

Malvern Hills Trust

Special Meeting of the Board

Council Chamber, Avenue Road, WR14 3AF

Thursday 3 August 2023 7pm

Present: Mr C Atkins, Mr D Baldwin, Mr R Bartholomew, Dr S Braim, Mr P Clayburn, Mr D Core, Mr D Fellows, Mr R Fowler, Mrs L Hodgson Mr J Michael, Mrs C Palmer (Chair), Dr T Parsons Mr C Penn, Prof J Raine, Mr C Rouse, Ms H Stace, Mrs M Turner.

In attendance: CEO, Secretary to the Board, Finance and Administration Manager, 2 members of the public.

Not present: Mrs H I'Anson, Mr D Watkins.

Mrs Palmer welcomed everyone to the meeting.

1. Apologies for absence

Mrs M Alexander, Mr M Davies, Dr D Westbury.

2. Chair's announcements

- Outdoor meeting at Hollybed Common 9 August 2023 (trustees are invited to meet for a drink after the meeting at the Farmers Arms, Birtsmorton)
- Special Board 17 August
- FAR Committee 21 September
- Special Board 19 October (including approval of the accounts)

3. Declarations of interest

Mr Rouse had rights of common over parts of Malvern Hills Trust land.

4. Public comments

There were none.

5. Going concern review

Trustees had a responsibility to ensure that the charity operated as a going concern and were required as part of the Charities SORP to make an assessment of the position for at least 12 months from the date the accounts were approved. The Finance and Administration Manager referred to the paper which had been circulated and drew attention to the forecasts for the 3 year period which were set out in it. The CEO confirmed that the estimate for inflation contained within the forecasts (both income and expenditure) for the next 2 years was 6 %.

On the proposal of Mr Core, seconded by Ms Stace it was **RESOLVED** unanimously to confirm that in the opinion of the Board the charity was a going concern.

6. Reserves Policy Review

The Secretary to the Board referred to the paper. The Policy had been amended last year to raise the reserves level to take into account the risk factors outlined. The situation had not changed materially since then.

On the proposal of Mr Bartholomew, seconded by Prof Raine it was **RESOLVED** unanimously to confirm that the Board had reviewed the Reserves Policy and approved it as drawn. It was recorded that the reserves position as at 31 March 2023 was satisfactory.

7. To approve the narrative of the Trustees Annual Report

The document had been discussed in a workshop and the points made were set out in the draft circulated for the meeting. A few additional drafting points were raised and it was agreed to incorporate them.

On the proposal of Mrs Hodgson, seconded by Mrs Turner it was **RESOLVED** unanimously to approve the narrative of the Trustees' Annual Report.

8. To approve terms for loan to fund private bill

S105 application

The Secretary to the Board went through the paper. The Land Purchase Fund had a narrow objective and was to be used only for the purchase of land. It was presently invested through RBC Dolphin. Taking a fixed rate loan for the purpose of funding work on the Private Bill could be looked upon as an alternative investment which was in line with the aims set out in the Investment Policy. There was however a potential conflict of interest in using the fund in this way and both the Charity Commission and the Trust's solicitors had raised the question of applying for a s 105 Charities Act 2011 Order to put the position beyond doubt.

The Secretary to the Board outlined the possible terms of the loan as set out in the paper. An outstanding issue was how the repayments were to be calculated. Assuming the loan was over a term of 25 years, the simplest option was to repay 1/25 of the capital plus interest on the outstanding balance each year. This front loaded the repayments, which reduced as the term went on. The alternative was to use a mortgage interest calculator to establish a fixed payment to be made over the whole term. The downside of this was that slightly more interests would need to be repaid.

She added that the Trust needed to consider compensating the fund for any loss of return as a result of the fund being invested in lower risk investments prior to the loan being drawn down (in fact at present the lower risk investments were currently performing better).

Mr Fowler said the paper did not make it clear that the interest repayments could only come from the levy. The loan could be viewed as a flexible facility with a maximum draw down but other sources of funding might be used.

The CEO responded that there were other funding options available besides the loan, for example the reserve on General Fund. Just because the loan was set up did not mean the Trust had to draw down the full amount. The repayments would come from all the Trust's sources of income including the car parks. There was a discussion about the potential financial and other benefits which might be achieved by making the proposed changes and whether they would be realisable. The Secretary to the Board

pointed out that the Acts needed revision there was a danger they would become so out of date that they were unworkable.

On the proposal of Ms Stace seconded by Mrs Hodgson it was **RESOLVED** (with 3 votes against. Mr Fowler asked for his vote to be recorded) to make an application to Charity Commission for s 105 Charities Act 2011 Order in relation to the proposed loan from the Land Purchase Fund.

Mr Fowler pointed out that if the Secretary to the Board was taking a significant part in the meeting she should not also be taking the minutes.

There was a debate about how the loan repayments should be structured.

Mr Parsons raised the point that the costs of obtaining a new Act could not be accurately predicted. The CEO said that the estimate from the Parliamentary Agent was on the basis that there would be opposition in both houses, but agreed that the overall cost was difficult to predict.

On the proposal of Mr Core, seconded by Mrs Hodgson it was **RESOLVED** (with 3 votes against and 3 abstentions) to make repayments on the loan comprising capital and interest with repayments of the same amount throughout the term.

On the proposal of Mr Bartholomew, seconded by Mrs Turner it was **RESOLVED** (with 2 votes against and 3 abstentions):

- a) That the maximum amount of the loan should be £350,000
- b) The term of the loan should be 25 years
- c) The loan will be at a fixed rate of interest of 6 %
- d) Repayments will be of capital and interest with repayments of the same amount throughout the term
- e) The Land Purchase Fund will be compensated for any loss of return during the period whilst part of the fund is invested in lower risk investments, but prior to the loan being drawn down.

9. Arrangements for 2023 election

Preparations were in hand. Advice had been received from Mr Straker KC which would be circulated to trustees shortly and would be discussed at the meeting on 17 August.

The Secretary to the Board explained that she wrote to all of the appointing bodies to make them aware of the skills, knowledge and background which the Trust was seeking in appointees to the Board. The staff would also hold an event to provide information for people interested in standing for election.

10. Management accounts to 30.6.2023

These would be available for the next meeting.

11. Update on s 74 Charities Act application

There had been no further developments.

12. Urgent business

There was none.

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13. Date of next meeting

17 August 2023.

The meeting closed at 8.10pm