Malvern Hills Trust

Finance Administration and Resources Committee

Thursday 8 August 2019 7.00 pm

In attendance: Shaun Mooney, Bishop Fleming

Venue:
Manor House,
Grange Road,
Malvern,
WR14 3EY

Meeting of the Finance, Administration and Resources Committee
Manor House, Grange Road, Malvern
Thursday 8th August 2019 at 7:00 pm

Members: Mr R Bartholomew, Mr D Bryer, Mr M Cordey, Mr M Davies, Mrs L Hodgson, Mr C Penn, Prof J Raine, Ms S Rouse, Mr D Street, Mr P Watson

Shaun Mooney .Bishop Fleming in attendance for items 7 & 8

Agenda

1. Apologies for Absence
2. Chair's Communications
   Stroll Meet outside Classic Interiors, Worcester Road 7pm 22 August 2019
3. Declarations of Interest
4. Matters arising from previous meeting 9th May 2019 not otherwise on agenda
   - Parking meters
   - Tractor
   - British Camp loos
5. Final management accounts for the year ended 31 March 2019 — Paper A
6. LGPS – McCloud/Sargeant ruling — Paper B
7. To approve Trustees' Annual Report and Accounts for year ending 31 March 2019 & authorise signature of Letter of Representation — Paper C
8. Auditors' Key Issues discussion document (Confidential report) — Paper I
9. Update on Schedule of Risk items — Verbal update
10. Amendments to the Accounting manual — Paper D
11. Business Plan review — Paper E
12. Reports for information

12.1	Management accounts to 30th June 2019	Paper F
12.2	Review of major projects (Including Land Management)	Paper G
12.3	Fund raising	Verbal Update
12.4	Charity Commission Scheme costs	Paper H
12.5	Exercise of delegated expenditure powers	Verbal update
12.6	Legacy	Verbal update
12.7	Property – Manor House refurbishment	Verbal update
12.8	Investments	Verbal update

13. Urgent business
14. Date and time of next meeting Tuesday 10th December 2019 7pm

15. Confidential item:
    Resolution to exclude the public for discussion of items 16, 17 and 18 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).

16. Register of contracts	Paper J
17. Stewardship Scheme transitional arrangements	Paper K
18. Secretary to the Board's hours	Paper L

Paper A
For information

Finance, Administration & Resources Committee
Final management accounts for the year ended 31st March 2019
8th August 2019

The draft management accounts to 31st March 2019 were brought to the meeting on 9th May 2019. The accounts have now been finalised and are attached for information. A summary of the amendments made is given in the table below:

Malvern Hills Trust Reconciliation of draft management accounts to final 31st March 2019	General Fund	Designated funds	Pension FRS 102	PE	COD	Restricted	Total
	£	£		£		£	£
Draft 1 reserves at 31st March 2019	317,067	495,429	(1,815,000)	1,367,967	1,500,461	222,444	2,088,368
Adjustments:							
Late accrual - Wall repair	(4,800)						(4,800)
Late accrual - electricity	(737)						(737)
Late accrual - Invt Mgrs fees				-2124		-313	(2,437)
Late accrual - photocopier	(466)						(466)
Accrued income - capital grant		1,496					1,496
Expenditure on Donkey Shed & Manor House capitlised					2,789		2,789
Transfer PE to restricted funds				(1,365,843)	(1,503,250)	2,869,093	0
mcCloud adjustment			(19,000)				(19,000)
Per final draft	311,064	496,925	(1,834,000)	0	0	3,091,224	2,065,213
Unrestricted funds	(1,026,011)						
Permanent Endowment					0		
Restricted funds						3,091,224	

The transfer of the Permanent Endowment to Restricted funds has been made following advice on the charity structure from the Charity Commission and the Board decision taken at the meeting on 13th June 2019.

