Malvern Hills Trust

Finance Administration and Resources Committee
Thursday 21 September 2023 7.00pm

Present: Mr D Core (Chair), Mr M Davies, Mr D Fellows, Mrs L Hodgson, Mr C Penn,

In attendance: CEO, Secretary to the Board, Finance and Administration Manager (FAM), Financial Assistant, Dr T Parsons, Mr C Rouse, 2 members of the public, Mrs K Parkin (Azets).

Mr Core welcomed everyone to the meeting.

1. **Apologies for absence**
   Prof J Raine, Mr D Watkins.

2. **Chair's communications**
   Officers reminded those present that trustees should consider using "bcc" if sending E-mails to multiple recipients, as E-mail addresses could be personal data and that MHT E-mail accounts should only be used for Trust business.
   - There was a briefing for those considering standing for election on Monday 25 September at Lyttelton Well. Election packs were now available online and at the office.
   - There were some items of urgent business:
     - A confidential item relating to a contractual arrangement
     - Unbudgeted expenditure items

3. **Declarations of interest**
   There were none.

4. **Public comments**
   There were none.

   The FAM asked to take agenda items 5 & 7 together

5. **Final Management Accounts for year ending 31 March 2023**
   To review Trustees' Annual Report and Accounts for year ending 31 March 2023 & recommend approval of those and the Letter of Representation to the Board
   The narrative of the Trustees Annual Report had been agreed at the Board meeting on 3 August 2023. The financial data had now been inserted and the revised draft had been circulated for the meeting. There were adjustments which had been identified following circulation of the papers.
   The FAM reported that as a consequence, following the meeting of 13 July there had also been adjustments to the management accounts to 31 March 2023 and these were detailed in the accompanying paper.
   The FAM went through the changes to the Trustees Annual Report which had been circulated.

a) Page 1. The name of the auditors was Azets Audit Services.
b) Page 2. Rationalise the format of the dates.
c) Page 13. Add “which is accounted for as custodian funds as a result of Countryside Stewardship” in the penultimate line on the page after “Castlemorton Delivery Group”.
d) Page 14. Under “Investment Powers and Policy”, the narrative needed to be updated in 2 places to reflect that there were now 3 portfolios.
e) Page 22. The auditor’s report needed to be inserted.
f) Page 24. The headings on the balance sheet needed re-formatting.
g) Page 24. Current assets – livestock. The basis for valuation had been changed to use the figures included at the start of the grazier’s tenancy agreement (June 2021).
h) Page 25. The statement of cashflows had not been finalised and needed to be amended prior to preparation of the final version of the accounts.
i) Page 25. The full balance of the Flagstone accounts had been included but part (in a 185 day notice account) should not have been classed as cash.
j) Page 28. Note j – the basis of valuation of the livestock needed to be amended (see above).
k) Page 28. Note p. A reference needed to be made to the 185 day notice account which was classified as a current investment asset.
l) Page 29. Note q. The section should also include a reference to the LGPS deficit.
m) Page 30. Note 4. No adjustment was required but by way of explanation, the number of easements and wayleaves granted varied from year to year.
n) Page 30. Note 5.The employment allowance should have been contra’d against Employers’ National Insurance contributions, and this would be explained at the relevant points in the notes.
o) Page 30. Note 6. The FAM intended to note the factors which had contributed to the difference between the 2022 and 2023 figures. The details of depreciation were in note 14.
p) Page 31. Note 7. The decrease shown in the Stewardship grants was in part a result of the requirement to hold the funds for the Castlemorton Countryside Stewardship Scheme in a separate account for the delivery group. These accounts were set out separately on pages 51 and 52. In addition there had been a late RPA payment which was settled in 2022.
q) Page 32. Note 9. Auditors’ fees had increased as a result of the levy payers’ appointment of a different firm of auditors.
r) Page32. Note 10. The note needed to be amended to split out the CEO’s salary as it was over the threshold for disclosure.
s) Page 33. Note 14. The Secretary to the Board said that the “other land“ referred to was the field at Hollybed Common, Castlemorton.
t) Pages 36 & 37. The auditors had indicated that the level of detail shown was not required. The committee was content for the details to remain. Mrs Parkin said other charities did not usually give a breakdown, but some

gave a broad classification of the asset types – equities, bonds, property, cash.

