

Malvern Hills Trust

Finance Administration and Resources Committee

Manor House, Grange Road, Malvern WR14 3EY

Thursday 10 May 2018 7.00pm

Present: Mr M Cordey, Mr M Davies (Chair), Mrs L Hodgson, Mr C Penn, Prof J Raine, Ms S Rouse, Mr P Watson.

In attendance: Chief Executive Officer (CEO), Finance and Administration Manager, Financial Assistant, Dr S Braim, Ian Burrows (Brewin Dolphin) who left after item 5.

The Chair welcomed everyone to the meeting.

1. Apologies for Absence

Secretary to the Board, Mr S Freeman, Mr D Street, Mr D Bryer, Mr R Bartholomew.

2. Chair's Communications

- i. The Charity Commission Scheme workshops for Board members had started. He felt the first workshop had been a positive experience and reminded the committee of the dates of the remaining sessions.
- ii. Bishop Fleming, MHT's new auditors, had visited the office on 9th May 2018 to familiarize themselves with the systems. The Finance & Administration Manager was pleased with their approach.

3. Declarations of interest

Ms Rouse declared an interest in the HLS Scheme.

4. Matters arising from the previous meeting 8 February 2018

Additional expenditure for tree work (necessitated by the bad weather) had been authorize at the last committee meeting but the CEO confirmed that expenditure was £495 higher than estimated, at £5,865. It had been suggested that future budgets should include a contingency to cover costs arising from bad weather or other unforeseen events.

Mr Davies asked about the public response to the recent increases to the parking meter and permit costs. The Finance & Administration Manager confirmed that overall there had been positive feedback from members of the public visiting the office with only a few negative comments. The Wardens has reported the usual level of grumbles about increased car park ticket prices but nothing exceptional.

5. Investment review and updates to policies

Mr Burrows provided the meeting with an update on MHT's Investments. He went through his written report and confirmed that the economic position outside the UK was still positive and interest rates remained low, so there had been no significant changes to the portfolio. However, Brewin Dolphin believed that the current market cycle would come to an end at some point in the next few years and at that stage it was planned to take some risk out of the portfolio. UK

economic growth forecasts had been downgraded by the Bank of England, but business confidence remained strong.

Mr Burrows provided updated performance figures to 30th April 2018.

Performance of the Land Acquisition Fund from 31.12.2017 to 30.04.2018 was a positive return of 0.38 % compared with the benchmark, which was down by 0.98 % and the peer group (ARC Steady Growth) which was down by just over 1 % . The Parliamentary & Lands Maintenance Fund was down by 1 % which was in line with both of the comparators.

Mr Burrows answered questions on the investments. MHT had not specified an ethical investment policy but Mr Burrows confirmed that it was his role to ensure the charity would not be embarrassed by any investment decisions and that the money would be invested funds which were appropriate for this charity. Mr Braim asked if Mr Burrows would be able to provide a benchmark against bank deposit accounts. Mr Burrows confirmed that he would do this.

Mr Davies raised a query about the Lands Acquisition Fund's performance against land values. Mr Burrows explained that there were no easily realizable investments available in agricultural land. He was also not aware that any benchmark was available. The CEO commented that some of the larger estate agents specializing in the agricultural sector produced price guides on a regional basis.

Mr Davies thanked Mr Burrows for attending.

MHT investment policy review

The Finance & Administration Manager confirmed that Mr Burrows had advised that the Trust's investment policies should be reviewed each year. The following changes had been recommended:

- i. To update the sums under investment
- ii. To add a restriction on the amount which could be invested in a single collective fund of 10 % of the portfolio value
- iii. To update the proportions of investment types included in Brewin Dolphin risk category 6

She had provided copies of the revised policies with the papers for the meeting.

On the proposal of Mr Davies, seconded by Ms Rouse, it was **RESOLVED** unanimously to agree the revised policy documents and to recommend their adoption by the Board.

6. Reserves policy

The Finance & Administration Manager reported that the Working Party had met in March and the draft policy which they had agreed was set out in paper B. The Working Group highlighted the need to look at the cash flow position in the quarterly management reports and to review the quality of income streams. Prof Raine commented that the draft policy seemed more descriptive than prescriptive.

