

MINUTES OF A MEETING OF THE FINANCE SUB-COMMITTEE
held on Thursday 16 November 2017 at 7.30 pm at District Headquarters

PRESENT: Tony Andrews (Chairman and Acting Secretary); Steve Clarke (Treasurer); and Craig Dewar (DC).

APOLOGIES: Ray Salisbury (Activity Centres Treasurer).

IN ATTENDANCE: Mandy Sweet (Dep DC)

1. Welcome and Chairman's Opening Remarks:

The Chairman welcomed and thanked everyone for the preparatory work that had been carried-out for this meeting.

2. Minutes of Meeting held 4 October 2017:

The minutes of the last meeting had been circulated and were agreed as a correct record of that meeting.

3. Matters Arising:

No matters that were not covered in the agenda for this meeting were identified other than the following:

a. **Sharpe Bequest (Minute 3):** It was noted that the only claim outstanding was that for the 3rd Morecambe. The Chairman indicated that he had been in communication with the recently appointed GSL and that it had been indicated that attention was being given to the matters raised, by us, in relation to the accounts. It was agreed to extend the deadline for the receipt of the grant claim to 28 February 2018 (with the Chairman having previously been given authority to approve matters once the questions had been resolved).

b. **Support to Scout Groups from Local Accountants (Minute 4b):** The Chairman reported that he had received one response to his letter to the ten accountancy practices identified by the Treasurer. This was from a partner at Moore and Smalley - who had indicated that she would circulate the letter to all her colleagues; there had been no responses to this action.

c. **District Events (Minute 4c):** Following earlier discussions with the DC, the Chairman proposed that £500 of the surplus resulting from the District Cub Camp be allocated to the next District Cub Event. The Chairman explained that he was of the opinion that the correct budgeting principles had been followed; the surplus arose from a higher-than-anticipated attendance [at the camp] with very little additional expenditure required. The proposal was approved.

d. **Scout and Guide Shop (Minute 7):** In response to a question from the Treasurer, the Chairman indicated that it was his intention to seek the Management Committee's approval for its Terms of Reference at the next meeting of that committee.

4. Treasurer's Report:

The Treasurer had provided his report in advance of the meeting; several of the elements of the report were considered under this heading - others were considered elsewhere during the meeting:

a. **Debtor - Membership Fees:** As reported previously, there was one Scout Group with £961 still owing of the Membership Fees due earlier this year. The DC outlined that in recent weeks he had appointed a GSL and an AGSL and since then a Group Chairman and Treasurer had been appointed. Additionally, the first meeting of the Executive Committee was to take place on the same evening at this Finance sub-Committee. It was the intention that a new Group Bank Account would be opened and all sectional monies transferred to this account. Once matters had been finalised, the Group would be in a better position to pay the outstanding monies due to the District.

Action

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b. **Galgate Scout Group:** The DC provided information in relation to the current situation and the previous attempts to appoint a Group Treasurer. The DC undertook to provide the Treasurer with the necessary contact details so that the latter could assist the Group with the opening of a bank account and assisting with record keeping and the like.

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c. **HQ Rent:** The Treasurer reported that the landlord had agreed a rent reduction of £1,241.22 due to the whole or partial non-availability of the premises following the fire in a nearby property on 3 April 2017. Additionally, the landlord had reimbursed our expenses in connexion with the remedial action on the electrical earthing and miscellaneous expenditure of approximately £120 consequent on the fire.

d. **Help to Struggling Groups:** In addition to the approach recorded at Minute 3b above, the Treasurer undertook to approach two contacts within Lancaster University.

e. **Contents Insurance:** Following extensive research, the Treasurer reported that he had placed the contents insurance with Access Insurance Services (underwritten by the Salvation Army General Insurance Corporation). This had proven to be cheaper than Unity Insurance Services (even following a challenge to their renewal quotation). Thanks were recorded to the Treasurer's for undertaking the necessary research.

f. **Exceptional Items - Additional Budget Request for 2017:** The DC submitted an additional bid for this FY - to provide equipment to support events (recognising that we need to develop our ability to manage any potential safety incidents):

- (1) Event Radios (8) - £349.98.
- (2) Adult Hi-Vis Vests for Stewards (20) - £110.00.
- (3) Adult Hi-Vis Vests for First Aiders (2) - £11.00.
- (4) Megaphone (1) - £47.99.
- (5) Coleman Event Shelters (2) - £580.00.

The request was approved.

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5. **Activity Centres Financial Report:**

In the absence of the Activity Centres Treasurer a written report had been provided in advance. Currently the total funds, held by the Management Board on behalf of the District, amount to £35,835.21 (including £15,000.00 held with the Skipton Building Society). It was reported that expenditure to date at Littledale is £14,367.02 (with income of £17,267.61) and that at SilverHelme £10,418.90 (with income of £19,016.09). In addition, the total amount to date spent on the toilet block at SilverHelme amounts to £81,279.92 and that a grant of £20,000.00 had been received from the Vera Wolstencroft Children and Animal Charitable Trust. It had been estimated that the costs for the outstanding plumbing and electrical work would be about £12,500 (assuming that the builder has no more bills to submit).

