

Notice of The Charter Trustees of Poole

Date: Wednesday, 28 October 2020 at 5.00 pm

Venue: Virtual meeting



Membership:

Mayor:

Cllr M Le Poidevin

Deputy Mayor:

Cllr B Dion

Sheriff:

Cllr J Bagwell

Cllr M Andrews
Cllr S Baron
Cllr J Beesley
Cllr P Broadhead
Cllr M F Brooke
Cllr D Brown
Cllr R Burton
Cllr D Butler
Cllr D Butt
Cllr J J Butt
Cllr M Earl

Cllr L-J Evans
Cllr N Greene
Cllr A Hadley
Cllr M Haines
Cllr M Howell
Cllr M Iyengar
Cllr T Johnson
Cllr R Maidment
Cllr C Matthews
Cllr D Mellor
Cllr P Miles

Cllr S Moore
Cllr T O'Neill
Cllr K Rampton
Cllr Dr F Rice
Cllr M Robson
Cllr V Slade
Cllr A M Stribley
Cllr T Trent
Cllr M White

All Members of The Charter Trustees of Poole are summoned to attend this meeting to consider the items of business set out on the agenda below.

The press and public are welcome to view the live stream of this meeting at the following link:

<https://democracy.bcpccouncil.gov.uk/ieListDocuments.aspx?MId=4574>

If you would like any further information on the items to be considered at the meeting please contact: Democratic Services by email at democratic.services@bcpcouncil.gov.uk

Press enquiries should be directed to the Press Office: Tel: 01202 454668 or email press.office@bcpcouncil.gov.uk

This notice and all the papers mentioned within it are available at democracy.bcpccouncil.gov.uk

GRAHAM FARRANT
HONORARY CLERK TO THE CHARTER TRUSTEES

20 October 2020



Available online and
on the Mod.gov app



Maintaining and promoting high standards of conduct

Declaring interests at meetings

Familiarise yourself with the Councillor Code of Conduct which can be found in Part 6 of the Council's Constitution.

Before the meeting, read the agenda and reports to see if the matters to be discussed at the meeting concern your interests

Do any matters being discussed at the meeting relate to your registered interests?

Disclosable Pecuniary Interest

Yes

Declare the nature of the interest

Do NOT participate in the item at the meeting. Do NOT speak or vote on the item EXCEPT where you hold a dispensation

You are advised to leave the room during the debate

Local Interest

Yes

Declare the nature of the interest

Applying the bias and pre-determination tests means you may need to refrain from speaking and voting

You may also need to leave the meeting. Please seek advice from the Monitoring Officer

No

Do you have a personal interest in the matter?

Yes

Consider the bias and pre-determination tests

You may need to refrain from speaking & voting

You may also need to leave the meeting. Please seek advice

No

You can take part in the meeting speak and vote

What are the principles of bias and pre-determination and how do they affect my participation in the meeting?

Bias and predetermination are common law concepts. If they affect you, your participation in the meeting may call into question the decision arrived at on the item.

Bias Test

In all the circumstances, would it lead a fair minded and informed observer to conclude that there was a real possibility or a real danger that the decision maker was biased?

Predetermination Test

At the time of making the decision, did the decision maker have a closed mind?

If a councillor appears to be biased or to have predetermined their decision, they must NOT participate in the meeting.

For more information or advice please contact the Monitoring Officer
(susan.zeiss@bcpcouncil.gov.uk)

Selflessness

Councillors should act solely in terms of the public interest

Integrity

Councillors must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships

Objectivity

Councillors must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias

Accountability

Councillors are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this

Openness

Councillors should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing

Honesty & Integrity

Councillors should act with honesty and integrity and should not place themselves in situations where their honesty and integrity may be questioned

Leadership

Councillors should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs

AGENDA

Items to be considered while the meeting is open to the public

- 1. Apologies**
To receive any apologies for absence from Charter Trustees.
- 2. Declarations of Interest**
Charter Trustees are requested to declare any interests on items included in this agenda. Please refer to the workflow on the preceding page for guidance. Declarations received will be reported at the meeting.
- 3. Confirmation of Minutes and Matters Arising** 7 - 12
To receive the minutes of the meeting held on 26 August 2020 and to consider any matters arising.
- 4. Charter Mayor's Report**
The Charter Mayor will report on her recent activities.
- 5. Budget Update Report** 13 - 18
The Charter Trustees of Poole achieved a favourable outturn position for the 2019/20 financial year, carrying forward reserves of £37,658 against a budget of £18,950.

