

KENDAL TOWN COUNCIL

Audit, Grants and Charities Committee

**Monday 29th April 2019 at 7.00 pm
in The Mayor's Parlour, Town Hall, Kendal**

- PRESENT** Councillors Matt Severn (Chair), Geoff Cook (Vice Chair), Pat Gibson, Paul Bramham and Julia Dunlop
- APOLOGIES** Councillor Chris Hogg
- It was noted that Councillor Robert Crawford was no longer a KTC Councillor and therefore not a Member of the Committee.
- OFFICERS** Judith Lomax (Town Treasurer) and Nicky King (Council Secretary)
- 1096/18/19 PUBLIC PARTICIPATION**
- None.
- 1097/18/19 DECLARATIONS OF INTEREST**
- Councillor Cook declared a non-pecuniary interest in Item 9 on the Agenda, being CCC representative on the board of the Brewery Arts Centre.
- 1098/18/19 MINUTES OF THE MEETING HELD ON 28TH JANUARY 2019**
- The Chairman presented the minutes of the meeting held on 28th January 2019, which had been approved by full Council on 4th March 2019.
- Councillor Dunlop proposed that the minutes of the meeting be approved as a correct record. This was seconded by Councillor Cook and carried unanimously.
- RESOLVED** That the minutes of the meeting of the Committee held on 28th January 2019 be accepted as a correct record.
- 1099/18/19 MATTERS ARISING (Not on Agenda)**
- None.
- 1100/18/19 REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT**
- The Accounts and Audit Regulations 2015 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 2018/19 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 asked Members to consider the review and the reappointment of R F Miller & Co as internal auditors for 2019/20.
- The Treasurer noted an error in the Annex to the Review – the date

of the Review required amending to 2018/19. An amended version was circulated.

Councillor Gibson proposed the review be approved and forwarded to full Council and that R F Miller & Co be re-appointed for 2019/20. This was seconded by Councillor Cook and carried.

RECOMMENDATION That Council approves the review of the effectiveness of its internal audit arrangements in 2018/19.

RESOLVED That R F Miller and Co be re-appointed as internal auditors for 2019/20.

1101/18/19 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 2018/19.

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.

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

RECOMMENDATION That Council:

1. Adopts the NALC publication "Governance and Accountability for Small Authorities 2019" with effect for 2019/20.
2. Approves the review of the effectiveness of the Council's system of internal control for 2018/19.
3. Approves the Annual Governance Statement for 2018/19.
4. Authorises the Mayor and Town Clerk to sign the Statement at Section 1 of the Annual Return.

1102/18/19 FINANCE OUTTURN REPORT – YEAR ENDED 31ST MARCH 2019

The Treasurer presented the Finance Outturn Report and the Statement which shows actual income and expenditure for 2018/19

compared to the Approved Budget for the Year.

It was highlighted that expenditure was over budget by approximately £12,000. The principal reasons for this were salaries and the Parish Poll which had been reported throughout the year. It was noted that the salaries budget has been increased for the current financial year and a repeat of the overspend is not anticipated. This had occurred due to the requirement to hire agency staff at an increased cost compared to employed staff, along with an increase in contracted hours for the Mayor's attendant, which was agreed part way through the year.

Councillor Cook expressed concern in respect of the overspending and asked how this would be addressed in the accounts. A general discussion ensued regarding the correct protocol that should be followed. Members considered the use of reserves to cover the overspending and it was agreed that clarification was needed regarding movement of monies in and out of reserves.

It was also noted that the first paragraph on the final page of the report states "The outturn statement confirms that net expenditure for 2018/19, excluding expenditure on Action Plan projects, **was contained within budget**". Question was raised as to whether this was an accurate statement.

Councillor Cook suggested that the Chair and Treasurer liaise to investigate the technicalities and prepare a formal recommendation to present to Council. This was agreed by all.

RESOLVED

That the Chair and Treasurer liaise to investigate the technicalities of the overspend and prepare a formal recommendation to present to Council.

1103/18/19

ANNUAL ACCOUNTS 2018/19

The Treasurer presented a report in respect of the Council's Annual Accounts 2018/19 for consideration prior to submission to Council. These included an Income and Expenditure Account, Balance Sheet, Reserves Statement and the Annual Return (Section 2, Accounting Statements).

She explained that the Income and Expenditure Account shows comparative figures for the 2017/18 financial year. A typo in section 3 of the report was highlighted (reference to Natwest to be deleted).

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 13th May 2019 for approval and signing by the Mayor and Town Clerk, for subsequent submission to the External Auditors.