Members of the sub-Committee were greatly alarmed to note, from the report, that the projected, final cost of the toilet block would be in the region of £94K. This is then reduced by the grant-in-aid (and possibly further if VAT can be reclaimed from the supplier of much of the buildings materials used).

The DC reminded members that the **maximum expenditure** approved by the District Executive Committee, at its meeting on 16 May 2017, was £44,112. The receipt of the grant-in-aid had been taken into account and the calculation did make provision for a 10% contingency. The paper presented to the District Executive at that meeting is appended to these minutes.

Excluding the contingency figure included in the original calculations, the buildings costs based on the original quotations/estimates provided were £38,284 (after deduction of the grant-in-aid). A similar calculation for the current, known costings (again after deduction of the grant-in-aid) amounts to £73,779.92. Thus, the rise in the net costs [to the District] is projected to be approximately 93%. The expenditure above the approved maximum figure [of £44,112] has not been authorised by the Trustees. It would appear that there had been no control of expenditure.

The Chairman reminded sub-Committee members that all Trustees of the Charity (that is to say all members of the District Executive Committee) have overall responsibility to our members, The Scout Association and the Charity Commission for the management and good husbandry of the finances of the Charity. The day-to-day management of the monies made available by the Charity for the operation of the Activity Centres have been vested with the Activity Centres Management Board but the ultimate responsibility still lies with the District Executive Committee.

Thus, it would be for all the Trustees [of the Charity] to consider this matter at their next meeting (on 28 November 2017) and to agree a course of action (once they have been better informed by the Chairman of the Activity Centres Management Board).

The DC was at pains to point-out that his recent viewing of the work, at SilverHelme, would indicate that the completed building would be totally fit-for-purpose; he also acknowledged the additional workload placed on the Activity Centres Treasurer in processing the significant number of payments associated with this project (and the work still needed to attempt to reclaim VAT).

The Chairman was instructed to provide the minute of this discussions to the Chairman of the Activity Centres Management Board (in advance of circulation of papers for the forthcoming meeting of the District Executive Committee) with a request that within his written report, for that meeting, he provides a detailed commentary - so as to give the Charity's Trustees a clear picture as to why the additional expenditure had been occurred and also to explain which what authority this additional expenditure had been authorised.

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6. Review of the District's Expenses Policy:

It had previously been agreed that the District's Expenses Policy be reviewed annually (at the same time as preparing the budget for the forthcoming year). At the request of the DC it was agreed to include 'young people representing the District' as authorised persons and thus eligible to submit claims. For the time being it was agreed to recommend that the mileage rate paid would remain at 25p per mile but that a review of this would be undertaken imminently. It was noted that a year ago the Activity Centres Treasurer had undertaken to review the basis of the calculations used when the mileage rate was last amended in order that the Finance sub-Committee could consider if any amendment [to the rate] needed to be made. The Chairman would ask the Activity Centres Treasurer to look at this as a matter of urgency.

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7. Budget for Forthcoming Financial Year:

a. **District (excluding Activity Centres):** The sub-Committee examined the line-by-line entries for the budget prepared by:

- (1) District Treasurer for 'HQ' expenditure.
- (2) DC for expenditure in support of the programme.

The review and discussions were aided by both historical information and guided by inputs from the DC. The DC had identified areas where financial support was needed, particularly:

- (a) Funding the Jamboree Selection Weekend in February 2018.
- (b) A programme budget for all sections to be held centrally by the Dep DC (Programme).
- (c) Funding Young Leader Training (excluding First Aid) for all Young Leaders - to remove this barrier to them receiving the development and support they need.
- (d) To invest heavily in adult training, which is currently the greatest concern of GSLs and Commissions in the District and the biggest barrier to a quality/safe programme - by funding all training for adults to complete their Wood Badge (excluding First Aid).
- (e) Develop our own First Aid Training resources and trainers to be able to deliver this by the District in future, rather than using external organisations - thus drastically reducing our expenditure.

(f) Create a new activity permit fund to support adult volunteers gain adventurous activity qualifications/permits to improve the quality of our programme. This would be discretionary, with weighting given to adults in the Network Section and with the aim to match-fund grants from the West Lancs Adventure Trust (which is under-used).