The forecast for the 2020/21 financial year is that the Charter Trustees of Poole will underspend significantly against the budget due to reduced activity caused by the Covid-19 restrictions. The forecast is that £52,479 of reserves could be achieved in-year against a budget of £19,272.
- 6. VAT Update Report** 19 - 22
Officers have made an application for the Charter Trustees to be registered under Section 33 of the VAT Act. If there are no delays to the statutory instrument then the Charter Trustees will be able to reclaim VAT from 4 November 2020, but will not be able to reclaim VAT retrospectively.
- 7. Update on the development of the draft risk register**
The Charter Trustees will be updated on the development of the draft risk register.
- 8. Accommodation for the Charter Trustees**
To update the Charter Trustees on the above.
- 9. Role and responsibilities of the Budget Signatories** 23 - 24
To consider the role and responsibilities for the budget signatories.

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THE CHARTER TRUSTEES OF POOLE

Minutes of the Meeting held on 26 August 2020 at 5.00 pm

Present:-

Cllr M Le Poidevin – Mayor

Cllr B Dion – Deputy Mayor

Present: Cllr J Bagwell (Sheriff), Cllr M Andrews, Cllr S Baron,
Cllr M F Brooke, Cllr D Brown, Cllr R Burton, Cllr D Butler, Cllr D Butt,
Cllr J J Butt, Cllr M Earl, Cllr L-J Evans, Cllr A Hadley, Cllr M Haines,
Cllr M Iyengar, Cllr C Matthews, Cllr D Mellor, Cllr S Moore,
Cllr K Rampton, Cllr Dr F Rice, Cllr A M Stribley, Cllr T Trent and
Cllr M White

13. Apologies

Apologies were received from Councillors J Beesley, P Broadhead and V Slade.

The Honorary Clerk reported that Councillors K Rampton and M Howell were expected to join the meeting later.

Note – Apologies were received after the meeting from Cllr Tony O'Neill.

14. Declarations of Interest

There were no declarations received for this meeting.

15. Confirmation of minutes and matters arising

The Minutes of the meetings held on 29 January 2020 and 22 July 2020 were confirmed as a correct record.

There were no matters arising from the above meetings.

16. Charter Mayor's Report

The Mayor reported on her activities since her last report in January 2020. She explained that when Covid-19 resulted in lockdown across the UK the same applied to the Mayoralty. The Mayor reported that one of her last engagements before lockdown was at the Senior Awards presentation at Parkstone Grammar School. The Charter Trustees were informed that since lockdown she had recorded a message to residents to celebrate the 75th Anniversary of VE Day on 8 May 2020, sent flowers to 2 residents who had celebrated their 100th birthday and spoken to one of them on the phone. On 15 August 2020 the Mayor attended the commemoration of the 75th Anniversary of VJ Day which took place at the Burma Star Memorial in Poole. She explained that the ceremony was attended by two survivors of the conflict who were both 99 years old.

The Mayor explained that she had also been requested along with other Mayors by the High Sheriff of Dorset to nominate people who had given

outstanding service during the pandemic so that they could receive an award from him. She explained that after much thought she had decided not to submit any names this was not because no one deserved to be honoured quite the opposite. She felt that the people of Poole had shown great strength, resilience and compassion and done so much to help their neighbours and communities and continue to do so that it would be invidious to pick out a few just because she had heard about them. The Mayor took the opportunity to thank all those who had provided such service and help and highlighted that they all deserved our gratitude and were all worthy of an award.

In conclusion she referred to a Ceremony she had been invited to attend at Poole Hospital to plant a tree for those affected by Covid-19.

17. Charter Trustees 2019-20 Internal Audit Report

The Charter Trustees considered the Internal Audit Report, which had been circulated to each Trustee and a copy of which appears as Appendix 'A' to these Minutes in the Minute Book.

