



TODMORDEN TOWN COUNCIL

REPORT TO THE EMERGENCY COMMITTEE

REPORT AUTHOR	Colin Hill – Town Clerk and Responsible Financial
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Date	6th May 2020
SUBJECT	British Cotton Growers Fund

PURPOSE:

1. To provide an update to members regarding the historical context to this fund and further clarifications sought from both the Charity Commission and Yorkshire Local Councils Association (YLCA).
2. To ask Members to consider redesignation of this fund to provide direct financial assistance and incur related financial expenditure in connection with Covid 19 issues in accordance with a proposed Terms of Reference as detailed in Appendix 1
3. To ask Members to agree a specific scheme of delegation in order for further spend and or distribution of funds in respect of Covid 19 related issues.
4. To advise Members that for the avoidance of future doubt it is recommended that this fund be spent in full during this financial year.
5. To advise that a Covid 19 budget heading be established and funds transferred in its entirety into the Town Council current account to then be allocated by way of Imprest account and disbursed in accordance with the Terms of Reference and Scheme of Delegation.
6. To advise Members that following an informal virtual meeting of Members, an initial payment of £500 was authorised to be made on an urgent basis to Cornholme Food Bank by the Town Clerk under delegated powers.

BACKGROUND:

7. During discussions with External Auditors in respect of March 31st 2019 closure of accounts, clarification was sought that a bank account with a balance of £3151.41, entitled British Cotton Growers Fund, was not held by way of a formal trust and therefore should not be included by way of trust funds in the Annual Governance and Accountability Return Part 3.

8. This fund originally related to public subscription where funds were raised to assist with a number of social issues not covered by normal council business, including donations to local concerns of a deserving nature.
9. Historical papers found indicated that over many years the fund was reduced by donations made for all manner of purposes, education support, memorials, church repairs to name a few.
10. It appears that the charitable funds were transferred to Todmorden Town Council in 1974 and had previously been administered by the Todmorden Urban District Council prior to that and having seen some old papers regarding initially investment in corporation bonds it is evident that there has been legitimate ownership of these funds for some considerable time.
11. As and when funds were distributed a formal Resolution was passed.
12. Reference to Charity Commission website indicates that there is no registered charity connected to the British Cotton Growers Association in Todmorden and the advice of YLCA we have referred to the Charity Commission for clarification as to any restriction to dispose of these funds, given that the funds still remain of a Charitable nature.
13. The Charity commission in their response confirmed that there is no Registered Charity in the name of Todmorden British Cotton Growers.
14. Had it been a Registered Charity the general principle to be followed is that a charity can apply most of their charitable funds in accordance with the objects before formally dissolving, but ultimately this is a matter for the trustees to decide.
15. The trustees will then be required to pass a resolution to dissolve the remaining funds in accord with the dissolution clause in the charity's governing document.
16. It is the view of YLCA that assuming that a trail is established and it is clear that the Town Council is holding the money legitimately, if the Council is content that the notes in the file are a reliable source of sound information, it does appear that the Town Council has the power to apply the funds for any charitable purpose at its discretion.

FINANCIAL IMPLICATIONS:

17. These funds have been kept separate outside of the Town Councils accounts and when needed to be distributed it is unclear as to how this has been transacted.
18. To regularise this and ensure transparency it is proposed to establish Covid 19 budget headings and transfer the balance of the account into the main Town Council current account, but separate this income and related subsequent expenditure from general financial reporting and report this to Resources Committee on a regular basis.
19. This is a pragmatic approach to resolving a long outstanding issue and to ensure that funds are distributed in this current financial year.

RECOMMENDATION:

20. That Members of the Emergency Committee authorise the redesignation of this fund from British Cotton Growers Fund to one entitled Covid 19 fund.

21. That a Covid 19 budget heading be established within the Town Council accounts on an imprest account basis and that funds currently held in an account entitled British Cotton Growers be transferred in full to the Town Council current bank account to enable subsequent distribution.
22. That Members agree to Terms of Reference and a Scheme of Delegation as detailed in Appendix 1.
23. That all funds emanating from this source will be distributed within this financial year.
24. That Members ratify the urgent decision made to donate £500 to the Cornholme Food Bank.
25. That Members resolve as proposed under paragraphs 19,20 ,21 and 22

REASON FOR RECOMMENDATION:

26. Members approval is required to
 - a. Redesignate these funds
 - b. Approve how these funds are to be treated financially on an Imprest Account only basis
 - c. Approve Terms of Reference and Scheme of delegation.
 - d. Authorise the urgent payment made ahead of establishing the formal authorities and Terms of Reference.

SUMMARY OF KEY POINTS:

27. The British Cotton Growers Fund has been in place for many years but without any form of governing document regarding its purpose or guidance regarding distribution of funds.
28. Enquiries of both YLCA and the Charity Commission indicate that in establishing ownership of such funds it is reasonable for the Council to resolve on what basis such funds should be distributed.

POLICY IMPLICATIONS:

29. None arising from this report.

DETAILS OF CONSULTATION:

30. None

SUPPORTING PAPERS:

- Appendix 1 - Covid 19 Fund Terms of Reference and Scheme of Delegation

FURTHER INFORMATION, PLEASE CONTACT: Colin Hill

COVID 19 FUND

TERMS OF REFERENCE

Status - The Covid 19 fund is not an official fund of the Council but operated on an Imprest account basis – e.g. expenditure cannot exceed income and all funds have to be distributed before 31st March 2021.

Applications – on receipt of an application by the Town Clerk for assistance (by the voluntary group itself or through Member introduction), all Members will be advised by email, with a deadline for response, their opinion sought, with a majority decision to approve.

Purpose - To pay funds to any concern of a voluntary nature that actively assists the welfare of Todmorden residents adversely affected by the Covid 19 pandemic to include, but not exclusively:-

- Donations to food banks
- Donations to clothing banks
- Costs incurred in distributing welfare
- Provision of equipment
- Provision of a Memorial

Scheme of Delegation – All payments to be made by the Town Clerk with the approval of the Chair of Resources