It was agreed that it would be reasonable to base the budget calculations on 1450 youth members (a cautionary increase on the last Census figures).

b. **Recommendation for Membership Subscriptions:** It was agreed, nem con, to recommend to the District Executive that the rates charged for youth members for 2018 be:

(1) **District: £9.50.**

(2) **Jamboree Fund: £0.50.**

At these proposed rates, there will be no overall increase in Membership Subscriptions for youth members (we propose a reduction in our rate by 50p against a corresponding 50p increase by The Scout Association).

c. **Implications:** It is acknowledged that in making these recommendations a deficit budget of £10,356 has been produced but the Finance sub-Committee acknowledges:

(1) There will be sufficient 'free cash' carried-forward at the end of this financial year.

(2) Historically budgets have been underspent, although it was identified in constructing next year's budget such a significant underspend may not be the case.

d. **Activity Centres (including Review of Fees):** Upon enquiry of the Activity Centres Treasurer it had been indicated that the matter of next year's budget had yet to be considered by the Board. Thus, it would not be possible for the Finance sub-Committee to present this budget to the District Executive Committee along with that for the District. The sub-Committee Chairman indicated that he would thus ask the Trustees to approve the budget for the District and ask permission for that for the Activity Centres to be approved subsequently (having followed the proper route: Finance sub-Committee meeting to be held on 1 February 2018 then to the District Executive on 15 March 2018 - unless some other arrangements are made). It was noted that there may be cost implications because of the delay in approving this budget.

8. **14-25 Finance and Support Group:**

In the absence of the Chairman there was no report.

9. **Group Accounts:** The Chairman had circulated tabulated data in relation to those Scout Groups that had returned the requested Group Accounts (for their previous financial year). It was considered that those which had been returned were, in general, of a higher standard (with less having to be returned for amendment, or significantly requiring independent scrutiny). Of the 23 Scout Groups (not including Galgate) the analysis of the returns was:

a. Complete, no observations: 12.

b. Returns received but questions raised: 7.

c. No returns received: 4.

The Chairman would continue to work with those Scout Groups where there were matters outstanding.

TA

10. **Any Other Business:**

A number of items under this heading were identified for information/discussion:

a. **11th Morecambe Scout Group:** The DC indicated that he had received a telephone call during the meeting from the Group with the information that the Guide Units meeting in the premises had decided to withdraw from their use of the facilities. The DC indicated that some research would be needed - to ascertain some key facts - before any discussions would be undertaken with interested parties.

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b. **Schedule for Payment of Jamboree Fees:** In response to a question from the Treasurer, the Chairman indicated that he had learnt the previous evening that a schedule of payments would be sent to all District Treasurers within one month.

c. **Invoices for Capitation Fees:** The Treasurer indicated that it would be helpful to issue invoices as soon as numbers for each Scout Group/Explorer Scout Unit were known. The DC indicated that in many instances the problem encountered this year was that it had been necessary to cross-check entries for Young Leaders and that numbers for Scout Groups could not be confirmed until this had been done. He did indicate that this had been a particularly difficult exercise this year.

d. **Scout Personal Accident and Medical Expenses Insurance for Non-Member Helpers and Supporters:** Cover for 25 non-specified persons had been in place for a number of years. Members were uncertain (with the recent move to include members of Executive Committees as Members or Associate Members of The Scout Association) if the cover was still required. Notwithstanding this it was decided to continue with this cover for the time being.

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11. **Date of Next Meeting:** The date of the next meeting of the sub-Committee had previously been agreed as Thursday 1 February 2018 (at the District Headquarters, commencing at 7.30 pm).

All

CHAIRMAN'S ACTION TAKEN

At the meeting of the Activity Centres Management Board on Tuesday 25 April 2017, I took *Chairman's Action* to approve the maximum expenditure, as set-out below, for the new Toilet Block at Silverhelme. This is a topic that has been referred to on a number of occasions at recent meetings. Provision was made in this year's budget for the capital expenditure.

The quotations/estimates received are:

Demolish existing building	2,000	Contractor A
Slab Base	1,450	Contractor A
Building	18,560	Contractor A
Water, sanitary fittings, etc	22,160	Contractor B
Electrical	4,400	Contractor C
Maximum VAT	9,714	Minimum £400
Sub-Total	<u>58,284</u>	
10% contingency	<u>5,828</u>	
Total	<u>64,112</u>	
less Grant-in-Aid	<u>20,000</u>	
Cost to Lonsdale District	<u>£44,112</u>	

If all contractors accept the guidance from HMRC (VAT Notice 708) that as this is a new build then construction costs can be zero rated for VAT. This is not without precedence within West Lancashire Scouts (such as the Toilet Block at Waddecar). The only element which has been excluded is to demolish the existing building.

I would report that the Board has experienced significant difficulty to finding contractors interested in quoting for the work. We believe that the price above is in line with the estimate calculated by the architect.

The project is affordable with the District Funds currently available to the Board. I am certain that everyone will accept that there is an urgent need to proceed with this building work - which the Board is now able to do.

I ask the Executive Committee to confirm my action.



Tony Andrews
District Chairman