The Head of Democratic Services reported that BCP Council's internal audit team had undertaken an audit on behalf of the Charter Trustees for the period to 31 March 2020 to provide an assurance opinion on each of the internal control objectives as set out in the Annual Governance and Accountability Return which was included as a separate item on the agenda.

Charter Trustees noted that of the 10 applicable internal control objectives 1 was assessed with a minimal assurance, 4 with partial assurance and the remaining assessed with reasonable or substantial assurance. The Head of Democratic Services reported that each of the recommendations had a management response and target date for resolution. He highlighted that the control objective with minimal assurance and a high priority related to the establishment of a risk register which was the subject of separate item on the agenda.

A Charter Trustee referred to recommendation 8 relating to the disposal of assets and asked for clarification on implications of the recommendation. The Head of Democratic Services reported that internal audit had identified that there was no recorded process if the Charter Trustees wished to dispose of assets. The recommendation allows the Trustees to have a formal process in place and set it out in the Handbook. The Head of Democratic Services, in response to a question, explained that the first part of the recommendations required an asset check to be undertaken in October with recommendations to be submitted in January 2021.

RESOLVED that the Charter Trustees receive the internal audit report, approve the management responses and the target dates for resolution.

Voting – Agreed

Councillor Trent abstained from the above decision.

18. Development of Risk Register

The Charter Trustees considered a draft risk register, which had been circulated to each Trustee and a copy of which appears as Appendix 'B' to these Minutes in the Minute Book.

The Deputy Head of Democratic Service presented the draft risk register which required further work and reported on options for its development. She explained that the register was an initial draft that provided an opportunity for the Charter Trustees to consider and take ownership for the risks that may be facing them. She suggested that one option was to ask the Budget Signatories together with a small group of Trustees to look into the development of the register in more detail and present a draft final document to a future meeting of the Charter Trustees for approval.

A Charter Trustee made an observation relating to the dates in the draft risk register in light of what was intended for the future use of the Poole Civic Centre. He highlighted the need for the dates to link with proposals for the Poole Civic Centre. The Charter Trustee indicated that the dates at the end of the year did not give him confidence that actions were being done on time and he requested that the suggested working group meets quickly highlighting that all of these dates and the management of the risks needed to be in cinque with the proposals for Poole Civic Centre.

Councillor Butler referred to the risk relating to assets, risk 3 and risk 4 and in particular who was identified as the risk owners. She highlighted risk 4 relating to Covid 19 and suggested that the wording should be altered to read - "failure to reduce likelihood of covid-19 infection....."

Councillor Judes Butt sought clarification on the membership of the proposed group. She explained that her main concern was on the future use of the Poole Civic Centre by the Mayoralty. The Honorary Clerk reported that the Council had made a commitment to move into Bournemouth but that this does not mean that the Poole Civic Centre would be shutting by the end of the calendar year. He explained that Officers would be liaising with Members when a programme for doing so was available and the Charter Trustees can continue to operate from the Civic Centre for the time being.

A Charter Trustee suggested that in reviewing the insurance arrangements it was necessary to ensure that appropriate liability insurance was available and that this should be added to risk 3 in respect of any liability arising. A Councillor indicated that as far as he was aware the Trustees were ultimately responsible and appropriate insurance should be provided.

The Mayor requested that an email be sent out to all Charter Trustees asking for expressions of interest to serve on the proposed working group.

A Charter Trustee sought confirmation that the Poole Civic Centre would not be sold in the foreseeable future with regards to the historic value, he suggested that the museum could move to Poole Civic Centre to provide appropriate access for the disabled. The Honorary Clerk reported that the disposal of assets would be a councillor decision and all options would be explored prior to bringing forward via Cabinet to full Council for decision as appropriate. The Mayor reported that the building was not in the ownership

of the Charter Trustees. A Charter Trustee asked that consideration should be given to what aspects of the Civic Centre were retained and the needs of the Mayoralty. Councillor Iyengar indicated that this issue now has some urgency in order to progress the discussion on the heritage and legacy that was retained.

RESOLVED that that the draft risk register be accepted in its current form, and a working group be set up including the budget signatories to develop the risk register for approval by the Charter Trustees and that this work commence before the end of September.