Reserves level at 31st March 2019

The unrestricted reserves level at 31st March 2018 stood at £420,887, being:

		£	
Unrestricted funds as shown in the accounts		(1,026,011)	
Less designated funds		(496,925)	
Add back FRS 102 pension reserve		1,834,000	
Less net book value of General Fund fixed assets		(90,987)	
General fund reserves level at 31st March 2019		220,077	
Free' designated funds:			
Gifts	184,810		
Tree disease	6,000		
Fundraising	10,000		
		200,810	
Total free reserves		420,887	

General Fund cash balances at the yearend were £137,000. The MHDC levy payment of £113,000, which was due in March 2019 was not received until April 2019

Cheryl Gentry
Finance & Administration Manager

24th June 2019

Malvern Hills Trust
General Fund management accounts for the 12 months ending 31st March 2019

	Notes	Actual £	Budget £	Variance £
Income				
Levy		499,250	499,250	0
Grants	1	10,100	20,100	(10,000)
Parking fees		269,281	251,000	18,281
Other income	2	71,242	61,580	9,662
Bank interest		2,665	2,000	665
Total income		852,538	833,930	18,608
Expenditure				
Land management	3	75,608	80,620	5,012
Wardens	4	7,658	9,265	1,607
PR & Interpretation	5	10,939	20,050	9,111
Administration	6	126,325	131,800	5,475
Salaries	7	558,969	562,000	3,031
Car park expenses		11,906	13,600	1,694
Depreciation		43,766	47,000	3,234
Total expenditure		835,171	864,335	29,164
Surplus/(deficit) for the period before transfers		**17,367**	**(30,405)**	**47,772**
Transfer from Stewardship Designated Funds		17,891	20,000	(2,109)
Transfer from Parliamentary Fund		14,000	14,000	0
Transfer from Lands maintenance fund		3,000	3,000	0
Transfer from GDPR designated fund		5,000	0	5,000
Transfer from Development designated fund		1,091	0	1,091
Transfer to Election expenses designated fund		(5,000)	(5,000)	0
Transfer to CC scheme designated fund		(45,000)	0	(45,000)
Transfer to Dog campaign & signs designated fund		(4,330)	0	(4,330)
Transfer to tree disease designated fund		(3,000)	(3,000)	0
Surplus/(deficit) for the period after transfers		**1,019**	**(1,405)**	**2,424**
Unrestricted reserves brought forward		310,045	310,045	0
Unrestricted reserves carried forward		311,064	308,640	2,424

Malvern Hills Trust
Notes to the General Fund management accounts
for the 12 months ending 31st March 2019

	Actual	Budget	Variance
1 Grants received	£	£	£
Worcestershire County Council contribution	10,100	10,100	0
New grants	0	10,000	(10,000)
Total grants	10,100	20,100	(10,000)
2 Other income			
Donations & sundry sales	10,265	14,500	(4,235)
Rents	16,323	16,700	(377)
Ice cream concessions	2,200	2,000	200
Wayleaves	5,057	5,000	57
Compensation for work on Trust's land	5,233	1,000	4,233
Fairground rentals	300	1,000	(700)
Admin charges levied	1,117	550	567
Fishing Permits	78	0	78
Sundry income	746	2,000	(1,254)
Contribution to Visitor survey	2,650	0	2,650
AONB contribution	5,873	5,830	43
Employment Allowance	3,000	3,000	0
Profit on disposal of fixed assets	18,400	10,000	8,400
Total other income	71,242	61,580	9,662
3 Land Management			
Cost of contractors	10,341	11,000	659
Drainage works	3,839	1,500	(2,339)
Vehicle and equipment expenses	14,037	19,400	5,363
Waste Management	4,450	6,300	1,850
Hire of plant and equipment	1,425	1,750	325
Tree and woodland management	19,713	11,600	(8,113)
Grass cutting	4,413	4,650	238
Materials and tools	7,293	11,000	3,707
Protective clothing	2,067	1,620	(447)
Field consultancies	4,354	6,900	2,546
Evendine Spring	164	650	486
Conservation Volunteers	705	1,050	345
Gardening	2,808	3,200	392
Total land maintenance expenditure	75,608	80,620	5,012

Malvern Hills Trust
Notes to the General Fund management accounts
for the 12 months ending 31st March 2019

4 Wardens	Actual	Budget	Variance
	£	£	£
Wardens' vehicles fuel	3,476	3,700	224
Wardens' vehicles maintenance	1,753	2,500	747
Wardens' uniform and PPE	379	800	421
Wardens' tools & equipment & expenses	1,377	765	(612)
Wardens' mobiles	673	1,500	827
	7,658	9,265	1,607