The Finance & Administration Manager suggested 2 changes:

- i. Paragraph 4 to begin “MHT’s Trustees’ **policy is** to aim to maintain ...[as drafted] – to address Prof Raine’s point,
- ii. Paragraph 2 - add in “**and cash balances**” after ‘level of reserves’.

On the proposal of Prof Raine, seconded by Mrs Hodgson, it was **RESOLVED** unanimously:

- i. to recommend to the Board that it adopt the reserves policy, subject to the changes above
- ii. That reserves be measured against the level stated in the policy and reported each quarter
- iii. That the policy be reviewed annually and
- iv. That the “low point” for reserves and cash be identified for each financial year when the budget is being set

7. Red flag items off the risk schedule

The CEO provided a verbal update.

- i. The Pension deficit had now been removed from the red zone
- ii. Countryside Stewardship funding had been secured for the Northern & Central Hills so this item had been removed from the red zone
- iii. Uncertainty in relation to medium/long term grants as a result of Brexit meant that this remained in the red zone
- iv. Concern had grown in relation to arrears of payments from the RPA which could result in this be moved in to the red zone. The RPA had written to confirm all payments would be made between June and December 2018 and that the amount due was not in dispute.

8. Wording of trustees’ report for the year ending 31st March 2018

The following changes were agreed to the wording of the draft Trustees report for the year ended 31st March 2018, attached to paper C:

- i. It was noted (Page 15) that Jenny Palmer needed to be included with the leavers as she left on 21st April 2017
- ii. It should clearly state at the beginning of the report that the Malvern Hills Trust (MHT) was the working name of Malvern Hills Conservators. It was suggested that the ‘adoption of new name’ section should be moved to the top of the page and the words “this name is registered with the Charity Commission” should be added
- iii. Page 17 - change spelling to compliant from complaint
- iv. Page 21 - add Thirds Wood to significant financial impacts
- v. Page 22 - add in the newly agreed limit on collective funds

On the proposal of Prof Raine, seconded by Mr Penn, it was **RESOLVED** unanimously to agree the wording of the Trustees’ Report (as amended above) to be presented to the Auditors.

9. Management accounts for the year ended 31st March 2018

The Finance & Administration Manager presented her report together with the draft management accounts. She anticipated that there would be some changes as a result of late invoices which related to the year ending 31 March 2018. The Finance & Administration Manager answered questions on the management accounts.

She suggested adding a further recommendation to the paper, namely the creation of a designated fund to cover the Charity Commission Scheme public consultation costs of £20,000 which were approved at the Special Board Meeting on 3rd May 2018.

On the proposal of Mr Cordey seconded by Ms Rouse, it was **RESOLVED** unanimously to recommend to the Board:

1. That the 2017/18 investment income earned on the Parliamentary Fund (£19,612) and Lands Maintenance Fund (£5,154) be retained in those funds rather than being transferred to the General Fund, given the satisfactory level of reserves in the General Fund
2. That a designated fund of £10,000 be set up at 31st March 2018 for fund-raising support costs to be incurred in 2018/19
3. That a designated fund be set up of £4,000 to cover the costs of the Mountain Bike Campaign
4. That a designated fund of £20,000 be set up to cover the Charity Commission scheme public consultation costs

10. General Data Protection Regulations (GDPR)

The Finance & Administration Manager provided the meeting with an update and confirmed that good progress had been made in advance of the new law coming in to force. The Board needed to approve 2 draft privacy policies (for volunteers and members of the public), which were contained in the papers for the meeting. The CEO pointed out that there might be issues in relation to GDPR with Board members receiving personal data into their private email account. It was agreed that there should be a Board briefing on GDPR.

On the proposal of Prof Raine, seconded by Mr Cordey, it was **RESOLVED** unanimously to recommend to the Board that it adopts the two privacy policies.

11. Reports for information

11.1 Review of major projects

The CEO went through his report.