Voting - Agreed

Councillors Daniel Butt, Judes Butt, Diana Butler, Karen Rampton and Tony Trent abstained from the above decision.

19. Annual Governance Statement 2019/20

The Charter Trustees considered the Annual Governance and Accountability Return, which had been circulated to each Trustee and a copy of which appears as Appendix 'C' to these Minutes in the Minute Book which included the Annual Governance Statement for 2019/20.

The Responsible Financial Officer (RFO) explained that the format was a prescribed format for a smaller authority determined by the Charter Trustees expenditure which was above £25k but below £6.5m. He reported that the document referred to various dates for public inspection which had been amended due to Covid-19 and therefore the Charter Trustees were not in breach of any dates. The RFO reported that the Charter Trustees were required to approve this document by end of August, on 1 September a period of public inspection would commence, and the audited accounts would be published by the end of November 2020.

The Charter Trustees were referred to page 3 of the document which provided a summary of the internal audit conclusions and fed directly in from the Internal Audit report which indicated the action proposed to improve controls. This would mainly require producing bespoke financial regulations and a risk register for the Charter Trustees.

The RFO reported that the Annual Governance Statement on page 4 of the document overall indicated that there was a sound system of control in place. He explained that there was one 'No' which related to the development of a risk register which was in hand as referenced in the previous agenda item. He reported that the main substance of this agenda item was section 2 the accounting statements and confirmed that the return covered items 7 and 8 on the agenda. He reported that the Charter Trustees had raised a precept of £124k with expenditure of just over £86k and reserves of £37,657. The Charter Trustees were advised that that this was consistent with the budget position reported in January 2020 and a more favourable position. The RFO reported that the Charter Trustees had incurred VAT costs of £11k which had been offset by savings from civic events and regalia. The RFO suggested that it would be helpful for the Charter Trustees and the public to see more details on the statements and therefore he proposed to bring forward mid-year estimates for 2020/21 and

a breakdown of the budget for 2019/20 to the Charter Trustees meeting in October. The RFO confirmed that the statements were compliant with the legal requirements.

Councillor Iyengar sought clarification on the accountability return part 3 and asked what a healthy balance of scores was and how that reconciled with the table later in the document. He also asked why a disclosure for a smaller authority was being completed. The RFO explained that the no's related to the internal audit report. He confirmed that it was not that there were no internal controls in place but that they could be improved and tailored for the Charter Trustees. The RFO highlighted that the only area with minimal control and a no related to the risk register. In response to the second question the RFO explained that the return was the format that a smaller authority should fill in as it was a separate and independent organisation from the Council. The RFO acknowledged that the statements were abbreviated which was why he had suggested that it would be useful to submit a detailed breakdown to the Charter Trustees at its meeting in October.

The RFO in response to a number of questions on the detail of the statement explained that in terms of the balance brought forward this was the first year of the Charter Trustees so there was no balance to bring forward. He explained that £18,950 referred to in January 2020 was the budgeted position at that stage. In respect of rounding up the figures in the statements the RFO would make arrangements for this to be undertaken once approved and prior to publication. The RFO confirmed that there was a list of assets as referenced in the internal audit report and arrangements could be made for these to be circulated to the Charter Trustees. The Charter Trustees were advised that the staff costs were referenced in the internal audit and when setting the budget for next year additional staffing elements that could be charged would be considered.

Councillor Judes Butt referenced (e) on page 6 of the document and sought clarification on the VAT position. The RFO confirmed that VAT had been appropriately accounted for. He reported that there had been an assumption that the Charter Trustee would be able to reclaim VAT under section 33 of the VAT Act under the umbrella of BCP Council but unfortunately this was incorrect and the Charter Trustee had incurred £11K which cannot be reclaimed. The RFO reported that Officers had made representations to HMRC and a statutory instrument would be laid before parliament on 14 October 2020 that would come into effect on 4 November 2020 and provided there are no parliamentary delays from that point onwards the Charter Trustees would be able to reclaim VAT under section 33 of the VAT Act. A Charter Trustee asked for clarification on how the Charter Trustees would be compensated for the loss of the £11k. The RFO reported that unfortunately there was no insurance cover and the Charter Trustees would not receive any reimbursement.

