



Chelveston Village Hall

Charity Registration Number 266486

To: The Trustees
Chelveston Village Hall Association
cc: Clerk to the Parish Council

11th February 2010

Dear Trustees

Report to the Trustees on actions taking following the illness of Michael Foulger

At the request of Christine Foulger and with the permission of Patrick Logue as Chairman of the Trustees, I have acted to deal with the growing volume of Village Hall documentation and correspondence that has built up as a result of Michael's illness. I have undertaken this in a personal capacity and not formally in my role as Chairman of the Parish Council. I have undertaken a similar role for the Trustees of the Educational Foundation of Abigail Bailey and Ann Levett (a.k.a. The School Trustees).

Findings/Actions:

1. The Charity Commission has become increasingly concerned over the apparent non-functioning of the Charity with regular letters having been received about the non-return of the Annual Updates since 2005. The 2005 Annual Update was 1,350 days overdue with 2006, 2007, 2008 also missing and a deadline for 2009 approaching. I spoke with the Charity Commission contact centre and they indicated that a winding up and delisting process would begin shortly unless this situation was rectified immediately.

Action taken: I have drawn up balance sheets accounts for the missing years from the receipts and payments log and have submitted annual returns to the Charity Commission. These are being processed and should be shown on the web site shortly. The accounts submitted included rent and insurance liabilities to the School Trustees for years ending 31st July 2008, and 31st July 2009. This is discussed below in item 8 and it may be that these liabilities are eventually formally written off. However, the accounts submitted show the true state of the accounts for the Chelveston Village Hall Association from the perspective of its Trustees given the documentation available.

2. East Northamptonshire Council had become similarly concerned that it had received no documentation that would permit it to grant full business rates relief for the 5-years beginning April 2010. A formal re-application for rate reliefs would be necessary and the production of 3 years of audited accounts to show that the Charity was still functioning correctly.

Action taken: This was the most pressing need with a deadline of 15th February 2010. A re-application was made for business rate relief and the 3 years of accounts drawn up in item 1 above were submitted with the application. We have now heard by e-mail that the rate relief has again been granted for 5years.

3. The receipts and payments accounts were in excellent condition with very detailed records having been kept and a full reconciliation of the accounts to the bank statements was confirmed. However, the annual summary receipts and payments accounts had not been drawn up and audited since 2004 and no formal balance sheets had been produced and audited since then.

Action taken: Full accounts have been drawn up as discussed in item 1 above.

4. In my investigations it was quickly clear why it was likely that the accounts had not been drawn up and audited. The relationship with the School Trustees was very complex and payments for rent and insurance had fallen out of step (because of different year ends) with their accounts leading to a complex web of annual debts and accruals which needed to be unraveled between the two charities. In some years two years of back rent was paid and in another year three years of back rent. Michael had made several attempts to unravel this but had never quite concluded it. The complexity of the aborted lease re-negotiation of course also intervened together with discussions on rent/insurance waivers discussed in item 8 below.

Action taken: The accounts of the two charities have been reconciled and accruals have been made in both sets of accounts for the outstanding balances for rent/insurance in each year. The future of these accruals is discussed in item 8.

