

Broxted Village Hall Charity
Charity Commission number 301267

Governance report, financial year 2023/24

Background

Per Pro Services Ltd was appointed as internal auditor to Broxted Parish Council, and as a result was asked to conduct an annual audit for Broxted Village Hall. The village hall charity was set up in 1933 via a conveyance. Around 2007 the trustees at the time found themselves unable to continue. The decision was made by them to appoint Broxted parish council as sole trustee.

A formal audit is not required by the Charity Commission given the relatively low turnover of the village hall, and because of various issues which have been brought to our attention, this report should rather be regarded as a set of observations and recommendations for potential action which the parish council as sole trustee may wish to consider.

Governance

The original conveyance, which is currently taken as the Governing Document, appears to be incomplete, and not entirely clear in its intentions. It contains some specific clauses, for instance, regarding the times that the hall shall be used for recreation, which may restrict practical and maximum use of the hall. The current Trustee may wish to review these conditions, determine whether they are appropriate for the current age, and consider an update so that the Objects of the Charity are clarified.

Broxted Parish Council as sole trustee should hold an annual meeting, open to the public, and may wish at that meeting to decide whether it should appoint a management committee to run the hall on a day to day basis, reporting to the Trustee. The parish council as Trustee may wish to decide upon a number of ordinary meetings to be held during a financial year, not open to the public.

It is noted that at the parish council meeting held 14 July 2022, there is a resolution to appoint a village hall committee, and a working group. This may be based on a misunderstanding of where the responsibility for the village hall charity lies, and it is understood that external advice had been taken on this point, which might have been faulty. It is not for the parish council to make decisions for the village hall charity. Decisions can only be made by the Village Hall Sole Trustee, which happens to be the parish council. There appears to be a confusion here as to the legal status of the 'Village Hall Committee' and the 'Village Hall Working Group' and the subsequently established "Village Hall Charity Subcommittee" (April 2023). It is possible that the nomenclature used is unnecessarily obscuring the legal status of what was understood to be the intention. This should be clarified, since it is easy to confuse the issue.

There may be a misunderstanding regarding the ownership of the hall (PC Village Hall Trust Subcommittee meeting 12 January 2023). The parish council is not the owner of the hall. The charity owns the hall and should be listed as owner with the Land Registry, that is the owner would be listed as "Broxted Parish Council as Sole

Trustee". It is understood that solicitors are rectifying this and have confirmed that this is the intention when registering the hall with the Land Registry.

It is not unusual for there to be a lack of clarity surrounding charities which have a local authority as sole trustee. The Charity Commission has just (9th August) issued a Regulatory Alert to and guidance for local authorities acting as such in response to a 'significant' number of complaints from members of the public regarding the actions of local authorities in relation to their charities. It usefully directs the reader to guidance for both local authorities and councillors.

<https://www.gov.uk/government/publications/local-authorities-as-charity-trustees>

It is vital that these distinctions and definitions are stated with absolute clarity in official documents since, while current members of the parish council and others involved may understand precisely the legal status of all involved, it is too easy for those involved in the future not to have sufficient clarity and guidance, and procedures and processes may go awry and cause the difficulties which the Charity Commission is highlighting.

Specific areas for comment

Accounts

No entry in the accounts appears to contravene the Governing Document objects. It is understood that the cash book is currently kept manually, and we have not had sight of it. It is therefore not possible at the moment to verify the accuracy of the accounts, though there is no suggestion that there is anything untoward. Indeed, the diligence with which the contract to a member of the council was handled indicates to the contrary. It may be more convenient to use an electronic system, which would more easily enable remote audit.

VAT

There appears to be no credit for VAT reclaimed. The parish council as sole trustee may reclaim VAT via the usual parish council form 126 process. VAT may be reclaimed up to four financial years previous and it is recommended that this be done as soon as possible. This is a simple registration process with HMRC.

Insurance

Currently the parish council insures the village hall as if it owned the hall, which is not strictly the case (see 'Governance' above). The council may wish to consider requesting an appropriate refund for the cost from the village hall charity, or else accounting for an appropriate portion of the cost under a separate power. The parish council as sole trustee should ensure that such insurance includes both public liability insurance and professional indemnity insurance for volunteers and members of the sole trustee. It is worth checking with the insurer whether it is happy to continue insuring the village hall under the parish council insurance, since some insurers have recently changed their view on this if the council is not the owner of the hall.

Accounting procedures

It is for the Trustee to decide on the appropriate safeguards regarding expenditure and income, and the designated flexibility and responsibility of action which would be appropriate for members of any management committee tasked with day to day running of such a facility. This, together with appropriate oversight processes, should be put in place as soon as practicably possible.

Personal Liability of Individuals involved in the Charity

The members of the parish council are not in their own right trustees of the village hall charity (they are temporary representatives of the trustee), and therefore should be covered by the standard insurance policy held by the parish council, or as may be in future, the village hall charity insurance policy. However, members of any village hall committee may not be covered unless they are specifically listed as 'volunteers'.

Conclusion

The process of regularising the operation of the village hall trust is well under way, and when the Trustee makes the necessary decisions regarding procedures and processes, the Trustee may be reassured that it is fulfilling its duty as required under the Charity Acts.

Per Pro Services
August 2024