A Charter Trustee asked if the number plate on the car used by the Mayoralty was an asset owned by the Charter Trustees. Officers indicated that they would advise the Charter Trustees of the position.

A Charter Trustee asked if £11k of vat losses had been incurred so far what further losses may there be until the Statutory Instrument was laid and

becomes effective. The RFO reported that the £11k was the full year of VAT for 2019/20 and he would expect a further £5k approximately.

RESOLVED that:-

- (a) the Annual Governance Statement for 2019/20 be approved;**
- (b) an Outturn report and in year quarterly budget monitoring report setting out the position for 2019/20 and projection for 2020/21 be submitted to the Charter Trustees meeting on 28 October 2020; and**
- (c) the Statement of Accounts for 2019/20 be approved.**

Voting – Agreed

Councillors Judes Butt, Daniel Butt, May Haines, Mohan Iyengar, Karen Rampton and Tony Trent abstained from the above decision.

20. Statement of Accounts for 2019/20

Please refer to the decision above.

21. Charter Trustees - VAT Position

Please refer to the decision above.

A Charter Trustee thanked the RFO for the work that he had undertaken to rectify the issue relating to the VAT however he reported that he was disappointed that the error had cost the Charter Trustees in the region of £17,000. The Honorary Clerk indicated that he would follow up this issue.

Councillor Judes Butt referred to the number plate APR 1, confirming that the vehicle had been scrapped but that she would like to know what had happened to the number plate.

RESOLVED that the position on VAT be noted.

Voting – Agreed

Councillors Judes Butt, Daniel Butt, May Haines and Karen Rampton abstained from the above decision.

The meeting ended at 6.04 pm

CHAIRMAN

THE CHARTER TRUSTEES OF POOLE



Report subject	Budget Update Report
Meeting date	28 October 2020
Status	Public Report
Executive summary	<p>The Charter Trustees of Poole achieved a favourable outturn position for the 2019/20 financial year, carrying forward reserves of £37,658 against a budget of £18,950.</p> <p>The forecast for the 2020/21 financial year is that the Charter Trustees of Poole will underspend significantly against the budget due to reduced activity caused by the Covid-19 restrictions. The forecast is that £52,479 of reserves could be achieved in-year against a budget of £19,272.</p>
Recommendations	<p>It is RECOMMENDED that:</p> <ul style="list-style-type: none"> (a) The Charter Trustees note the budget outturn position for 2019/20. (b) The Charter Trustees note the in-year budget position for 2020/21. (c) The Charter Trustees nominate members to form a budget workshop in November to discuss the draft budget for 2021/22.
Reason for recommendations	To inform the Charter Trustees of the budget position for the previous and current financial years and also to inform the budget setting process for 2021/22.

Report Authors	Dan Povey, Assistant Chief Financial Officer BCP Council
Classification	For Recommendation

Background

1. At its meeting of the 26 August 2020 the Charter Trustees of Poole approved the accounting statements for the financial year 2019/20. The statutory format of these accounting statements presented income and expenditure at a summary level and it was agreed at the meeting that a more detailed budget statement would be presented to this meeting.
2. The Charter Trustees also considered the Internal Audit report at their August meeting which recommended that the Charter Trustees are more involved in the budget monitoring process. This report provides a summary of the projected year end budget position for the current 2020/21 financial year.
3. In preparation for setting the Charter Trustee's budget and precept for 2021/22 in January 2021 it is recommended that a budget workshop is held in November 2020.

Budget outturn position 2019/20

4. The Charter Trustees of Poole approved the 2019/20 budget at their meeting of 9 October 2019. Total expenditure of £124,000 was approved which included a £18,950 contribution to reserves.
5. At the meeting of 26 August 2020 the Charter Trustees approved the accounting statements for 2019/20 with a summary financial position of £124,000 expenditure, including a £37,658 contribution to reserves.
6. Appendix A provides the detail of the expenditure incurred during 2019/20 against the detailed budget headings. The overall favourable position was achieved largely through savings against hospitality and civic events budgets, offset by additional VAT incurred on salaries and supplies.

