LYDNEY TOWN COUNCIL

FINANCE AND SCRUTINY COMMITTEE MEETING – 2017/12/18 – 04

MINUTES OF THE EXTRA ORDINARY FINANCE AND SCRUTINY COMMITTEE MEETING held in the Council Chamber, Claremont House, Lydney on Monday 18 December 2017 at 5.29 pm.

PRESENT: Cllrs B Pearman (Chairman), B Berryman, D Biddle, J Greenwood, H Ives and A Preest

One member of public
Mrs J Smailes – Chief Executive Officer (CEO)/RFO/Trust Secretary
Miss C Wheeler – Executive Officer (EO)

Cllr Pearman informed all present that no practice fire evacuation had been scheduled for the duration of the meeting. All attendees were then informed of the locations of the nearest fire exits.

1. **APOLOGIES**
Apologies for absence were received and noted from Cllr Harris.

2. **DECLARATIONS OF INTEREST**
None.

3. **MINUTES OF PREVIOUS MEETING**
Members noted that the minutes of the last meeting were duly approved/authorised at the end of the last Finance & Scrutiny Meeting.

4. **OPEN FORUM**
No requests to speak were received.

5. **FINANCIAL**
Members noted the amendments/additions to the Dispensation Notice.

Finance & Scrutiny Committee Budget 2018/19
Members were provided with a copy of the draft Committee budget for 2018/2019 for consideration. Members were advised that the increase in the proposed budget of £20,000 was due to the donations of £10,000 apiece the Council may wish to bestow on each Trust (Lydney Recreation Trust and Bathurst Park and Recreation Trust).

After a short discussion, during which Cllr Greenwood requested that the Council publicise the amount expended on litter collection in an effort to dissuade members of the public from dropping litter, it was **proposed by Cllr Pearman** that the Finance & Scrutiny Committee budget of £85,015.00 for 2018/2019 would be approved. Unanimous.

Lloyds Shares
Members were advised that the issue arising from the Lloyds shares went as far back as 1997, and were prior to the current administration. Cllr Pearman advised that whilst the investigation was still ongoing, it could be evidenced that the Trust had operated a number of Halifax savings accounts which had been held in the names of individuals, rather than the Trust itself; as a result a number of shares had been issued to these individuals by virtue of them being named as the account holder as it was not possible to issue the shares to a company/organisation.

Whilst it has been possible to trace one of the accounts, as it was still held in the name of the Trust Secretary at the time, it was felt that a larger tranche may exist in the name of another individual, which required further investigation. Members were advised that the minutes of Lydney Recreation Trust provided limited information and that a period of 18 months of minutes were missing from the records and again these records preceded the current administration.

Members noted that the value of the shares held in the name of a previous Trust Secretary amounted to £423.92. Cllr Pearman advised that in order to obtain the value of the shares, (it had been impossible to have a cheque issued in the name of the Trust/Council), the only option which had been available was to have a cheque issued in the name of the current Trust Secretary (and Responsible Finance Officer (RFO) of Lydney Town Council). Said cheque was currently held in the Council's office. Members were asked to consider if they wished the Trust Secretary/RFO to pay the cheque into their account and then write a cheque back to Lydney Recreation Trust in order that the money could be credited to the Trust, or if they wished the cheque to be destroyed. However, if Members wished the cheque to be deposited they were asked to consider providing the Trust Secretary/RFO with a letter indemnifying her for said action.

Cllr Preest expressed thanks for clarifying the situation and highlighted that since the date of the postponed Finance & Scrutiny Committee meeting a number of malicious rumours had been circulating. Furthermore, Cllr Preest advised that he had received approaches from members of the press who had been contacted by members of the public who wished to cause mischief. Cllr Preest stressed that the Council was open and transparent in its operation and if there were any issues he would not hesitate to expose them.

The CEO advised Members that the issue had only come to light as the previous Trust Secretary had registered the Trust's address with the account and dividend cheques had started to arrive at the office. Responding to a question which had been raised by Cllr Biddle, the CEO advised that it had only been possible to trace the dividends which had been issued to a previous Trust Secretary as they had been received at the Council/Trust office and whilst the Trust minutes also made mention of tranches of shares it was only shares held by the then Trust Secretary that had an auditable paper trail, however, it was evident from the minutes that other individuals/former Councillors had held accounts in their names. Members were also advised that prior to the commencement of her employment reconciled bank statements were not provided to Members/Trustees, instead what was provided was merely a financial account listing using the RBS system, a "key" based system, therefore bank statements had not been fully reconciled monthly, neither did Councillors perform in-house audit checks at that time.

Members were provided with a copy of the letter which would indemnify the Trust Secretary/RFO, should Members wish her to pay the cheque into her account and then write a cheque back to the Trust. Cllr Pearman stressed the difficult situation into which the Trust Secretary/RFO had been placed through no fault of her own. The CEO advised that she had contacted the portfolio holder on numerous occasions to request that they issue the shares in the name of the Trust, however, the CEO had been advised that the only way to access the share value was to change the name of the account holder to the current Trust Secretary and then close the account; a cheque would then be issued in the name of the account holder. Whilst the CEO/RFO was far from happy for the cheque to be issued in her name she advised that no other option was available to the Trust if it wished to obtain the funds. Members were advised that from the minutes it was evident that former Councillors had been made aware that it was not possible to hold the shares in the name of the Trust and Members had taken the decision to allow the shares/Halifax savings accounts to be held in the name of individuals.

The CEO advised Members that she had taken offence at the accusations which had been levied against her by a number of former Councillors, all of whom should have audited the accounts far more thoroughly in years past and addressed the matter of financial governance, for whilst the Responsible Finance Officer is responsible for the accounts, it is Councillors who remain accountable for "public" funds.

In view of the above Members were asked if they wished to destroy the cheque which had been issued to the Trust Secretary/RFO for £423.92, or if they wished the Trust Secretary/RFO to deposit the cheque into her account and then write a cheque to Lydney Recreation Trust for the same amount.

Cllr Greenwood spoke in favour of the Trust Secretary depositing the cheque as he felt to destroy the cheque would create greater mystery/present more opportunity for mischief to be caused. Accordingly, it was **proposed by Cllr Pearman** that the Trust Secretary/RFO would be asked to deposit the cheque for £423.92 into her account and then write a cheque back to Lydney Recreation Trust for the same amount; that copies would be retained of all documentation relating to the deposit of the cheque and such would be held in a safe place; that the income would be visible on the Trust's reconciled bank statement. Unanimous.

Action by – the CEO

6. **MEETING DATES**

Members noted that the next meeting of the Finance & Scrutiny Committee would take place on the following dates:-

- 8 January 2018 (5.30 pm) – Extra Ordinary meeting convened by Committee Chairman
- 19 February 2018 (Grant applications)

7. **APPROVAL OF MEETING MINUTES**

Minutes of today's meeting duly approved and Chairman, Cllr Pearman, signed minutes as a true record.

Meeting closed at 6.02 pm.

Chairman ....Pearman.... **Date** ....18/12/17....