5 PR & Interpretation			
Leaflets	1,961	2,100	139
Campaigns	0	3,000	3,000
Newspaper Advertisements	363	200	(163)
Council tax leaflet	0	500	500
Annual report	0	2,000	2,000
Signs & display boards	1,883	4,000	2,117
Management plan - public	200	0	(200)
Other PR expenses	165	1,500	1,335
Annual picnic	135	250	115
Events programme	412	1,000	588
Exhibitions and promotions	0	500	500
Membership scheme	0	3,000	3,000
Visitor Survey	5,300	0	(5,300)
Fundraising costs	520	1,500	980
Three Counties Show	0	500	500
	10,939	20,050	9,111

6 Administration			
Rates and water	8,007	6,500	(1,507)
Recruitment	548	1,000	452
Travelling expenses	2,054	1,500	(554)
Maintenance of buildings	1,383	12,000	10,617
Establishment expenses - see note 8	31,515	36,000	4,485
Legal fees	31,784	21,250	(10,534)
Audit and accountancy fees	5,925	7,000	1,075
Other professional fees inc Valuation fees	8,259	6,000	(2,259)
Insurance	28,046	25,250	(2,796)
Training	3,637	8,500	4,863
Bank charges	3,230	4,300	1,070
Miscellaneous	1,936	2,500	564
	126,325	131,800	5,475

Malvern Hills Trust
Notes to the General Fund management accounts for the 12 months ending 31st March 2019

	Actual	Budget	Variance
7 Salaries	£	£	£
Basic salaries & NI	425,949	423,000	(2,949)
Pension scheme costs	128,669	129,000	331
Life assurance and other benefits	1,381	7,000	5,619
FRS 102 holiday pay accrual adjustment	1,140	0	(1,140)
Casual staff	1,830	3,000	1,170
	558,969	562,000	3,031

MEMO ITEMS

8 Establishment expenses (included in Administration expenses)			
Electricity	5,033	5,000	(33)
Gas	1,333	1,200	(133)
Telephones	3,489	5,000	1,511
Stationery	2,188	3,000	812
Postage	1,786	2,000	214
Office cleaning + Recycling	3,134	4,000	866
Office equipment maintenance contracts	1,556	2,900	1,344
Office equipment (under £250)	567	250	(317)
Photocopier	1,971	1,600	(371)
IT costs	9,237	10,000	763
Visits to other sites	0	250	250
Subscriptions	1,222	800	(422)
	31,515	36,000	4,485

Malvern Hills Trust
Management accounts for the year ended 31st March 2019 - Lands Aq'n and Parliamentary

	Lands acquisition	Parliamentary	Total
Income			
Investment income	32,819	17,943	50,762
Total income	32,819	17,943	50,762
Expenditure			
Investment Manager's charges	6,291	2,945	9,236
Total expenditure	6,291	2,945	9,236
Excess of expenditure over income	26,528	14,998	41,526
Investment gains/(losses)	30,564	27,601	58,165
Transfer to General fund	0	(14,000)	(14,000)
Transfers (to)/from COD fund	(318,588)	(118,730)	(437,318)
Reserves b/fwd 1st April 2018	1,129,101	588,369	1,717,470
Reserves c/fwd 31st March 2019	867,605	498,238	1,365,843

Malvern Hills Trust
Restricted funds income and expenditure for the year ended 31st March 2019

	Land Maintenance	Gifts	NIM book	SDF grant Tank & North Quarries	Tree planting	Community woodland	Total
Income							
Investment income	4,983	0	0	0	0	0	4,983
Book sales	0	0	2,354	0	0	0	2,354
Donations & grants	0	2,509	0	0	345	40,955	43,809
Total income	4,983	2,509	2,354	0	345	40,955	51,146
Expenditure							
Bird box	0	20	0	0	0	0	20
Investment manager's charges	1,122	0	0	0	0	0	1,122
Benches	0	1,100	0	0	0	0	1,100
Book costs	0	0	6,425	0	0	0	6,425
Total expenditure	1,122	1,120	6,425	0	0	0	8,667
Excess of income over expenditure	3,861	1,389	(4,071)	0	345	40,955	42,479
Transfers	(3,000)	0	0	0	(345)	0	(3,345)
Investment gains/(losses)	7,691	0	0	0	0	0	7,691
Reserves b/fwd 1st April 2018	163,572	8,318	2,963	453	0	0	175,306
Reserves c/fwd 31st March 2019	172,124	9,707	(1,108)	453	0	40,955	222,131

