

Proposed rule on finance

At the 2021 AGM it was agreed the officers would consider drafting a rule to clarify the authority of the officers to authorise expenditure, and bring it to the members for consideration at the 2022 AGM.

The current rules

Two sets of rules control the governance of the Branch:

- A generic set of ‘branch rules’ within the Guild rules.
- A set of Sonning Deanery Branch Rules that are supplementary to the above and provide additional information in areas not determined by the Guild rules.

The Guild ‘branch rules’ include a section on finance but it only covers the collection and payment of subscriptions, and the keeping of accounts:

The Branch Treasurer shall collect the subscriptions of the Branch members who are Resident Ringing Members and Associate Members and shall forward to the Honorary General Treasurer by the 31st March each year such proportion of the subscriptions as shall from time to time be decided by the General Committee, the remainder of the subscriptions being retained for the use of the Branch. The Branch Treasurer shall submit an audited statement of accounts to the end of each calendar year at each Annual General Meeting of the Branch and shall forward a copy of such statement to the Honorary General Treasurer by 30th April following.

Section 9 of the Branch rules – Branch Funds – only covers subdivision of funds and signatories on bank accounts:

The Treasurer shall separately account for any ‘funds’ (categories of income and expenditure) agreed in advance at a Branch AGM. There shall be at least three signatories to any Branch bank account. Any one signature shall be adequate for expenditure up to the amount agreed periodically by the Branch AGM, and any two signatures for any larger amount¹.

Neither the Branch nor Guild rules say anything about who may authorise expenditure, either the amount or the purpose for which it is required.

Section 8 of the Branch rules – Delegated powers – is also relevant:

Between meetings, the officers, in consultation with other officers as appropriate, shall have power to act on behalf of the Branch, providing that such actions are subsequently reported to the Branch at or before the next General Meeting or Business Meeting.

The term: ‘Acting on behalf of the Branch’ is not qualified and so implicitly covers any reasonable thing that the Branch may do, one of which is to spend money. However, this authority of the officers to make decisions about expenditure is only implicit, and it is not bounded in any way.

Types of Branch expenditure

Branch expenditure can be grouped into three broad categories:

- Recurring expenditure – This includes payment to the Guild of the relevant part of members’ subscriptions, printing newsletters, and administrative costs.
- Occasional running costs – This may include donations for the use of a tower, purchase of refreshments for an event, payment to a hall for a meeting, or a ‘thank you’ gift to someone for services rendered.
- Significant one-off expenditure – Examples have included grants to Branch towers for work on bell installations (unplanned repair, planned renovation or enhancement), grants to Branch towers for investment in training facilities (eg simulators), grants to young ringers (eg to attend a course), donations to major appeals outside the Branch (eg Downs Barn) and the cost of major events (eg hiring the Charmborough Ring).

The first two groups are largely predictable and it would be unreasonable for the officers not to be able to authorise them. In many cases the long term planning involved alongside expenditure in the third group means that members approval is sought in at least one and maybe more AGMs. So the only uncertainty relates to decisions about significant one-off expenditure between AGMs where time is a factor.

¹ The current signatories are Treasurer, Chairman and Secretary, and cheques for any amount need two signatures.
Sonning Deanery Branch ODG

Branch investment in ringing

The Branch can legitimately invest money and effort to support its objectives, which derive from the Guild's Objects. They include: ... *recruitment and training of new ringers*, ... *promotion of interest in the care of the bells* ... *promotion of the art of change ringing*.

Traditionally ringers have invested in bell installations and since the 1980s the Branch has raised funds and made grants to support bell work in Branch towers².

The past decade has seen recognition across the Exercise of the need to 'invest in ringers' as well as in bells. In 2012 the Guild responded to this by instituting a scheme of grants for training related purposes, and at the 2019 Business Meeting the Branch discussed the need to follow a similar path. Subsequent meetings and newsletter articles have discussed the potential benefits to bands of investment in training facilities.

Branch funds

Until 2006 money raised and grants for bell work in Branch towers went through the General Fund.

In 2005 the accounts showed a £2k 'loss', caused by two large grants towards restoration work falling in the same year. The discussion at the AGM led to a resolution that: *'the treasurer should keep track of funds separately for: the 'General' fund and the 'Restoration' fund but that all monies for both funds should be held in one bank account'*. Since then the annual statement of accounts has included a separate section headed 'Bell fund'. This is not a formally constituted 'reserve fund' within the rules and there is no definition of its permitted use but it is accepted that it would only be spent on bell work. A proposal at the 2019 AGM to transfer £1000 from the General Fund into the 'Bell Fund' was defeated because it would limit what it could be spent on.

When the Branch considered following the Guild by making grants to support training there was no suggestion of setting up a separate 'fund'. (The Guild already had a 'training fund' left over from when it ran a large annual residential course. That had accumulated a significant balance, which was repurposed to make grants.)

Decision making precedents

Case 1 – In summer 2018 one of Sandhurst bells was out of action and the ringers had a quotation for remedial action to get the bell back into use (as well as one for a more expensive proposal for longer term improvement of the whole installation). The Branch officers decided to approve a grant of £250 towards the immediate repair cost. This was reported to the subsequent AGM, along with details of the longer term proposal.

