Kendal Town Council

Town Hall, Highgate, Kendal LA9 4ED

www.kendaltowncouncil.gov.uk

**Notes from the Audit, Grants and Charities non-statutory Working Group meeting held on Monday 26 July 2021 via Zoom.**

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| Cllr J Dunlop (Chair) | Present | Cllr G Cook | Present |
| Cllr D Rathbone (from 7.50) | Present | Cllr R Hogg (Vice Chair) | Present |
| Cllr J Cornthwaite | Present | Cllr G Vincent | Present |

**In attendance:** Chris Bagshaw (Town Clerk), Ian Gordon (Democratic Services Assistant), Jason Rushworth (Newsquest Reporter), Graham Harrison (member of public), Kelly Watson (CCLA).

**AGC 1/21/22 Apologies**

Apologies were received and accepted from Cllr P Gibson.

**AGC 2/21/22 Declarations of Interest**

None

**AGC 3/21/22 Exclusion of Press and Public (Public Bodies Admission to Meetings Act 1960)**

Item 12 was highlighted as being confidential.

**AGC 4/21/22 Minutes of the Previous Meeting**

The Council received the minutes of the Audit, Grants and Charities meeting held on 26 April 2021.

**Resolved:** To accept them as a true record.

**AGC 5/21/22 Presentation from Churches, Charities and Local Authorities (CCLA).**

Kelly Watson from CCLA presented a report outlining the role of the CCLA since 1958 investing funds for and on behalf of local authorities, town and parish councils. They have funds of over £13bn, 3,500 clients of which 400 are parish or town councils. Their objective is to deliver responsible investment as a mutual investment trust and they see their role as being stewards of public sector money.

CCLA have three main funds of which two are eligible for use by Kendal Town Council. The Public Sector Deposit Fund (PSDF) provides short term returns in the region of 0.04% with same day access to funds. Minimum investment is £25,000 although this can be withdrawn at any time. The Local Authorities Property Fund (LAPF) is a longer term fund (usually a minimum of five years) that manages assets such as offices and industrial spaces which makes up 70% of their portfolio. CCLA’s priority is Security, Liquidity and Yield and they are triple A rated.

A councillor asked the Clerk if other organisations had been approached for presentations on investment. The Clerk drew the Committee’s attention to the reference in Arnold Baker on Local Council Administration citing the LAPF as an appropriate investment vehicle. The Council was investigating whether a greater yield could be obtained for an appropriate portion of its reserves, for example the Allotment Reserve, which had been in place since the early 1980s.

The Chair thanked Kelly for her presentation and requested a copy of the slides to be circulated to councillors.

**AGC 6/21/22 Grants Funding.**

There were no applications to consider. The Clerk raised the issue of a small number of grants that had been awarded to organisations who did not have a bank account. Kendal Town Council (KTC) practice over several years had been to pay expenditure items on behalf of the grant recipient. This potentially raises issues with HMRC who are not keen on town councils paying bills for and on behalf of beneficiaries. Councillors felt strongly that grant funding should only be given to organisations with a bank account and there was a need for a clearer policy incorporating these inconsistencies.

**Resolved:** To note the report and ask the Clerk to produce a draft policy incorporating comments from this meeting.

**AGC 7/21/22 Budget Monitoring**

The Clerk presented the Finance Report in a new format which provided more granularity. This is work in progress but with hopefully a new financial accounting system becoming available from the autumn it is anticipated that greater clarity would be available. This additional level of detail was welcomed by councillors. A councillor queried the £2,000 spend on allotment repairs. The Clerk did not have that level of detail to hand but would investigate and report back at the next meeting.

**Resolved:** To note the report.

**AGC 8/21/22 Internal Audit**

The Clerk presented the audit report from RFM Accountants. There were no material concerns though RFM did consider there was some risk in holding cash reserves with only two institutions. The Clerk commented that the initial discussion with CCLA (see minute AGC 5/21/22) directly addresses this point.

**Resolved:** That Committee recommend acceptance of the internal audit report.

**AGC 9/21/22 Financial Management System**

The Clerk presented the report on a new financial management system. Councillors acknowledged it was essential that KTC upgrades systems to improve financial reporting and enhance governance.

**Resolved:** The committee agreed to delegate the decision on a specific system to officers in consultation with the Chair and Vice Chair.

**AGC 10/21/22 Standing Orders and Financial Regulations**

The committee noted the report on progress updating financial regulations and standing orders and the delay imposed by covid restrictions.

**Resolved:** The Committee recommends that the Council revert to the latest Model Standing Orders and Financial Regulations as a basis for their current governance documents.

**AGC 11/21/22 School of Science and Art Charity**

The committee received a report on the allocation of funds from the Charity. It noted the report and supported the idea of a higher profile for the award of funds from this charity linking awards to the Mayor Making or Town Meeting ceremonies.

**Resolved:** To accept the three recommendations in the report.

**PART TWO**

The following item was considered following a resolution to exclude the press and public from the meeting on the grounds of commercial confidentiality.

**AGC 12/21/22 Payment of Outstanding Invoices**

The Clerk presented a report which sets out the details surrounding an outstanding payment from 2016/17. Councillors expressed their disappointment at this oversight and further noted their concern on the lack of an asset register or purchase order system. Councillors welcomed the rigour of the proposed new financial accounting system which should mitigate the chances of this happening again.

**Resolved:**

1. To settle the account from the ‘Contingencies’ budget line in the current year.
2. To ensure any new Finance Management System will include a provision for mandatory purchase orders.
3. Ensure the reporting methods for expenditure is able to identify what is being purchased and from which budget.
4. To acknowledge which statutory power is being exercised in making purchases.

The meeting closed at 8.40pm.