit for the year ended 31 March 2018, there were no points that arose during this period however we would again like to refer to the matters highlighted previously.

Our examination is based on a review of the system of internal and financial control and whether this is deemed to be adequate for the Council. Our work is carried out with reference to the Public Sector Internal Audit Standards and the Practitioners Guide to Governance and Accountability for Local Councils.

In our opinion, the general control environment at the Council is good and we do not consider the issues raised to be fundamental to the operation of the Council. We have seen nothing to suggest the weaknesses, as raised, have created issues to the Council.

Finally, we would like to take this opportunity to express our thanks to your staff, in particular Mr Jones, for the cooperation and assistance given to us during the course of our internal audit.

Yours faithfully

A handwritten signature in black ink that reads "R F Miller & Co".

R F Miller & Co

Points noted during the course of our audit for the year ended 31 March 2018

Follow Up From Previous Comments

Points noted, Implications and Recommendations	Comments
1) The Council still has £180,000 invested with the Cumberland Building Society, which at the year-end comprised around 64% of the Council's cash based assets.	

Whilst the Council is not covered by the FCA compensation limit of £85,000, we believe that having such a high proportion of the Council's cash assets with a single entity is a risk.

We note that since this observation was first made the investment policy has been updated and this does mitigate the risk though still, while over £85,000 is held with one single entity the risk cannot be mitigated totally.

KENDAL TOWN COUNCIL

AUDIT, GRANTS & CHARITIES COMMITTEE

Monday 30 July 2018

General Grants: Multi-Year Funding Agreements

Report

1. The Council awards general grants to suitable organisations, whose applications are considered initially by this Committee. With the exception of a single grant to the Brewery Arts Centre, grants have been made for one year only. The concept of longer term funding agreements for general grant recipients has been discussed several times, but a firm decision has been deferred until now because multi-year agreements would create a commitment for an incoming Council.
2. The previous membership of the Committee considered the matter at its April meeting, with a view to the concept being presented for ratification by the newly composed Committee in July 2018. Its opinion was that multi-year agreements should be for no more than three years and that there needed to be a break out clause should the funds be misused or the organisation ceased to exist, etc. Additionally, the Committee felt that there should be a time limit placed on the current requirement that all recipients of grants over £2,000 should report back on the use of the monies. Any offer of multi-year agreements would apply to grant applications for the 2019/20 financial year, which will be invited this summer.
3. In principle, Officers have no problems with the concept of multi-year agreements: the Council's finances are stable and its Grants budget has been maintained at a consistent or improved level, currently £36,000, for several years. It would, however, be prudent to include a condition that any multi-year agreement be reviewed if either of these circumstances changes.
4. In respect of safeguarding the Council's interests, conditions should be applied to individual multi-year grant awards. Based on the two-year funding agreement applied to the Brewery Arts Centre, these should include requirements that a grant be returned, withheld or withdrawn if an organisation's circumstances change significantly from those stated in its application; for example:
 - a) the organisation ceases to exist or its purpose changes significantly;
 - b) the nature or extent of its service, location and client group changes;
 - c) a major funder withdraws, making the service unviable;
 - d) the organisation's finances change substantially, eg it receives a legacy or windfall income;
 - e) the organisation has not used any previous grant from the Council appropriately or not met the conditions of an earlier award; and
 - f) the organisation or any of its personnel are committed of an offence which adversely affects it or its reputation.

It is suggested that, during a multi-year agreement, the organisation should be required to declare annually that none of these changes had occurred and to supply a copy of its latest audited accounts. (For grants over £2,000, further information will be provided by the report required by the grants criteria.)

5. Probably a more difficult decision is which organisations should be eligible for a multi-year agreement. Larger organisations may consider that the commitment of a modest grant from the Council will help them secure substantial external funding, however there are smaller organisations which rely on our grants to fund the majority of their core expenditure and would welcome the opportunity of a multi-year agreement.
6. In order to inform a discussion on the organisations where a multi-year agreement might be appropriate, the Annex shows the grants awarded in the last three years, analysed into three categories:
 - routinely funded for core operating costs;
 - regularly funded for projects;
 - (apparently) one-off grants, including recent first applications.