Budget forecast position 2020/21

7. The Charter Trustees of Poole approved the 2020/21 budget at their meeting of 29 January 2020. Total expenditure of £125,222 was approved which included a £19,272 contribution to reserves. Appendix A provides the detail of expenditure incurred during 2020/21 against the detailed budget headings. The current forecast is that budgets will be significantly underspent at the year-end as a result of reduced activity due to Covid-19 restrictions.
8. The forecast underspends against hospitality, civic regalia and civic events budgets will allow for an increased contribution to reserves in 2020/21, currently forecast at £52,479.
9. If this position is maintained through the remainder of the financial year then the Charter Trustees of Poole will have total reserves of £90,137 as at 31 March 2021, or 72% of the annual precept.

Budget workshop

10. In January 2021 the Charter Trustees will meet to set the 2021/22 budget and agree the precept required to fund it.
11. In order to facilitate the budget setting process for next year it is recommended that a budget workshop is held in November 2020. The workshop would potentially provide clarity and direction for the following budget areas:
 - a. Update on the in-year budget position to inform the levels of budget required for 2021/22;
 - b. The Charter Trustee's ambitions with regards to precept levels and therefore implications for council tax;
 - c. Review of the tax base for the Charter Trustees of Poole, including the impact of Covid-19.
 - d. Review of recharges made to the Charter Trustees. This would include more closely aligning the level of accountancy recharges to reflect the level of support required by the Charter Trustees.
 - e. An appropriate level of reserves for the Charter Trustees to maintain.
12. The Charter Trustees of Poole are asked to nominate representatives to attend the budget workshop, but to include the authorised budget signatories.

Summary of financial implications

13. As detailed in the report.

Summary of legal implications

14. None.

Summary of human resources implications

15. None.

Summary of sustainability impact

16. None.

Summary of public health implications

17. None.

Summary of equality implications

18. None.

Summary of risk assessment

19. The monitoring of the in-year budget position and early engagement on the 2021/22 budget setting process minimise the risks that budgets are insufficient to meet expenditure or that in-year overspends occur.

Background papers

Statement of Accounts 2019/20 – Published works, Charter Trustees of Poole meeting 26 August 2020.

Internal Audit Report 2019/20 – Published works, Charter Trustees of Poole meeting 26 August 2020.

Charter Trustee Budget 2019/20 – Published works, Charter Trustees of Poole meeting 9 October 2019.

Charter Trustee Budget 2020/21 – Published works, Charter Trustees of Poole meeting 29 January 2020.

Appendices

Appendix A – Budget monitoring position 2019/20 and 2020/21

Charter Trustees of Poole - Budget Monitoring Position

2019/20 Budget	2019/20 Actuals	Description of expenditure and income	2020/21 Budget	2020/21 Sept Actuals	2020/21 Forecast
Expenditure					
Civic Budget					
12,000	1,396	Hospitality	12,000	0	1,000
3,000	3,379	Civic Regalia	3,000	0	0
100	0	Travel and Subsistence	100	0	0
1,000	0	Training and Conferences	1,000	0	0
3,000	776	Out of Pocket Expenses	3,000	0	0
500	0	Photography	500	0	0
1,000	0	Flowers	1,000	0	0
Civic Events					
1,500	0	Mayor Making	1,500	0	0
4,500	1,747	Remembrance	4,500	0	0
2,000	0	Civic Service	2,000	0	0
1,500	0	Civic Awards	1,500	0	0
1,500	0	War Commemoration	1,500	0	0
500	0	Special Anniversarial Events	500	0	0
500	0	Other Events Contingency	500	0	0
Premises					
17,450	17,383	Room & Premises	17,450	0	17,383
Salaries and Pensions					
36,800	44,160	Salaries	37,600	22,080	40,480
5,800	6,960	LGPS Pensions	5,850	3,480	6,380
3,400	4,080	National Insurance	3,450	2,040	3,740
Administration and Running Costs					
400	60	Postages	400	0	0
50	0	Printing & Photocopying	50	0	100
500	377	Stationery	500	0	0
250	0	Subscriptions - Organisations	250	0	0
Supplies and Services					
500	240	Clothing & Uniforms	500	0	0
600	720	Insurance	600	0	660
2,000	480	External Audit	2,000	(400)	400
500	1,200	Accountancy	500	0	1,100
1,000	1,200	ICT Provision	1,000	0	1,100
500	10	Telephony	500	0	0
200	0	Laundry	200	0	0
Transport					
1,250	421	Fuel	1,250	0	200
750	1,753	Vehicle Hire - General Use	750	0	200
500	0	Vehicle Maintenance & Repairs - Workshop	500	0	0
105,050	86,342	Total Expenditure	105,950	27,200	72,743
Income					
(124,000)	(124,000)	Council Tax Precept	(125,222)	(125,222)	(125,222)
(124,000)	(124,000)	Total Income	(125,222)	(125,222)	(125,222)
(18,950)	(37,658)	Net Position	(19,272)	(98,022)	(52,479)