The Chair drew Members' attention to the following sentence in Section 3....*"The difference has been deducted from reserves and the General Fund working balance"*. He referred to earlier discussions in the meeting regarding the use of reserves to cover

the overspend in budget and commented that it appeared the use of reserves had allowed KTC to meet its obligations. He also pointed out that KTC had decided to increase the precept by 7.9% and had therefore taken steps to ensure expenditure can be met and avoid a further substantial draw on reserves.

Councillor Cook reiterated his concern in respect of KTC exceeding its budget for 2018/19 and a further general discussion ensued.

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

RECOMMENDATION That Council accept the Annual Accounts 2018/19 as presented.

1104/18/19

GENERAL GRANT APPLICATIONS 2019/20

It was noted that the 2019/20 Revenue Budget provides £41,000 for general grants. Grants totalling £36,240 have been approved, leaving £4,760 in the budget.

The Treasurer advised that there was one application for consideration from The Kendal Brewery Arts Centre Trust Limited for a grant towards the 'Our Digital Future' project. The amount requested is £10,000. It was highlighted that the Brewery has already been awarded a £10,000 grant for this financial year, to "supplement the statutory funding from Arts Council England, SLDC and CCC to support core venue and curation costs".

The Chair reminded Members that support and endorsement from KTC helps the Brewery secure additional monies from national bodies.

Councillor Cook was uncomfortable with the application, bearing in mind that £10,000 has already been granted and considering the amount remaining in budget. He was reluctant to award the total remaining budget to one organisation at this point in the financial year. Councillor Bramham also expressed concern and proposed that Committee did not award further monies.

Following a general discussion Councillor Gibson suggested that a nominal amount of £500 be awarded to signify KTC's support for the Brewery (noting Councillor Bramham's dissent) and this particular project. This was seconded by Councillor Dunlop and carried with 2 Members in favour and 2 abstentions. Members agreed to highlight to Council the limited budget available and suggest that, should they consider the sum inappropriate, they should modify as they see fit.

Councillor Dunlop asked for clarification on the application process for grants, noting that the majority of budget has already been approved early in the financial year. The Chair explained that this was normal as applicants apply a long time in advance. He pointed out that previously agreed multi-year funding requests would not

come up again.

RECOMMENDATION That a grant of £500 be awarded to The Kendal Brewery Arts Centre Trust Limited for their 'Our Digital Future' project. Council to be informed that limited budget is available and, should they consider the sum inappropriate, they should modify as they see fit

1105/18/19

GENERAL GRANTS CRITERIA 2020/21

The Treasurer presented the General Grants Criteria for 2020/21 and requested Members review the criteria and recommend any amendments.

The Chair recalled that Committee had previously turned down an application on the grounds that it was not clear to whom payment was to be made. He queried whether this had been addressed in the criteria. Councillor Bramham thought that in order to make an application, an organisation had to supply bank statements and financial records. It was noted that there had been cases whereby payment had been made to an individual. There was a general feeling that the requirements could be clearer in the criteria and the wording needed to be refined. Members agreed that an organisation applying for a grant must have its own nominated bank account and payment to an individual is not acceptable. A copy of the organisation's accounts must also be made available. It was agreed that the requirements should be made clear in Section 7 of the criteria "Applying for Funding".

Councillor Cook highlighted item 7.4 in the Criteria and advised that the CCC Neighbourhood Forum no longer exists, although community grants are still available. He added that reference should also be made to SLDC. It was agreed that the Treasurer would clarify this point.

The requirement for organisations to submit a brief report on the use of the grant was raised by Councillor Bramham. It was noted that this condition applies to organisations receiving an award over £2,000. Councillor Bramham proposed that this be lowered to grants over £1,000, however there was no seconder. Committee agreed that the Treasurer should review all organisations that received a grant over £2,000 last year and check whether reports have been submitted.

Committee agreed that 3 amendments were required to the criteria; (1) the requirement for a bank account in the name of the organisation applying, (2) accounts to be submitted with the application and (3) the requirement for a brief report on the use of the grant (for awards over £2,000).

Councillor Gibson proposed that the Grants Criteria 2020/21 be amended as discussed and presented to Council for approval. This was seconded by Councillor Dunlop and carried unanimously.

RECOMMENDATION That Council approve the Grants Criteria 2020/21, subject to the amendments discussed.

1106/18/19 GENERAL GRANTS – MULTI-YEAR FUNDING AGREEMENTS 2019/20

The Treasurer presented the General Grants Criteria for Multi-year funding Agreements.

Councillor Cook pointed out that dates stated in the second paragraph of the Introduction section required updating to apply to this year.

