

Malvern Hills Trust

Finance Administration and Resources Committee

Manor House, Grange Road, Malvern WR14 3EY

Thursday 9 August 2018 7.00pm

Present: Mr D. Bryer, Mr M Cordey, Mr M Davies (Chair), Mr S Freeman (non-voting), Mr C Penn, Prof J Raine, Ms S Rouse, Mr D Street, Mr P Watson.

In attendance: Chief Executive Officer (CEO), Finance and Administration Manager, Secretary to the Board, Financial Assistant, Mr S Mooney (Bishop Fleming), Dr S Braim, 5 members of the public.

The Chair welcomed everyone to the meeting.

1. Apologies for Absence

Mrs L Hodgson, Mr R Bartholomew, Prof J Raine.

2. Chair's Communications

- i. Brian Wilcock collection – MHT had received donations totalling £509 from a collection at Mr Wilcock's funeral, which he had directed should be given to the Trust. His widow had indicated that she would like the money to be used to improve access. MHT would be writing to express thanks to the family and advising them how the money had been used. Such gifts were much appreciated.
- ii. Chance Lane easement update – The CEO confirmed he had attended a public meeting last night. The details of the application were not finalised and the application would be considered no earlier than 13 September.
- iii. Stroll 23 August - meet 6.30pm British Camp Car Park

3. Declarations of interest

Ms Rouse declared an interest in the HLS Scheme and the tender process for the Northern and Central Hills grazing contracts.

4. Matters arising from the previous meeting 10 May 2018

Following the adoption of the amendments to the reserves policy, this was the first meeting at which a report would be presented on the reserves.

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

The Finance & Administration Manager presented her report which outlined the adjustments to the draft management accounts since the last meeting in May. She had also set out the reserves figures for the year end, which were lower than the £250,000 target.

6. To approve Trustees' Annual Report and Accounts for year ending 31 March 2018 & authorise signature of Letter of Representation

Mr Davies introduced Shaun Mooney from Bishop Fleming. The Finance and Administration Manager went through the paper. She confirmed that the accounts would be subject to post balance sheet review.

Mr Mooney reported that the Auditors intended to sign a clean audit report. He then explained the audit process and said that Bishop Fleming had gone into extra detail as this was their first year as auditors. He also explained the purpose of the Letter of Representation. He thanked Cheryl and her team for making the audit a very straightforward process. Mr Davies also thanked everyone involved in the audit.

Mr Watson pointed out a typing error on page 39.

On the proposal of Mr Cordey, seconded by Mr Street, it was **RESOLVED** unanimously to approve the draft Trustees' Annual Report and Accounts and recommend to the Board that it be adopted at the Annual Council Tax Payers' meeting on 8th November 2018, subject to any post-balance sheet events arising before the date of signing, and that the Chair of the Board sign the Letter of representation to the auditors.

7. To review the Schedule of Risk

The CEO went through the draft schedule and highlighted the changes.

2.5- GDPR. The level of risk had been reduced following the review carried out in Spring 2018.

3.4 and 5.3 – Impact of Government policy/ grant funding. The level of immediate risk had reduced as funding had been secured through the Countryside Stewardship Scheme in relation to the Central and Northern Hills grazing. The Government had said it would continue grant funding until 2020, but the position in the medium to long term needed to be monitored.

4.9 – Tree disease. The CEO had not altered the risk level but it was apparent that ash dieback was spreading and the amount being put into reserves to deal with the results of this should be increased. The CEO estimated there might be 10,000 ash trees on MHT land and whilst many were in remote locations, some were alongside roads and paths. He confirmed that the designated fund was for management of tree disease, not just ash dieback.

4.11 – Contingency plan. A business contingency plan was required and there was no space at Manor House for additional fireproof cabinets which were required.

5.11 – Investment return. The risk had been slightly increased.

5.12 – Pension Commitments. This risk had reduced as a result of the review. The Finance and Administration Manager confirmed that MHT's fund was separate from the County Council fund.

The Risk Schedule would be reviewed in full by the Governance Committee in October.

8. Amendments to the Accounting manual

The Finance and Administration Manager had carried out an annual review of the Accounting Policies and Procedures Manual. There were 2 changes recommended

by the auditors and various minor changes to reflect changes which had been agreed during the last 12 months.