It is suggested that the organisations in the first category, perhaps twelve in number, could be those which the Council might want to consider for multi-year funding agreements. The Committee will notice that, of the twelve suggested grants, five were for £500 or under in 2018/19. Alternatively, the Council may simply include a reference in its grants criteria to the availability of multi-year grants and let organisations apply and be considered on their merits. A further aspect is whether the Council would wish to label the organisations subject to multi-year agreements as “partners”.

7. A copy of the current grant criteria is attached. This document is available on the Council’s website and applicants are expected to have read it and comply with it. The Committee is asked to review this document and suggest any changes; if it decides that multi-year agreements should be offered, an appropriate narrative will need to be added to the criteria.

Recommendation

8. The Committee is recommended to consider:
 - a) whether the Council should introduce multi-year funding agreements from 2019/20 onwards;
 - b) if so, the scope and conditions attaching to such agreements and whether they should be offered to selected organisations or more generally, on request; and
 - c) any changes needed to the current grant criteria, including those to accommodate multi-year agreements.

KENDAL TOWN COUNCIL GENERAL GRANT AWARDS						
Organisation	Financial Year			Category		
	2016/17	2017/18	2018/19	Routinely funded for core operating costs	Regularly funded for projects/events	One-off grants
SERVICES						
Kendal Brewery Arts Centre	8,000	10,000	10,000	✓		
Abbot Hall - Lakeland Arts Trust	1,000	no application	1,000	✓		
1127 Squadron (Kendal) Air Training Corp	1,626	900	1,000		✓	
Great North Air Ambulance	1,000	250	1,000	✓		
"One Voice" - Kendal & South Lakes Centre for Independent Living	1,500	1,500	1,500	✓		
The Quaker Tapestry at Kendal	3,000	3,000	3,000	✓		
Kendal Community Theatre	1,500	1,000	750		✓	
South Lakes Citizens Advice Bureau	5,000	5,000	5,000	✓		
Sandgate Hydrotherapy Pool	2,500	3,000	3,000	✓		
Kendal Sea Cadets Corps	900	900	0		✓	
Right2Work	400	0	0			✓
South Lakes Foyer Residents	540	0	0			✓
Step by Step	1,000	0	0			✓
Lakes Line Community Rail Partnership	150	0	0			✓
The Bluebell Foundation	250	0	0			✓
Fairoak Housing Association	0	500	500		✓	
Growing Well	0	500	500		✓	
Beck Community Centre	0	500	0			✓
Kendal College	0	500	0			✓
S L Equality & Diversity Partnership	0	100	100		✓	
Cumbria Children's Dyslexia Project	0	875	0			✓
Kirkbie Kendal School	0	1,000	0			✓
Chestnut Community Events	0	0	1,000			✓
Sub-Total/Count	28,366	29,525	28,350	7	6	10

Organisation	Financial Year			Category		
	2016/17	2017/18	2018/19	Routinely funded for core operating costs	Regularly funded for projects/events	One-off grants
CLUBS & SOCIETIES						
Abbot Hall Public Bowling Club	50	50	50	✓		
Kendal Lads & Girls Club	965	588	920		✓	
Kendal Concert Band	0	400	0		✓	
Kendal & District Lions Club	150	150	0		✓	
Dance Ability	100	100	100	✓		
Cumbria Festival Chorus	500	0	200		✓	
With Singing In Mind	500	500	500	✓		
Kendal Rugby Club	1,000	0	0			✓
Kendal Millennium Playing Fields	1,000	0	500	✓		
Kendal-Rinteln Association	500	500	500	✓		
Kendal Amateur Swimming Club	0	500	0			✓
Rotary Club of Kendal	0	1,000	0			✓
Kendal County Football Club	0	0	250			✓
Riversiders Trust	0	0	1,000			✓
Sub-Total	4,765	3,788	4,020	5	4	5
Total	33,131	33,313	32,370	12	10	15

KENDAL TOWN COUNCIL

Grants Criteria: General and Festival Grants

Guidance for Organisations applying for Grant Funding Financial Year 2019/20

1. Introduction

Every year, Kendal Town Council aims to make funding available to organisations which support its work for the benefit of the residents of Kendal. General grants are administered through the Audit, Grants & Charities Committee and festival grants through the Christmas Lights & Festivals Committee.