It was also noted that the criteria states *“These will be for no more than three years.....”*. Committee agreed this should be amended to read *“These will be for 3 years or the duration of the current Council”* as the hands of a new Council cannot be tied.

Following consideration by Committee, Councillor Bramham proposed that the criteria be approved, subject to the amendments discussed, and this was agreed.

RESOLVED

That Committee approve the General Grants Criteria for Multi-Year Funding Agreements, subject to the amendments discussed.

1107/18/19 SCHOOLS OF SCIENCE AND ART CHARITY – 2018/19 ACCOUNTS AND 2019/20 FORECAST

The Treasurer presented a report which sets out the Schools of Science and Art Charity’s summarised Receipts and Payments Accounts for year ended 31st March 2019 and a forecast for 2019/20. Committee were asked to review the Charity’s financial position prior to it being reported to the Trustees at their meeting on 13th May 2019.

The Charity’s income for the year was £5,282, representing £282 interest on its investments, along with a £5,000 bequest from a former Councillor. There was £150 expenditure on awards. The Charity closed the year with accumulated funds of £20,623, of which £8,992 is invested on a long term basis.

It was noted that the Charity makes regular annual awards of £50 each to Kendal College, Queen Katherine School and Kirkbie Kendal School, in order to fund a prize in the name of the Mayor of Kendal.

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 has now been claimed and was paid in April 2019.

In respect of the bequest of £5,000, a Trustees meeting was held on 1st April 2019, during which two presentations were made. A working group is currently giving the matter further consideration and will report back with a firm recommendation at the next meeting in May.

Following a general discussion, Councillor Bramham proposed that the Charity's accounts for 2018/19 and forecast income for 2019/20 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 Cook and carried unanimously.

- RECOMMENDATION** That the Trustees of the Charity be recommended to:
1. approve the Charity's Accounts for 2018/19 and forecast income for 2019/20;
 2. approve the payment of the three regular annual prize grants for 2019/20.

1108/18/19 REVIEW OF RISK ASSESSMENTS

The Treasurer presented the review of risk assessments. She informed Members that the Health & Safety advisers had recommended a simpler format. This will be adopted but will be an ongoing process.

It was noted that there are a number of actions outstanding and the Chair queried whether these have been dealt with. Councillor Cook recommended that the Town Clerk review the outstanding actions and update accordingly.

Members noted the review.

- RESOLVED** That Members noted the review. Town Clerk to review the outstanding actions and update accordingly.

1109/18/19 ITEMS FOR THE NEWSLETTER

It was suggested that invitations for grant applications be included in both the Summer and Autumn/Winter editions.

1110/18/19 ANY OTHER BUSINESS

None.

1111/18/19 DATE OF NEXT MEETING

Monday 29th July 2019 at 7pm.

The meeting closed at 8.25pm.

Summary of Information, Resolutions and Recommendations to Council

Min	Subject	Information/Resolution/Recommendation to Council	
1100	Review of the Effectiveness of Internal Audit	REC	That Council approves the review of the effectiveness of its internal audit arrangements in 2018/19.
		RES	That R F Miller and Co be re-appointed as internal auditors for 2019/20.
1101	Annual Review of System of Internal Control and Annual Governance Statement	REC	That Council: <ul style="list-style-type: none"> 1. Adopts the NALC publication "Governance and Accountability for Small Authorities 2019" with effect for 2019/20. 2. Approves the review of the effectiveness of the Council's system of internal control for 2018/19. 3. Approves the Annual Governance Statement for 2018/19. 4. Authorises the Mayor and Town Clerk to sign the Statement at Section 1 of the Annual Return.
1102	Finance Outturn Report	RES	That the Chair and Treasurer liaise to investigate the technicalities of the overspend and prepare a formal recommendation to present to Council.
1103	Annual Accounts 2018/19	REC	That Council accept the Annual Accounts 2018/19 as presented.
1104	General Grant Applications 2019/20	REC	That a grant of £500 be awarded to The Kendal Brewery Arts Centre Trust Limited for their 'Our Digital Future' project. Council to be informed that limited budget is available and, should they consider the sum inappropriate, they should modify as they see fit
1105	General Grants Criteria 2020/21	REC	That Council approve the Grants Criteria 2020/21, subject to the amendments discussed.
1106	General Grants – Multi-Year Funding Agreements 2019/20	RES	That Committee approve the General Grants Criteria for Multi-Year Funding Agreements, subject to the amendments discussed.

1107	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 2018/19 and forecast income for 2019/20;2. approve the payment of the three regular annual prize grants for 2019/20.
1108	Review of Risk Assessments	RES	That Members noted the review. Town Clerk to review the outstanding actions and update accordingly.