Poole Charter Trustee - Reserves

0	0	Opening Balance	(37,658)	(37,658)	(37,658)
(18,950)	(37,658)	In year movement	(19,272)	(98,022)	(52,479)
(18,950)	(37,658)	Closing Balance	(56,930)	(135,680)	(90,137)

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THE CHARTER TRUSTEES OF POOLE



Report subject	VAT Update Report
Meeting date	28 October 2020
Status	Public Report
Executive summary	Officers have made an application for the Charter Trustees to be registered under Section 33 of the VAT Act. If there are no delays to the statutory instrument then the Charter Trustees will be able to reclaim VAT from 4 November 2020, but will not be able to reclaim VAT retrospectively.
Recommendations	It is RECOMMENDED that: That the Charter Trustees note the content of the report.
Reason for recommendations	To update the Charter Trustees on the position regarding VAT.
Report Authors	Dan Povey, Assistant Chief Financial Officer
Classification	For Information

Background

1. The Charter Trustees of Poole were created in order to preserve the historic and civic functions of the preceding council following local government reorganisation on 1 April 2019.
2. The Charter Trustees were established by the Local Government (Structural and Boundary Changes) (Supplementary Provision and Miscellaneous Amendments) Order 2019 which was made on 20 March 2019.
3. There are currently 17 extant Charter Trustees in England. Charter Trustees set up under Section 246 of the Local Government Act 1972 are already covered by S33 of the VAT Act 1994 and so can reclaim all VAT incurred on their non-business (statutory) activities.
4. When new Charter Trustees are established they are not automatically treated as S33 bodies, as they are covered by a different part of the legislation, but can apply to be added to the Treasury Order. Once added to the Order VAT can be reclaimed from the date the Order was made. VAT cannot be reclaimed retrospectively.
5. Based on information published on the HMRC website there are currently five Charter Trustees that received S33 status through the Treasury Order process and are therefore able to reclaim VAT. Not all Charter Trustees register to reclaim VAT.
6. Due to the limited number of Charter Trustees nationally, and with not all of these registered to be able to reclaim VAT, the process to receive S33 status is unusual and not well trodden. There is no clear guidance available that details what Charter Trustees are required to do to enable them to benefit from the same VAT status as a local authority. The complexity and uniqueness of the process was reflected in the fact that HMRC Officers had to refer queries from BCP Council on this issue to their Policy Team for further guidance as no direct instructions were available.

Establishing the Charter Trustees

7. Work to establish the Charter Trustees was carried out by officers alongside the work to establish Bournemouth, Christchurch and Poole Council. The priority was on providing for a safe and legal landing for the new Charter Trustees, as the timescale from when the Secretary of State approved local government reorganisation in August 2018 was very tight with an implementation date of 1 April 2019.
8. The work to establish the Charter Trustees centred on the following activities:
 - a. The process of setting a budget and raising a precept;
 - b. Drafting standing orders and the Charter Trustee's handbook;
 - c. Establishing the role of the Mayor and Mayor making arrangements.
9. The arrangements for raising a precept in the first year of operation for the Charter Trustees were complex and officers liaised with the Ministry for Housing, Communities and Local Government in order to ensure a legal precept was set.
10. For the first year of operation, 2019/20, the Local Government (Structural Changes) (Further Financial Provisions and Amendments) Regulations 2009 required the BCP Shadow Authority to "anticipate the amount likely to be required in that financial year for the discharge of the Charter Trustee's functions". As such this anticipated amount formed part of the council tax requirement of BCP Council for 2019/20 and

was included in the calculation of the BCP Council referendum limit. Only from 2020/21 would the Charter Trustees raise a separate precept in their own right.