2. Statutory Framework

Although Town Councils have a wide range of powers and duties, they are only able to make grants within these statutory restrictions. The Cumbria Association of Local Councils maintains a useful summary of these limits - see the document "Powers and Duties of Local Councils" on its website.

3. Funding priorities

Within this Framework, the Council makes grants available for both *core funding* and for *project work* (see 5. *Funding Provision* for how the Council defines these terms).

Grants are awarded within two priority areas:

3.1 Festivals - The Council believes that festivals - particularly those recurring annually - play an important part in the social life of the Town, help create a positive image of the Town, and attract tourism income for local businesses and the economic benefit that naturally follows.

Within this category, priority will be given to festivals which involve significant numbers of local residents, particularly young people, in their preparation and delivery, and which attract large numbers of local residents to their events.

Requests under this category may be either for core funding or for project work, and will be considered by the Council's Christmas Lights & Festivals Committee.

3.2 Community Development - The Council wishes to encourage community activities in the town, and recognises the role that arts, cultural, sports, and voluntary charitable activities play in developing community spirit and a sense of place.

Priority will be given to locally based organisations which serve marginalised, disadvantaged or isolated people in Kendal, and which demonstrate an effective use of local volunteers, especially young people.

Requests under this heading will normally be for project work.

In all cases, *organisations must be able to prove that the primary beneficiaries of the funding will be the residents of Kendal.*

Additionally, the Town Council is the sole trustee of the Schools of Science & Art Charity, which awards grants for the promotion of education in Kendal – further details are on the Town Council's web-site.

4. Types of organisations

The Council is especially interested in helping smaller organisations based in Kendal that offer direct services to Kendal residents.

4.1 Structure - Organisations should have, or should be in the process of acquiring, registered charity or similar not-for-profit status (small bona-fide community groups are exempt from this requirement). Organisations must work directly with beneficiaries (i.e. excluding grant-giving charities, endowment funds, etc).

The Council will not fund commercial organisations, such as registered companies, partnerships, or sole traders. Not-for-profit limited by guarantee and community interest companies are eligible to apply.

4.2 Size of organisation - Grants are relatively modest; to make sure grants of this size have an impact, the Council will prioritise the funding of smaller organisations. For organisations based exclusively in Kendal, this means having an income of less than about £100,000, or those working across the UK, an income of not more than about £250,000.

4.3 Capability - Applicants must demonstrate they are able to deliver the activities supported by funding.

4.4 Sustainability - Applicants must show that they have investigated other sources of funding and made plans for the future, which should include replacement funding if appropriate.

5. Funding Provision

5.1 Funding Limit - Grants are usually up to £5,000. Organisations are expected to raise a significant proportion of funding from their own activities.

5.2 Duration of funding - Grants are awarded on an annual basis. *Organisations receiving a grant will not normally be eligible for a further grant in the same financial year.*

5.3 Core funding - The majority of the grants awarded by the Council relate to core funding, to cover running costs such as general administration, premises costs and services. Usually the Council will have an ongoing

partnership with the requesting organisation, whose success is judged to be essential to the life and reputation of the town. Organisations should not anticipate or rely on ongoing support from the Council and are expected to raise an increasing proportion of its income; the Council will monitor this as appropriate.

5.4 Project funding - The Council welcomes applications for projects where the grant will be used for an identified purpose. Applications for project funding should make sure they can fund the cost of any overheads associated with the work, such as office/secretarial support, so that the project is not under-funded. It is in the organisation's best interest to ensure that they have realistically assessed the total cost of the project.

- a) **Innovative or pioneering work.** The Council likes to encourage new ideas and to fund projects that could inspire similar work in other areas, and so enhance the reputation of the town.
- b) **Pump-priming.** The Council particularly welcome applications for pump-priming grants from small community-based organisations.
- c) **Continuation funding.** The Council does appreciate the importance of providing ongoing funding for successful projects which have proved their worth; however, the Council will look for evidence that the organisation is generating an increasing proportion of its income from its own fundraising activities.

5.5 Emergency or deficit funding - *in exceptional circumstances*, the Council may provide emergency or deficit funding for an established organisation. Applicants most likely to be granted emergency funding are organisations which the Council knows or has previously supported.

6. What will the Committee not recommend?

6.1 General appeals - sponsorship, marketing or other fundraising activities.

6.2 Retrospective funding - grants for work that has been completed, or will be completed while the application is being considered.