Case 2 – After the irrecoverable failure of old simulator equipment at Sonning the band decided to invest in replacement equipment and requested support from the Branch. This came shortly after the 2020 AGM. The details were clarified but in the process the request got lost until it was raised at the Business Meeting in November, by which time Sonning had bought the equipment using local funds, and repeated its request for Branch support towards the cost. The officers quickly agreed a suitable sum of £100 but not all officers agreed it could be paid without approval by the subsequent AGM, so the payment was delayed several more months.

In neither case do the rules give explicit guidance on what the officers should or should not have done, and – approving one grant and noting the other – went through the AGMs with no questions or comments raised.

Direct comparison between the cases is complicated by the fact there were several differences between them, which may have influenced the different actions:

- Case 1 was a larger grant (£250 v £100).
- Case 2 was a bigger fraction of the total cost (49% v 28%).
- Case 1 was for 'bell work' whereas case 2 was for 'support to training'.
- Case 1 decision was made before the work took place, though there is no way to know whether it enabled the work to be done more quickly.
- Case 2 decision was made after the work had been done.

These are all relevant factors to consider when making a decision about a grant but it is not clear that one case should have required prior AGM approval and the other should not.

² The Branch had decided not to support the ODG Bell Fund (which had been set up as a capital fund that could only spend its interest and not any of the money raised), but felt it should still raise funds for bell work in the Branch.

Restrictive rule precedent

In 1975 the Branch introduced its own set of rules (as well as those embedded in the Guild Rules). One of them was: "*Branch funds shall only be used for the normal running expenses of the Branch, or otherwise as directed by the members at a Branch General Meeting*".

If that rule had been in force in 2018 then it would have prevented the officers approving a grant to help get Sandhurst bells back in action, and waiting until after the following year's AGM would have caused many months delay. An EGM could have been called to approve a grant, but with no certainty that enough members would attend to form a quorum.

The new 1975 rules were drafted by a sub-committee, and had a couple amendments in meetings before they were adopted, but the rule about finance was not discussed at any of the meetings.

I've found no record of when that rule was removed, or the reason given at the time for removing it. When Rob Needham and I drafted the 2006 rules our remit was to include the minimum necessary to supplement the Guild's 'Branch Rules'. So we started with them, not with the previous Branch rules.

Discussion

Generality – The rules exist to ensure that the Branch will be properly run in pursuit of the Branch's (ie the Guild's) objectives. They need to be explicit about what must or must not be done but not over prescriptive. They should enable the officers to respond to the needs of the day without being over constrained in their actions. The rules should say enough to be clear and unambiguous but they should not say not too much.

As an example, the rule about delegated powers gives the officers freedom of action but with the safeguard of having to answer to the membership for their actions.

The question considered here is whether those delegated powers include the ability to authorise expenditure (over and above recurring items and minor running costs) and if so whether the rules should limit either the amount or purpose of such expenditure.

Purpose – Significant non-routine spending invariably relates to some form of investment, either by the Branch directly (eg as investment in PR by hiring the Charmborough Ring), or to support investment by a tower (eg repairing or improving bells or buying teaching equipment). These are all in line with the Branch's (ie the Guild's) objectives, the most relevant of which are: recruitment & training, care of bells and promotion of change ringing.

Do the rules need to specify what Branch funds may be spent on? Or is it implicit in the objectives? If it were considered necessary to specify then it would be better to use a general description (eg 'in support of the Guild's objects') rather than try to list all foreseen types of expenditure.

Delegation – Allowing the officers to authorise expenditure (to respond more rapidly between AGMs) would transfer some control from 'members' to 'officers', ie to a small group of members. How significant is that?

The rules specify 8 officers, and the Branch currently elects a total of 13 posts, currently held by 11 people (allowing for dual role holders). A decision by the officers as a group is therefore a long way from a decision by one or two individuals. Although in principle all members can attend and vote at an AGM, in practice only a small minority do. Average AGM attendance in 2016 to 2019 was 22 (13%). So a majority decision by the officers requires half as many in favour as a majority vote at an average AGM, and a unanimous decision by the officers would be a similar number in favour to a simple majority at an AGM.

Time scale – Obtaining the authority of an AGM is only a problem if the expenditure is urgent, so that should be a caveat on any delegation. But urgency is not clear cut, it entails a judgement of how much harm (or lack of benefit) would come from delay. That judgement would have to be made by the officers, and would be part of the rationale that they present to the next AGM to justify their action.

If officer unanimity is required then a single dissenting officer could block urgent expenditure, in which case the officers could call an EGM (Extraordinary General Meeting) which has the same powers as an AGM.

However, provision for an EGM somehow got omitted when the current rules were drawn up in 2006. That omission should be made good, and to bring the Branch in line with the Guild (and standard practice) members should also have the right to request an EGM.

The Guild require 25 members to trigger an EGM. That is more than the quorum of 20 at a Branch AGM. The Guild quorum is 50, so the number required to trigger an EGM is half the quorum. The Branch quorum is 20 so for a similar proportion it would require 10 to trigger an EGM.

