

Chair's Report - 30.05 19

1. Introduction:

Welcome on behalf of the trustees and volunteers to this 2019 AGM for the Barlow Charity.

It has been an interesting 10 months! This report is intended to give you a snapshot of where we are on a number of fronts:

- legacy issues;
- priorities for action
- progress made
- signals for the future

As we go through these items, I will point areas out to you which the trustees consider

that we can draw a line and mark resolved



that are ongoing and will take six months to a year to resolve



that involve longer term planning for the future of the Barlow itself



First of all, it is important for me to tell you that the board are confident that we pass the Barlow on to the new Board in a considerably better position than we found it in August.

We have made strenuous efforts to keep everyone informed of what we were doing;

- we have published our minutes;
- we have issued Chair's updates;
- we report regularly to the Parish Council;
- we have consulted with the volunteers.

Even more importantly, we leave the Barlow in a much more stable financial position. I will expand on that later.

In short, the new board can look forward to, and expect, a better and more professional handover of responsibilities than we had in August.

2. Legacy Issues on 1.08.19

There were many. They included (this is by no means all):

- no formal handover from the former trustees
- no access to bank accounts until December 2018
- significant unpaid bills eg: gas bill not paid at all during 2018. We paid a bill of £5,855 in October 2018
- no financial controls in place
- no controls over expenditure on staffing (you will see the total staffing outlay for the year is over £50,000). After September this was considerably reduced, but casual staff still represent a substantial monthly cost.
- no book keeping or meaningful financial records from January 2018
- no breakdown or analysis of Heritage Lottery Fund Resilience expenditure
- no briefing from the previous board on the status of the HLF bid (in fact a former trustee claimed he had deleted the relevant files)
- qualified accounts for 2017 which potentially impacted and still may impact on our ability to qualify for funding
- unresolved VAT matters; unpaid VAT on Barlow sales since at least 2014
- unresolved lease arrangements with ECRC
- a seriously leaking roof

In short, we now know that The Barlow was facing financial collapse before August 2018. In order to ease cash flow money was transferred by the management from the reserve account to the operating account. Bills were being paid by the cash takings from the bar and the Reading Room sales. Staffing costs were on average over £4,000 per month. This was unsustainable.

3. Priorities for immediate action

Priorities were set for us by what we found during the weeks of August and September.

- Finances
- VAT
- The Reading Room
- The roof
- The Cricket Club
- Infrastructure of the Barlow
- Constitutional issues
- Management of the Barlow

3.1. Getting the Financial records of the Barlow in order

It was essential that the Barlow avoid a repetition of 2017 'qualified' accounts. As no book keeping had been done since January 2018 we had to start a book keeping system immediately and set up robust financial procedures as quickly as possible. Not only did we have to manage current finances from August 1; we also had to deal with everything from January 1 2018, enter all the paper records we found into the accounts system and bring it up to date.

We have to thank Lesley King for her sterling work in implementing the Xero software and setting up the procedures for invoicing, book keeping and bank reconciliation. Thanks also to Chris Ryan for inputting all the purchase invoices from January 1st 2018. All this has been a mammoth job: not one that is visible to the public or high profile, but essential. Please acknowledge the achievement this represents.

I am happy to report to you that we have **unqualified** accounts for 2018. Clare Jady will be presenting them to you shortly. You will notice that although overall the Barlow was in deficit in 2018, (not surprising in the light of the situation outlined above) the last quarter from October to December was in surplus. Indeed the first quarter of 2019 I am happy to tell you that we are running with a surplus of £4,235. So with continued 'prudence' the Barlow should be in a more healthy position by December 2019



3.2 VAT

Up to October 2018 the Barlow had not been paying VAT due on its bar and Reading Room sales. The Independent Examiner had pointed this out in her report in May 2018. The former trustees had been aware of this in 2014 but no action had been taken. Clearly, VAT non - compliance had to be sorted as quickly as possible. Our accountant made an estimate of what we owed and we paid a backdated amount of £8,911.32 in December 2018. We hope this will square our position with HMRC. The Board is happy to report that the Barlow is now fully VAT compliant



3.3. The Reading Room

It is generally acknowledged that the The Reading Room is an important and valued asset of the Barlow. However, it has been losing money since it was set up in 2015. Under the previous board these losses were offset by the bar income and by presentation of both figures together. This gave an unrealistic view of how the Reading Room was actually doing. In September, a volunteer steering group was formed to take the Reading Room in hand and as you know it is now a thriving and friendly hub of the building. That is due to the hard slog of the steering group and, in particular, Joyce Danks.