Malvern Hills Trust
Management accounts for the year ended 31st March 2019 - Designated funds

	Gifts £	Developm ent fund £	Election expenses £	Rebranding £	Thirds Wood £	Charity Commissio n scheme £	GDPR	Tree disease	Mountain biking campaign	Dog campaign	Fundraising	CC Scheme public consul'n	Stewardshi p (see below) £	New CS scheme (see below)	Total £
Income															
Donations & legacies	81,460	0	0	0	0	0	0	0	0		0	0	0	0	81,460
Grants	0	0	0	0	0	0	0	0	0		0	0	100,352	80,985	181,337
Rents receivable	0	0	0	0	0	0	0	0	0		0	0	2,800	0	2,800
Other income	0	0	0	0	0	0	0	0	0		0	0	4,410	1,942	6,352
Total income	81,460	0	0	0	0	0	0	0	0	0	0	0	107,562	82,927	271,949
Expenditure															
Rebranding costs	0	0	0	355	0	0	0	0	0		0	0	0	0	355
Public meetings	0	0	0	0	0	0	0	0	0		0	208	0	0	208
Legal fees	0	0	0	0	0	67,887	0	0	0		0	0	0	0	67,887
Signage	730	0	0	0	0	0	0	0	0		0	0	0	0	730
Treeworks	0	0	0	0	1,738	0	0	0	0		0	0	0	0	1,738
Stewardship (see below for details)	0	0	0	0	0	0	0	0	0		0	0	150,151	42,398	192,549
Campaign expenses	0	0	0	0	0	0	0	0	3,052		0	0	0	0	3,052
Total expenditure	730	0	0	355	1,738	67,887	0	0	3,052	0	0	208	150,151	42,398	266,519
Excess of income over expenditure	80,730	0	0	(355)	(1,738)	(67,887)	0	0	(3,052)	0	0	(208)	(42,589)	40,529	5,430
Transfers to/(from) other funds	0	(1,091)	5,000	0	345	45,000	(5,000)	3,000	0	4,330	0	0	0	0	51,584
Reserves b/fwd 1st April 2018	104,080	1,091	11,086	355	5,739	59,233	5,000	3,000	4,000	0	10,000	20,000	196,455	19,872	439,911
Reserves c/fwd 31st March 2019	184,810	0	16,086	0	4,346	36,346	0	6,000	948	4,330	10,000	19,792	153,866	60,401	496,925

Malvern Hills Trust
Stewardship Income and Expenditure for the year ended 31st March 2019

	Southern Hills £	Castlemo rton £	Northern & Central Hills £	Chase End	Old Hills	Basic payment scheme £	Total £	New CS schene N&C £	S'ship total £
Annual grants received	22,264	65,622	0	3,419	5,642	3,405	100,352	79,489	179,841
Capital grants							0	1,496	1,496
Other project income	0	128	4,282	0	0	0	4,410	1,942	6,352
Rents receivable	800	0	2,000	0	0	0	2,800	0	2,800
Total income	23,064	65,750	6,282	3,419	5,642	3,405	107,562	82,927	190,489
Payments to graziers	21,303	48,784	42,467	2,443	1,508	0	116,505	20,801	137,306
Direct project costs	0	0	8,505	0	363	880	9,748	0	9,748
Contract labour	0	3,054	957	820	0	0	4,831	14,685	19,516
Woodland work	0	0	0	0	0	0	0	6,912	6,912
Payments to partners	1,177	0	0	0	0	0	1,177	0	1,177
Transfer to General Fund	2,900	7,860	6,330	140	660	0	17,890	0	17,890
Total expenditure	25,380	59,698	58,259	3,403	2,531	880	150,151	42,398	192,549
Surplus/(deficit) for the period	**(2,316)**	**6,052**	**(51,977)**	**16**	**3,111**	**2,525**	**(42,589)**	**40,529**	**(2,060)**
Reserves b/fwd 1st April 2018	7,902	85,998	74,964	272	16,810	10,509	196,455	19,872	216,327
Reserves c/fwd 31st March 2019	5,586	92,050	22,987	288	19,921	13,034	153,866	60,401	214,267