- i. The Mountain Bike Campaign was ongoing. The Walking and Cycling on the Malvern Hills leaflet was being distributed and way marking was in progress

- ii. Bridleway repairs Link Common – Mrs Hodgson suggested contacting the local County Councillor to see if part of his fund for highways related matters could be used
- iii. Manor House Works – The architect had been commissioned and a quantity surveyor would be asked to cost the proposals.
- iv. St Ann’s Well – Some work had been held over to 2018/9. In addition it had become apparent that (in order to comply with food hygiene regulations) another sink was required, and the level of the sinks in the café needed to be raised
- v. Donkey Shed – This had been cleared by the field staff and the proposal was to renovate it, as it was the last remaining donkey shed on the Hills. Matthew Gullick has been asked to do an initial assessment and the CEO was hopeful that grant funding would be found for project
- vi. Redecoration of Wyche Cutting Shelter. A quote of £3,900 had been received. There was a small sum (about £360) left over in a restricted fund which could be used towards the project but it looked as if the work would be about £500 over budget
- vii. Resurfacing Gardiners Quarry lower car park – Work was required to the ramp only, which the CEO estimated would cost around £1,200
- viii. The CEO proposed that the replacement of the field staff’s pickup be delayed to 2019/20 as it was still in good order
- ix. The chipper that was due to be replaced in 2019/20 needed to be replaced this year
- x. IT System Upgrade – The server was due to be replaced in June/July 2018
- xi. Visitor Survey - The CEO confirmed that he would be meeting with the AONB and MHDC consider collaborating on this

11.2 St Ann’s Well refurbishment

This had already been covered.

11.3 Fund raising

Mr Davies confirmed that the working group met on 24th April 2018 and paper G identified four tasks that were underway. £60,000 was required to meet this year’s budget, and £100,000 in the following year. There was a match funding requirement for HLF grants and there was recognition that outside assistance would need to be bought in to raise these sorts of sums. Mr Davies confirmed that the working group would welcome other participants.

11.4 CEO’s exercise of delegated powers

There had been no expenditure under the CEO’s delegated powers since the last meeting other than that mentioned in minute 4 in relation to additional emergency tree works.

11.5 IT system and support

The CEO confirmed that OGL had taken over from Foresee as the Trust’s IT providers. A re-boot of the server had resulted in loss of email facilities over the weekend but this had been resolved. The Finance & Administration Manager commented that OGL had provided regular updates whilst they were dealing with

the problem, which was a big improvement on past experience. The CEO confirmed that the next step would be to migrate the emails to Office 365.

11.6 Legacy

The CEO reported that an interim payment of £29,056 had been received, being part of a legacy from the estate of Mr Michael Izzard of Suffolk. Mr Izzard had left Malvern Hills Trust a 7.5 % share of his residuary estate. His property had yet to be sold, so a further payment was expected in due course. The money would go into the unrestricted gift fund. The CEO had spoken to Mr Izzard's sister who had said that Mr Izzard's interests were walking on the Hills and birds. It might be helpful to allocate some or all of the legacy to a project and the CEO intended to come back to the committee with some suggestions.

11.7 Property

A Senior Valuation Surveyor had prepared a reinstatement valuation of MHT's properties for insurance purposes. The last valuation was carried out three years ago.

Manor House	£453,224
St Ann's Well café and WCs	£506,750
Donkey Shed	£13,500
Earnslaw Garage	£13,000
Wells Road Shed	£62,500
Upper Wyche shed 1	£345,000
Upper Wyche shed 2	£58,000
Bakehouse Barn (Castlemorton)	£36,000
Colwall Shed	£85,000
The Hacketts	£40,500
British Camp WCs	£115,250

12. Urgent business

There was no urgent business

13. Date and time of next meeting

9th August 2018 7pm

14. Confidential item

On the proposal of Ms Rouse, seconded by Mrs Hodgson, it was **RESOLVED** unanimously to exclude the public for discussion of item 15 on the agenda on the grounds that publicity would be prejudicial to the public interest by reason of the exempt or confidential nature of the business to be transacted (commercially sensitive matter).

The meeting closed at 9.15 pm