5. The lease of course is a major issue. Technically the Chelveston Village Hall Association only exists by virtue of the lease and scheme document dated 19th December 1977. The main purpose of the charity is to hold the leased property (the Village Hall) on Trust for the benefit of the Village. This lease expired on 19th December 2005 (after 28 years). It could automatically have been extended for 7 years provided that a formal application was made to the School Trustees by 19th June 2005. In 2002 the Charity Commission asked for confirmation that this would happen. There were a number of attempts to vary the lease between 1994 and 2005. In particular a deed of variation was created in 1996 to extend the lease by another 28 years. This deed was discussed at each School Trustees meeting until August 2001 but didn't ultimately come to fruition. As the Trustees of the Chelveston Village Hall Association made no formal application for extension, the original lease lapsed. There may be legal arguments to be had about the existence of an "implied" lease or "tenancy at will" but I am not qualified to comment on these issues.
6. In reality, the terms and covenants of the lease were broken in the years 1998, 2000, 2001, 2003 when the annual rent was not paid within 21 days of the due date primarily because of cash flow issues. All of the rent arrears were then made good 1-2 years later but no payments were made in year ending 31st July 2008 and none were made for the year ending 31st July 2009, a total of £600 or 2 years in arrears. This is discussed in item 8 below.
7. In addition there is an obligation on the Trustees to keep the building properly insured and to pay all such insurance premiums within 7 days of them being due. In reality, the School Trustees pay the insurance bill and the Village Hall Committee are supposed to re-imburse the School Trustees. This account is currently three years in arrears, again discussed in item 8 below.
8. Investigation of the School Trustees' documentation shows that at the meeting of the 21st October 2008 Michael Foulger asked the School Trustees to consider waiving the outstanding rental and insurance payments on the grounds that the Village Hall Committee had insufficient funds following the refurbishment. However, the receipts and payment accounts show that the Village Hall was not in fact short of cash. The year ending 31st July 2008 shows cash balances totaling £7,384.62, well in excess of its liabilities to the School Trustees of £1,663.72. However, the accounts also show that the Village Hall was running at an annual loss of £200-£600 – hence paying the ongoing rent/insurance was probably considered a problem in this context. After Michael's request, Father Grant Brockhouse recommended that the School Trustees should waive rental and insurance payments **for the time being**, given the improved state of the interior of the Village Hall. Although this was minuted by the School Trustees in these terms, there is no evidence that the Village Hall Committee has been "officially" informed and that its liabilities have been waived. Overall, notwithstanding this waiver, the Village Hall Committee owes the School Trustees £2,667.88 in rent and insurance back payments.

Action taken: I have shown this liability in the Village Hall Accounts for the year ending 31st July 2009 and shown these amounts as debts owing to the School Trustees for the year ending 31st December 2009. I have called for a meeting of the School Trustees at which I will ask for clarification of the terms of the waiver from 2008 and will ask for these debts to be formally written off.

9. The re-negotiation of the lease is outstanding and Michael reminded the School Trustees of this at every meeting they held in 2006 and 2007. Patrick also sent a letter to the School Trustees in June 2007. In their meeting of the 24th October 2007, the School Trustees agreed to a lease of 21 years subject to a satisfactory proposal being made. Michael was asked to instruct solicitors to draw up a lease.

Action taken: I have been unable to trace any correspondence or documentation relating to this instruction and Michael cannot recall the solicitors he used to begin the process.

10. A key requirement of the original trust deed forming the Chelveston Village Hall Association is that the charity should be run in accordance with the provisions of the deed. It is required that the charity should hold at least two ordinary meetings each year and that an Annual General Meeting should be held in September of each year to which the electorate of the Village should be invited. The Trustees should present an annual report and the accounts for the preceding year. The committee should also maintain a minute book detailing the meetings held.

Action taken: I have searched for the minute book and for details of the meetings held but can find details of only sporadic meetings, other than during the successful refurbishment of the Village Hall in preparation for the visit of the 305th BG.

Conclusions:

11. It is clear that the Village Hall still functions successfully as a venue but relies very heavily on Michael and Christine Foulger for every aspect of its operation (including financing the toilet rolls and cleaning materials).
12. It is also clear that all the detailed aspects of the receipts and payments accounts have been functioning well. All monies received from lettings are banked and all bills are paid.
13. However, from recent accounts it is clear that the Village Hall is currently making a loss which is unsustainable in the long term and certainly wouldn't generate funds for the ongoing maintenance of the building or its interior.
14. However, as a charitable body the Chelveston Village Hall Association is not functioning effectively at the present time. It is certainly not meeting the objectives of its Trust Deed nor complying with the requirements of the Charity Commission:
 - a. Its summary accounts and balance sheets have not been drawn up in a timely manner.
 - b. It is not holding the required Trustee meetings, nor the public Annual General Meeting.
 - c. Submissions have not been made to the Charity Commission by the required dates.
 - d. The Trustees have not discharged their primary collective duty in respect of the charitable objectives agreed with the Charity Commission – holding the lease of the Village Hall in Trust for the use of the Village.

Next Steps:

15. An extra-ordinary meeting of the Trustees needs to be called to discuss this report and agree a way forward. This must certainly address whether the current charity is a viable ongoing concern in the absence of a lease.
16. Advice needs to be sought from NACRE on the current opportunities/regulations/best practice on running village halls.
17. A meeting with the School Trustees then needs to be arranged to discuss future arrangements.
18. A meeting of the village needs to be called to agree the conclusions reached.

I welcome any questions or comments



Cllr Adrian Dale

21 Water Lane
Chelveston
NN9 6AP
01933 622624
Adrian.Dale@creatifica.com