On the proposal of Mr Cordey, seconded by Mr Penn it was **RESOLVED** unanimously to recommend to the Board that the Accounting Policies and Procedures Manual be amended as follows:

- i. To set a £25 limit of the value of petty cash transactions and
- ii. To require the Chair of FAR to sign off credit card statements.

Together with other minor amendments to reflect matters already approved as set out below.

Page	Item	Update
7	Car park takings	Increase annual amount to current levels
7	Passes	Add in Colwall Library as seller of passes
9	Bank accounts	Delete reference to Scottish Widows Bank and add in new Charity Bank account
12	Credit cards	Update for auditor's recommendation and increased credit limit
14	Petty cash	Update for auditor's recommendation (£25 limit)
16	Employee expenses	Add in expenses for staff attending evening meetings
17	Financial reports	Update distribution details

9. Reports for information

9.1 Sage accounting software

The Finance and Administration Manager reported that there had been a problem running the year end on the Sage accounting software but since the new server had been installed, the problem had been resolved.

She was also planning to review the structure of the accounts and investigate some extra functionality which Sage now offered for charities. This would incur a small additional cost (about £150).

9.2 Management accounts to 30th June 2018

The Finance and Administration Manager confirmed there was nothing unexpected to report in the first 3 months of the year. The reserves were £11,000 over the target level.

9.3 Review of major projects (Including Land Management)

The CEO went through the report.

The securing the future of grazing project would be delayed until the Charity Commission Scheme was completed. The Conservation Manager and the CEO were due to interview another consultant who might help put together the first stage application for the Lottery Funding.

Repairs to British Camp had been delayed partly because of finding a suitable contractor to undertake the works. The work to the Shire Ditch would be carried out once the work at British Camp was completed.

The tendering process for grazing licenses for the Central and Northern Hills was underway.

Outstanding works to St Ann's Well. Two items had deliberately been carried forward into 2018/9 – a new floor to the well sump room and replacement of a door and wall to an external store. Quotes had been received totaling £3,750. The

work could be carried out within the budget allocated for the refurbishment work completed earlier in the year. The CEO thought that the structure could deteriorate if the work was left and the tenant had been asked not to go into the sump room for safety reasons. The Committee agreed it would be better to proceed.

On the proposal of Mr Cordey, seconded by Ms Rouse it was **RESOLVED** unanimously to authorize the CEO to go ahead with the works, to be funded from the balance of the budget agreed by the Board in January 2017.

The CEO reported that the bowl and pedestal in the Well Room were due to be refurbished, but he was waiting for the stonemason to attend.

Top Shed pit. The plan was to fill in the pit, but it had become clear that the rear wall would have to be strengthened. The work was estimated to cost over £10,000. It was not a priority job but would create more workable space in the building. The contract would have to be put out to tender. It could be funded from Parliamentary Fund. The CEO suggested deferring the work to next year and including it in the budget.

Donkey Shed. Two possible grant schemes had been identified but it transpired that the conditions meant that they could not be accessed for the refurbishment of the Donkey Shed. The Architect had quoted for preparing drawings (£1,375) and applying for planning permission. The Committee confirmed that they were happy for the CEO to proceed under his delegated authority.

Wyche Cutting Shelter. The CEO had identified that some structural work was needed before it was repainted. The total cost would be around £7,500. The Shelter was not in a dangerous condition but there was a risk of a deterioration in condition as a result of missing slates. The CEO would like the work to be carried out before the winter if possible. The building was listed, so work could only be carried out without making a planning application if it was done on a like-for-like basis. Ms Rouse asked if the fundraising group might be able to find funding for the work? The Finance and Administration Manager was asked if the work could be funded from the gift fund. On the proposal of Mr Davies, seconded by Mr Cordey it was **RESOLVED** unanimously to carry out the work under the Committee's delegated authority.

Ramp to Gardner's Quarry Car Park. The quote received was higher than the estimate of £1,500. The CEO was waiting to meet with the contractor to discuss the extent of the work required.

Rebranding. The CEO had a summary from the Community and Conservation Officer of all the signs which had been replaced, and he would circulate it after the meeting.

