

# COUNCIL

Agenda Item: 20

**Ward:** All

**Portfolio:** Leader of the Council

**Report Author(s):** Cllr Harvey Siggs

**Meeting Date:** 9<sup>th</sup> May 2016

**SUBJECT:** Release of an advance on the precept for Shepton Mallet Town Council

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<b>Report Sign off</b>	<b>Seen by:</b>	<b>Name</b>	<b>Date</b>
	Legal	Donna Nolan	27/4/16
	Finance	Paul Deal	27/4/16
	Procurement	N/A	
	Corporate Manager	Stuart Brown	27/4/16
	Portfolio Holder	Cllr Harvey Siggs	27/4/16
	Ward Member(s)	N/A	
<b>Summary:</b>	<p>The Report provides an update on the Council's resolution, made at the meeting on 25<sup>th</sup> February 2016, to grant Shepton Mallet Town Council an advance on their precept of £40k to assist with the payment of a Court Judgement.</p> <p>The Report seeks confirmation by Council in terms of the recovery of costs incurred by Mendip District Council.</p>		
<b>Recommendation:</b>	It is recommended that Council confirm its position in relation to the recovery of costs incurred by Mendip District Council in association with the advance payment		
<b>Legal Implications:</b>	There are no legal implications as a direct result of this report.		
<b>Financial Implications:</b>	There are minimal financial implications associated with this Report		
<b>Equalities Implications:</b>	N/A		
<b>Risk Assessment:</b>	The risk assessment was detailed in the previous Council Report		
<b>Scrutiny Recommendation (if any)</b>	N/A		

## 1.0 BACKGROUND

At the meeting of Council on 25<sup>th</sup> February 2016, Members considered an Urgent Report that outlined a request by Shepton Mallet Town Council for an advance of £40k against their 2016/17 Precept.

The advance was requested by Shepton Mallet Town Council to enable it to pay a court judgement which was overdue.

Following consideration, Council resolved that:

*In these exceptional circumstances and as a one off occurrence issued a short term advance against the precept of £40,000 to Shepton Mallet Town Council to enable the payment of the outstanding judgement subject to the following:*

- (i) That a nominal rate of interest be charged equivalent to the loss to Mendip District Council from having the advance invested to generate a return*
- (ii) SWAP be asked to undertake an audit prior to the release of funds to provide assurance that:*
  - No other reserves could be utilised, that necessary financial controls were in place and that no further liabilities existed beyond the stated £40k.*
  - Shepton Mallet Town Council's Budget for 2016/17 was realistic and had the capacity to meet repayment of the loan.*
  - Any items of concern raised in the report be addressed including training and financial expertise and this to be a condition of the loan.*
  - Appropriate authorisation to enter into an agreement in respect of this matter was in place.*
- (iii) The agreement would specify repayment of the advance by reducing the 2016-17 Precept monies payable to Shepton Mallet Town Council in the first week of April 2016.*
- (iv) While the advance remained outstanding the District Council would have access to Shepton Mallet Town Council's monthly management accounts.*
- (v) Delegated authority to agree the specific terms and conditions of the loan was given to the Chief Executive and S151 Officer in consultation with the Leader of the Council and Leader of Opposition.*
- (vi) That any legal, audit or administrative costs incurred by Mendip District Council in connection with this advance would be recovered (at cost) from Shepton Mallet Town Council.*

## **2.0 UPDATE**

Council are advised that SWAP duly completed the Audit and the advance on the precept was released in accordance with Council's Resolution.

The Audit report has subsequently been circulated, under confidential cover, to all Members of Shepton Mallet Town Council and the Town Clerk.

Costs incurred by Mendip District Council, in association with the drafting of the Legal Agreement, Audit fees and administrative costs, will be made available to Council at its meeting on the 9<sup>th</sup> May 2016.

## **3.0 RECOMMENDATION**

It is recommended that Council confirm its position in relation to the recovery of costs incurred by Mendip District Council in association with the advance payment

### **Contact:**

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