The Reading Room will never be a money spinner for the Barlow, but its value cannot be calculated in monetary terms alone. There is a balance to be struck here, but a loss is not sustainable in the long term. Meanwhile, we have set up procedures for monitoring the financial progress of the Reading Room. The new board will be able to easily pick up where we left off. We hope that eventually the Reading Room will at least break even. It represents the hub and heart of the Barlow.



3.4. The Roof

My first email as Chair was from a client who was organising her daughter's wedding at the Barlow and was worried about buckets in the Main Hall! We all prayed for dry weather and thanks to Mike King, Philip Grundy and Colin Rigby emergency repairs were carried out in December and completed in January at a cost of £3,228. This has bought us about a year to 18 months respite, before the roof has to be replaced. I will expand on this shortly.



3.5. The Cricket Club

Relations between the Cricket Club and the previous board had been problematical. When we took over, our view was that we had to move on from historical issues. Otherwise no positive change in our relationship would be possible. We managed to establish a dialogue with the Cricket Club in late autumn.

Lease

After lengthy discussion the Cricket Club Chair and Treasurer and the board agreed that the prior practice of the lease rental being donated back annually would cease in 2019. In December 2018, we negotiated a new lease rental and agreed that a new lease be drawn up.



I regret to inform you however, that progress has not been as swift as we would have liked. Lawyers have got involved with the drafting of the new lease and the Cricket Club have raised issues which we can only describe as obfusatory. Nevertheless, we are hopeful that the new Board will be able to carry this momentum forward.

It is the case that if a new lease cannot be agreed within an appropriate timescale, the current lease will be invoked. We will be publishing our correspondence on this matter on the website and will keep you informed of progress.



Artificial Pitch proposal

The Cricket Club have been promised £200,000 to install an artificial pitch at the back of the Barlow. They have held a public consultation which was supportive. The land earmarked for the project belongs to the Charity. The current position is that the board wrote to the donors on 3rd March to ask for details of the scope and conditions of the donation. We have had a reply from both the donor and from the donor's representative. However, the terms of the proposed donation and the practical implications of the way the funds would be administered are still unclear. The board is cautious about incurring any financial liability. We wrote again on 23rd April to the donor's representative with a set of specific questions. We await a response with further information. We will be publishing this correspondence also on our website for your information



3.6. Infrastructure of the Barlow

You all know the state of the Barlow building. If you don't, you should by now. We have spent considerable effort and time in raising the consciousness of the village about the state of disrepair and in particular the state of the roof.

We have no more than 18 months to find the funds and go to tender to replace the roof. No surveyor will offer a guarantee that some major bit of the infrastructure will not fail: roof; electrics; the boiler.

The board have devised a fourfold strategy to secure the sustainability of the Barlow over the next 50 years:

1. Seek a public works loan of £200,000 from Blackburn with Darwen. We have approval in principle from Blackburn and confirmation of the feasibility and legality of raising the money. **Disappointingly, the Parish Council has decided that they do not want to support the Barlow in this endeavour.** They have taken their own legal advice (which runs counter to BwD's view) supporting their case for not involving themselves the Barlow's efforts to raise funds. This is a knotty continuing issue which the new board will have to deal with. I have to tell you that while the Parish Council is not supportive of a public works loan, Blackburn with Darwen is.

2. Put in bids to external funders: Veolia (£100,000), Viridor (£50,000), Tudor Trust (£150,000) and HLF (£500,000). We will be reactivating the bid to Heritage Lottery Fund made by the previous trustees, but with a much reduced scope. Our focus will be on the Barlow building and its sustainability. We are at Stage 2 with Viridor bid. We will know whether we have reached Stage 2 with Veolia in June.

3. Use our reserve funds. We have healthy reserves thanks to the Barlow family donation. Some of this will be used for match funding; (about £100,000); some will be used as a capital contribution to the building work (about £100,000). The rest is our emergency/contingency fund.

4. Request to the Barlow family. We have written to the Barlow family members asking if they would be interested in giving us a further gift to help toward the roof replacement. As they have already been very generous, it is presumptuous to ask for more, but nevertheless it is an avenue that needed to be explored. We await responses.