9.4 Fund raising

Mr Davies reported that the working party met on 11th June. The CEO and Mr Penn had drawn up a list of candidate grant giving organizations, and the Conservation Manager had drawn up a list of candidate projects. The next meeting would be later in August. The Community and Conservation Officer was producing a bulletin promoting projects with which the public could become involved by way of "Memorial" giving, which should be published in the autumn.

The Legacy leaflet had been revised and reprinted, and was being distributed. Plans for corporate sponsorship were on hold at present. The CEO and Community and Conservation Officer were working on a large scale fundraising project for next year which might be an opportunity for corporate sponsorship.

An outline had been prepared for a s106 funding request, relating to access at Townsend Way. It would be lodged with MHDC next week for feedback. The project as envisaged would require £6,000 of MHT resources (mostly in kind) but also £7,000 of third party donations. One of the issues was MHT's capacity to undertake the work of securing the donations.

The group was also studying the way in which membership organisations operated.

9.5 Exercise of delegated powers

The Finance and Administration Manager reported that authority was requested from the Committee to cover project management and installation costs for the new IT system. The Committee's limit in the financial year was £20,000. If the Committee agreed this, it would bring the committee's authorized expenditure for the year to £12,825. The CEO said that the cost of the equipment was under budget and the project management and installation costs could be in part apportioned to the relevant items. However, it seemed preferable to keep the costs separate. On the proposal of Mr Davies, seconded by Mr Street it was **RESOLVED** unanimously to authorize project management and installation costs for the new server of £5,325 under the Committee's delegated powers.

9.6 IT system and support

See above.

9.7 Legacy

The CEO reported that he had been told by the solicitors acting for the estate of Mr Izzard that an offer had been received on the house which formed part of residue. MHT were due to receive a 7.5 % share. The CEO suggested it would be desirable to allocate any funds received to identified projects which would publicly acknowledge the very generous gift. The Wyche Cutting Shelter, Donkey Shed or one of the interpretation boards would be candidates.

9.8 Property – Manor House refurbishment

An architect had been commissioned to come up with suggestions to make better use of Manor House, but following a Quantity Surveyor's report on the cost of the proposals, it was clear that it was not sensible to go ahead with all of the work which she had suggested. The estimated cost amounted to 50 % of the valuation of Manor House. The Finance and Administration Manager and CEO would meet with the architect again to decide what elements of the proposals could be sensibly progressed.

Ms Rouse left the meeting.

9.9 Tender process for grazing contracts Northern & Central Hills

The current contracts would end at the end of November 2018. Tenders had been invited for new contracts. The deadline for tenders to be submitted was early September and the CEO would be making a decision by the end of September. The applicants had to submit a proposal and a business plan. The key issues were

whether the applicants had the knowledge, the skills and a viable plan. The decision would be based on the grazier's capability.

Ms Rouse returned to the meeting.

9.10 HLS scheme – penalty notice

A penalty notice had been issued in relation to the HLS payments. The Conservation Manager had since received an e-mail saying that the penalty had been reduced and an underpayment had also been identified, so the Rural Payments Agency now owed MHT £498. The Finance and Administration Manager had gone back to RPA with more questions but hopefully the matter was being resolved.

10. Urgent business (shown as agenda item 11)

There was no urgent business

11. Date and time of next meeting (Shown as agenda item 12)

13 December 2018 7pm

12. Confidential item (Shown as agenda item 13)

On the proposal of Mr Davies, seconded by Mr Cordey, it was **RESOLVED** unanimously to exclude the public for discussion of item 14 and 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 (confidential report and commercially sensitive matters).

CONFIDENTIAL

Minute released

13. Auditors' Key Issues Discussion Document (shown as agenda item 14)

Mr Mooney went through the report. He confirmed that it was for the use of the Board only and that a clean audit report was expected.

Two minor issues had been identified - setting a limit on petty cash transactions, and Trustee review of credit card expenditure, both of which had been addressed at this meeting.

There was also a suggestion that the organisation phase out use of cheques, but Mr Mooney agreed that this was not practical for an organisation such as MHT. Online payments were used wherever possible.

The final pages summarised current topics in the charity sector and was a standard document. He highlighted the risk of cyber-attack. This included data loss, financial loss and also compromise of data protection.

Mr Davies thanked Mr Mooney for attending and helping to make the audit a good experience.

14. Register of contracts

The Finance and Administration Manager had circulated a list of standing contracts.

The meeting closed at 9.15 pm