VAT Registration

11. There was an assumption that because the Charter Trustee's precept was part of the council tax requirement for BCP Council in the first year, that this funding formed part of the council's budget and so the council would be able to reclaim all VAT incurred on expenditure as part of their own VAT registration. This was on the basis that both income and expenditure would remain part of the council's budget and would not be transferred to a separate entity, at least not in the first year of operation. Once it was confirmed that Charter Trustees were required to prepare separate accounts showing all activities from the date of its incorporation officers took the necessary action and contacted HMRC for further instructions.
12. In December 2019 officers received the initial advice from HMRC which stated that:
 - a. Charter Trustees are not automatically treated as S33 bodies but can be added to the Treasury Order;
 - b. Once the Order is issued Charter Trustees can be added to the S33 list and reclaim VAT;
 - c. VAT claims could be submitted retrospectively to 1 April 2019 if required;
 - d. Verification of the statutory order that created the Charter Trustees was required.
13. The required evidence for the application was submitted to HMRC in January 2020, stating that officers were seeking approval to be added to the list of S33 bodies in order to ensure that VAT is reclaimed on statutory services and reclaim any retrospective VAT incurred since 1st April 2019.
14. HMRC replied at the end of February 2020 seeking further clarification as to which legislation had established the Charter Trustees, confirming that if they were established under the Local Government Act 1972 then Section 33 status would already apply. If they were not established under this Act then an application would be needed.
15. In March 2020 officers confirmed with HMRC that the Charter Trustees were established under the Local Government and Public Involvement in Health Act 2007 and that we wished to apply for S33 status per our email of January 2020.
16. On 1 April HMRC confirmed that the application for S33 status met the conditions for admission. The application was forwarded by HMRC to the Treasury with an indication that the earliest date for approval was September 2020. At this point HMRC confirmed that the S33 status cannot be applied retrospectively, with refunds only allowed from the date that the Order takes effect.
17. Officers further considered the Charter Trustee's VAT position and sought guidance from HMRC as to whether in the first year of operation BCP Council could recover the Charter Trustee's VAT on the basis that for 2019/20 their precept was part of the council tax requirement for BCP Council as set out in paragraph 10. HMRC confirmed in May 2020 that this would only be possible if the cost was not passed to the Charter Trustees but remained part of the council's budget. This was in line with the initial assumption set out in paragraph 11.

18. In June 2020 HMRC confirmed that the statutory instrument would be laid on 14 October and come into force on 4 November 2020, and as such Charter Trustees could reclaim VAT under Section 33 from that date, provided that there were no delays.

Summary of financial implications

19. The Charter Trustees of Poole incurred £11 thousand in VAT for 2019/20. This VAT was not reclaimable but was managed within the annual budget, with the Charter Trustees achieving £38 thousand of reserves at the year-end compared to the budgeted figure of £19 thousand.
20. If there are no delays to the statutory instrument coming into force on 4 November 2020, it is anticipated that the Charter Trustees will incur approximately £5 thousand of VAT in 2020/21 which will not be reclaimable.

Summary of legal implications

21. None.

Summary of human resources implications

22. None.

Summary of sustainability impact

23. None.

Summary of public health implications

24. None.

Summary of equality implications

25. None.

Summary of risk assessment

26. None.

Background papers

None.

Appendices

None.

Charter Trustees – Role and Responsibilities of the Budget Signatories

Principles

1. A transparent framework of financial management responsibilities and decision making is essential to the effective management of the Charter Trustees financial affairs.
2. All Charter Trustees and officers in the common duty to abide by the highest standards of integrity and propriety when making decisions about the use of public monies.

Responsibilities

1. To support the Charter Trustees in maintaining the principles detailed above.
2. Supporting the annual budget and precept setting process to ensure the ambitions of the Charter Trustee are reflected in the annual budgets.
3. Officers to consult with budget signatories on proposed expenditure which is not part of the approved budget and to report to the Charter Trustees as appropriate on action taken.
4. To approve the 'out of pocket expenses' incurred by the Mayor in the course of his/her civic duties.

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