I emphasise that this is a fourfold strategy. It is the case that we cannot embark on the roof refurbishment project without at least three of these initiatives being successful.



3.7. Constitutional Issues

The Limited Liability Steering Group

At the AGM held in August 2018, a resolution was passed to set up a working group to consider the feasibility of a limited liability structure for the Barlow, be it a Charitable Incorporated Organisation (CIO) as proposed by the previous Trustees or other legal entity likewise affording limited liability like a Community Interest Company (CIC).

The working group was duly established and gave detailed consideration to various options over a period of some ten weeks. The working group reported to the Trustees on 31st October 2018 and made a subsequent presentation to the Board on 29th November 2018. The report was published on the website in April. The report provided the board with a good basis to take soundings from relevant professionals about the practicality, cost and timescale if the board were to implement any of the recommendations and, if so, in what form.

Those initial soundings gave the board grounds for doubt and uncertainty about the feasibility of the recommendations and which precise structure we should adopt in the best interests of the Barlow.

Over the past few months therefore, the board have sought advice to clarify and confirm the options open to the Barlow Charity as to which would be the most appropriate limited liability status vehicle. This advice has now been received and has been published on the website. It gives very clear and helpful guidance on the pros and cons of the options available.

This is an ongoing process and the trustees do not envisage being able to proceed to a full public consultation until the new board is in place and they have given adequate time and thought to the implications of the advice.

In terms of the Steering Group recommendations regarding the constitution, the board do not feel that we should make any changes to the constitution at this stage, in light of the above reservations and the further discussion and consultation we are duty bound to carry out. We are currently asking our legal adviser to examine the present constitution and we expect him to report back to the new Board sometime in June

Briefly, the board feel that this is an ongoing debate: the new board will need to consider longer term if a limited liability structure is appropriate for the Barlow and re-examine all options. The current board's view is that a period of stability is needed before entering into yet more debate and consultation.



3.8. Management of the Barlow

The Board asked the volunteers to set up a working group to look at the strategic direction and management of the Barlow over the next 2-3 years. The volunteer group reviewed what the Barlow does best; how the Barlow provision might be enhanced and how the management structure might be more effective.

This volunteer working group has now reported and their report is currently with the Group Leads and the wider volunteers for comment. This is an evolving dialogue between the trustees and volunteers: how to optimise day to day management of the Barlow. In effect, how the volunteers might manage the Barlow under delegated powers from the board.

The board have been very hands-on since August: we would wish that not to be the case. Crisis management is fine initially, but the Barlow needs to have a robust system of operational management by the volunteers themselves.

We are hopeful that after this period of consultation we will be able to move forward and give volunteers formal delegated responsibility for the running of the Barlow. This process is already well advanced: the new board can easily see this through, if the wider constituency of volunteers are in broad agreement



4. Securing the Future of the Barlow

The areas we have looked at in detail in this report in effect comprise **a plan of action** for the next board and a map of the future development of the Barlow. The board has identified what we feel are the crucial components of this plan. These areas all represent areas of danger for the Barlow and cannot be ignored.

To secure the future of the Barlow **all components of this plan** will need to be followed through. We have made a good start. The new board will have to keep up the momentum



Getting the Barlow out of danger means:

- Making successful bids for funding
- Getting the Parish Council to engage in supporting the Barlow's future
- Carrying out the refurbishment of the Barlow
- Addressing the outstanding issues concerning the Cricket Club
- Assessing the desirability or otherwise of changing the status and/or constitution of the Charity
- Seeing through changes to the management structure of the Barlow

We are confident that this board has made good progress on all fronts in the 10 months we have been in office, but there is much still to be done.

The Barlow is not yet secure.

We will ensure a smooth and professional handover so that the new board will be able to pick up the task successfully where we have left off:

5. Conclusion

Finally, I would like to thank everyone who has given the board their time and effort since 1st August and all the volunteers who have given the Barlow their unstinting work since August. These persons are too numerous to mention individually but may I point out the teams to you who make the Barlow work. Please give them a round of applause to show your appreciation. In alphabetical order!!

- Customer Services
- Events
- Facilities
- Finance
- Health and Safety and Maintenance
- Office
- Publicity and Marketing
- Reading Room Bar and Coffee shop
- Saturday Cafe

Thank you once again for your attention. It is the case that I and two of my fellow trustees will be standing down. We wish the new board well.

CHRISTINE WARING

CHAIR OF TRUSTEES