General Meeting (AGM/EGM) or Business Meeting – The current rule on delegated powers requires the officers to report (and justify) their actions either to the next AGM or to the next Business Meeting (whichever comes first). Should a Business Meeting have the same power to authorise expenditure as a General Meeting?

That might seem in line with the delegation rule requiring actions to be reported to either a Business Meeting or an AGM. But far fewer people are entitled to attend a Business Meeting (one representative per tower plus the officers), and the quorum is only 10, so a majority vote at a meeting that was ‘just quorate’ would only need 6 people in favour (fewer if any abstained). That seems too few to make a decision that would otherwise be the prerogative of a General Meeting. The role of the Business Meeting is to prepare the ground for the AGM and to make recommendations, not to take over the function of an AGM.

Reference to the Business Meeting in the current rule requiring officers to report their actions satisfies the requirement for transparency, but it does not seem appropriate to extend the role of a Business Meeting to authorising expenditure that the officers were not already authorised to make.

Other forms of consultation – With email communication it would be possible to canvass the opinions of tower representatives and hold a vote by email. That would avoid the need to hold an extra physical meeting, but as noted above it would be undesirable for such a relatively small number to make an ‘AGM level’ decision.

Monetary limit – It is common to specify a maximum amount per transaction when giving someone the authority to spend money, but that is intended for the typical situation of quite a few payments, most of which are of relatively small amounts. The situation being discussed here relates to infrequent costs that may well be significant so it would be difficult to set a sensible absolute limit.

There could be a case for setting a limit relative to the Branch’s net assets, ie the amount held in the relevant fund(s) minus any amount already committed. That would give a measure of ‘affordability’, ie the extent to which future spending on other things might be constrained. The average balance in the last three pre-Covid years was ~£5.1k³. Of that, around £2k was in the Bell Fund and £3.1k was in the General Fund (which can be spent on anything). Seen from that perspective, the Sandhurst repair grant was 5% of the Branch’s assets (and somewhat under 20% of a year’s income) and the Sonning grant (not for ‘bell work’) was just over 3% of the General Fund.

Signatures – Two signatures are needed for payment ‘over an amount that is periodically set by an AGM’. The amount has been zero since 2006 when the rule was introduced, ie all cheques require dual signature, which protects the Treasurer against any misunderstanding of payments.

Conclusions

- 1 The purposes on which Branch funds may be spent do not need further statement in the rules since they are implicitly on anything that supports the Branch’s objectives.
- 2 There is merit in the officers being able to approve expenditure between AGMs if time is considered relevant, in which case it should be made clear in the rule on delegated powers.
- 3 There is a case for requiring such decisions to be unanimous, which would require a similar number of members in favour to what is provided by a simple majority at an AGM that was just quorate⁴.
- 4 There is a case for placing a limit on the amount of any such expenditure. A figure of 10% of Branch assets seems fairly cautious in terms of affordability, which currently would mean around £500 (twice the grant to Sandhurst).
- 5 There is no reason to change the current requirement for all cheques to have two signatures.

Recommendations

This report has been considered by the officers and updated in response to their comments. Changes between v3 & v4 are the additional paragraphs marked with a side bar.

The report should now be discussed at the November Business Meeting with a view to bringing a suitable motion to the AGM for approval.

If the conclusions above are accepted then the following two motions could go forward to the AGM:

³ About three year’s income. Average income was ~£1.4k and expenditure ~£1k.

⁴ The quorum is 20.

- a) That the rule on Delegated Powers be amended to read as follows (new wording in italics):
'Between meetings, the officers, in consultation with other officers as appropriate, shall have power to act on behalf of the Branch, providing that such actions are subsequently reported *and justified* to the Branch at or before the next General Meeting or Business Meeting. *This may include the authorisation of urgent expenditure providing all officers agree and provided that it does not exceed an amount agreed periodically by a Branch General Meeting,*
- b) That any expenditure approved by the officers without prior approval of a General Meeting shall not exceed 10% of the Branch's assets *relevant to the expenditure being considered*. (This would be recorded alongside the rules in the list of '*Items that don't require a rule change, agreed by AGM and recorded*'.)

In any case, the omission of provision for EGMs should be made good by amending Rule 5 as follows:

- c) ~~Annual~~ General Meetings:
~~The~~An Annual General Meeting shall be held in the first quarter of the year. Not less than fourteen days' notice in writing of the date, time and place, and the business to be transacted at the meeting shall be given by the Branch Secretary to the Guild General Officers, to Branch officers and to each Branch tower's nominated correspondent.
An Extraordinary Meeting shall be convened, if requested (in writing or by e-mail) by at least 10 voting members, within 28 days of such request. In case of urgency the meeting may be called at the discretion of the Chairman or Secretary. An EGM shall in all other respects be the same as an AGM, requiring the same notice and having the same powers.

Changes

The only change between this version (v5) and the version considered by the Business Meeting in November is the addition of: '*relevant to the expenditure being considered*' in recommendation 2. The significance is that if only part of the Branch's funds could be spent on the item being considered then the percentage would apply to that and not the total assets including other funds that could not be so spent. The discussion on 'monetary limits' above gives an example.