Malvern Hills Trust
Balance Sheet as at 31st March 2019

	Notes	£	£
Fixed assets			
Tangible assets	1		1,593,725
Investments			1,541,713
Current assets			
Livestock		25,320	
Debtors, prepayments and accrued income		146,465	
VAT		2,844	
Stewardship grant accrual		215,332	
Cash at bank	2	485,056	
			875,017
Creditors: Amounts falling due within one year			111,242
Net current assets			763,775
Pension FRS 102 liability			(1,834,000)
Net assets			2,065,213
Represented by funds:			
Unrestricted - General Fund			311,064
Unrestricted - Designated funds			496,925
Unrestricted - Pension FRS 102 liability			(1,834,000)
Restricted - Capital outlay discharged	3		1,503,250
Restricted- Parl & LA			1,365,843
Restricted - other			222,131
			2,065,213

Notes to the Balance Sheet

1 Fixed assets

	Land & buildings	Office buildings	Imp'ts to freehold buildings	Vehicles & equipment	Office equipment	Total
NBV brought forward	741,673	124,898	264,500	92,222	6,013	1,229,306
Additions this period	421,321	0	15,997	24,481	12,039	473,838
Disposals	0	0	0	(33,730)	0	(33,730)
Depreciation on disposals	0	0	0	33,730	0	33,730
Depreciation	0	(2,778)	(62,875)	(38,478)	(5,288)	(109,419)
NBV carried forward	1,162,994	122,120	217,622	78,225	12,764	1,593,725

2 Cash and bank

Current and overnight deposit accounts	51,472
30-day notice deposit - general fund	200,967
Charity Bank	201,478
CAF deposit account	30,939
Petty cash	200
	485,056

3 Capital Outlay Discharged (inalienable)

	£
Balance brought forward	1,131,584
Depreciation charged against the fund	(65,652)
Transfers between funds	437,318
Balance carried forward	1,503,250

Paper B
For information

Finance, Administration & Resources Committee

Local Government Pension Scheme (LGPS) – MCCloud/Sargeant ruling

8th August 2019

In April 2014 the LGPS introduced a new career average ('CARE') scheme, with an underpin provided for members who were 10 years or less from their Normal Retirement Age on 1st April 2012.

In December 2018, the Court of Appeal found that similar transitional provisions in the pension schemes for firefighters (Sargeant case) and the judiciary (McCloud case) resulted in unlawful age discrimination. The Government has recently lost an application for permission to appeal this judgement.

Notwithstanding the uncertainty of the remedy to be agreed and the extent to which the judgement impacts on the LGPS, the possible liability to Malvern Hills Trust has been estimated by the Actuary of the Worcestershire County Council Pension Fund. The trustees are required to disclose this as a contingent liability in the Annual accounts for the year ended 31st March 2019. This has been based upon the results of costings made by the Government Actuary's Department (GAD) and reported in their paper dated 10th June 2019.

The Actuary has estimated the potential financial impact of the McCloud judgement and included it in the FRS102 figures in the accounts and shown in note 28. The overall effect has been to increase the pension deficit under FRS 102 by £19,000 from the original figure for 31st March 2019.

For the LGPS as a whole, GAD's calculations indicate a potential balance sheet effect of additional liabilities of about 3.2 % of active members' liabilities and a potential increase in service cost of about 3 % of pensionable pay, when measured on IAS19/FRS102 actuarial assumptions as at 31st March 2019 assuming real pay growth of 1.5 % p.a. above CPI.

The additional costs are very sensitive to the assumptions made. For example, the above figures are based on an assumed real pay growth of 1.5 % p.a. above CPI. Were the assumed future real pay growth instead to be set at zero then the potential additional costs in relation to the judgement would not be significant and could be taken as zero.

This will also be added to the risk register.

Cheryl Gentry
Finance & Administration Manager
16th July 2019