6.3 Personal appeals - grants or sponsorship etc. to individuals either directly or indirectly.

6.4 Organisations

- with available surplus reserves well above the cost of the project or funding requested.
- whose membership is closed and not open to residents as a whole
- with sectarian, political, or purely lobbying objectives.

7. Applying for Funding

7.1 The Council receives many appeals each year, and the most common reasons for it not being able to make a grant are:

- applications not falling within the guidelines;
- organisations considered to have excessive financial reserves; or
- application forms not being filled in correctly and/or completely, or arriving after the deadline for submission.

Applications received usually exceed the funds available, so even if your application meets the Council's criteria, it may not be possible to award a grant in full, or at all.

7.2 Read these guidelines carefully and only apply if your work falls within the Council's priorities. You are recommended to seek the support of a Town Councillor (eg your Ward Member, or the Council's representative on your governing body, if you have one). Organisations seeking funding for festivals should discuss their requests with the Council's Christmas Lights & Festivals Committee.

7.3 Download the application form from the Council's website. It is also available by post or on request at the Town Hall.

7.4 Other sources of funding may be available through the Dowker Bindloss Charity via the Cumbria Community Foundation and the Cumbria County Council's Neighbourhood Forum.

7.5 Read these guidelines carefully before completing the form. It helps to have your application supported by one or more Councillors, who can answer questions about the application if the need arises. The Town Treasurer will be glad to answer specific questions on process, but *the Council cannot accept draft applications*.

7.6 Once the Council has received your application form the process is as follows:

- a) The Town Treasurer will acknowledge receipt of your application and will contact you to deal with any queries, if necessary. **Your application cannot go to the relevant Committee if there are any outstanding issues.**
- b) Town Council staff will contact you within two weeks of the final Council decision, to let you know the outcome of your application.
- c) If your application has been successful, the Town Treasurer will arrange payment via a bank transfer; annual grants are normally paid during July.
- d) Organisations receiving project funding must submit a project completion report for review by the Audit, Grants, & Charities or Christmas Lights and Festivals Committee.

7.7 When to Apply. The two Committees meet according to a published timetable (available on the Council's website). The Committees conduct their main review of funding applications at their October meetings. Your application is most likely to be successful if it is received in time for this meeting. **Applications can only go on the Committee agenda if they have been received - and have had any issues resolved - fourteen days before the Committee meeting.**

The Committee will do its best to process your application as quickly as possible. If the Committee needs further information about your application, it may have to postpone a decision until the next Committee meeting.

Any applications that arrive too late for consideration at one meeting are automatically carried forward to the next. Once the Committee has exhausted its annual budget, no further grants will be available until the next financial year.

The decisions of the Committee go forward as recommendations to the next full Council meeting for a final decision. The Council may accept or reject the Committee's recommendations, approve a different amount of funding, or refer an application back for further consideration by the Committee.

7.8 Emergency procedure. In exceptional circumstances, and only with the support of the Mayor, a funding request may be heard by full Council without going through the relevant Committee. The applicant must be able to show why this is a genuine emergency, with a significant impact on Kendal residents. The criteria in Sections 5 and 6 still apply and the organisation must complete the standard paperwork for audit purposes and meet the timetable for the Council Agenda.

8. Grant Conditions

8.1 The Council will apply certain conditions to the grants it awards:

- a)** The grant must be used for the purpose stated in the organisation's application; the Council reserves the right to require a refund of any grant which is not used appropriately.
- b)** Organisations must acknowledge the assistance granted by the Town Council, eg by displaying its crest in documentation, webpages or project signage.
- c)** The Council may require the organisation to achieve specified outcome or output measures connected with the grant funding.
- d)** For awards over £2,000, the Council requires the organisation to submit a brief report on the use of the grant and the organisation's activities. In the case of core funding, this will relate to a full financial year and, for regularly funded organisations, can accompany the following year's grant application. For project funding, the report is required on completion of the project.

9. Further advice and information

For further advice and information about the Council's Audit, Grants, & Charities or Christmas Lights and Festivals Committee, please contact any Town Councillor. The Town Treasurer at Kendal Town Council will be happy to answer any technical queries.

Contact details: Kendal Town Council, Town Hall, Kendal, LA9 4DL <http://www.kendaltowncouncil.gov.uk>