u) Page 38. Note 18. Azets had recommended an adjustment between trade creditors and accrued charges. The CS delivery group figure needed to be removed in this note which in turn would affect the cash balances shown but the two changes would have no net effect on the result for the year. Mrs Parkin confirmed she was happy with the control arrangements for the separate management of the funds.
v) Page 43. More narrative was needed to fully describe the different restricted funds.
w) Page 45. Note 24. The heading needed to be changed to "post balance sheet events *financial* and capital commitments".
x) Page 46. The schedule had been updated by Azets which would be shown in the final version of the accounts.
y) Page 48. Change "Experience" to "Actuarial" in two places 6 & 7 lines from the bottom of the page.
z) Page 51. The headings were incorrect – the years should be 2022 and 2021.

6. **Auditors' Key Issues discussion document**

Mrs Parkin went through the Audit Findings Report which had been provided to trustees. She thanked the Trust staff who had assisted with the audit.
Subject to the presentational adjustments highlighted above, the audit opinion was unqualified and there were no matters to report around "going concern". None of the changes proposed impacted materially on the charity's surplus in the year.
There had been a discussion around deferred income (parking passes). If a pass was purchased in, say, January, technically only 3 months' worth of that income was attributable to the year of purchase and the remainder should be deferred and held to be recognized as income in the following year. Broadly speaking the income level would be the same year on year therefore the impact in any one year would be minimal. The staff would look at this in the next financial year.
The audit included looking at the design of internal controls. No material weaknesses or significant deficiencies were recorded. The Audit also examined significant risk areas which included defined benefit pension liability. The valuation of that liability seemed reasonable and it was disclosed and presented in line with the FRS 102 requirements. The assumptions which underpinned the valuation of the liability were reasonable and consistent with the auditor's knowledge and experience.
On being asked about the difference between the FRS valuation and the triennial valuation, Mrs Parkin said the figures that went into the accounts were a snapshot in time and were an accounting adjustment. The main point to note was that the liability would not crystalise at the present time. The practical consideration was whether the charity was able to fund the deficit recovery going forward. These were set at the triennial valuation. There was useful Charity Commission guidance

on defined benefit pensions although it was around 10 years old, but the principles had not changed. The assumptions used by the WCC Pension Fund actuaries were in line with other pension funds that Azets had seen across the UK.
Mr Core thanked Mrs Parkin for attending the meeting. He had noted her comments about the high quality and timely support she had received from the team at the Trust and thanked her and the Trust staff for a great effort given the backdrop of the changes that had occurred. This view was endorsed by the committee.

7. continued.
On the proposal of Mrs Hodgson, seconded by Mr Penn it was **RESOLVED** unanimously to recommend to the Board the approval of the accounts (subject to the adjustments noted above) and that the Chair should sign the Letter of Representation on the Board's behalf.
Mrs Parkin and Dr Parsons left the meeting.

8. **Reports for information**

8.1 **Review of major projects** (Including Land Management)
The CEO gave updates on a number it items. He apologised that the suppliers had not delivered the interpretation board for the Donkey Shed.
There had been a delay in completing the restoration of the bowl at St Ann's Well as the stone originally suppled to the stone masons contained a flaw.
The building at Colwall Lands had been completed and signed off.
The sidearm flail had been delivered.
The replacement of the wardens' vans with electric vehicles had proved problematic because of a lack of supply capacity for two charging stations at Manor House. The CEO was waiting to hear from National Grid whether it would be possible to upgrade the supply. The charging points themselves would cost around £4,500 (less a possible grant of around £700). He had also looked at the installation of solar panels and battery storage, but the cost would be around £22,000.
A grant would provide 2/3 of the cost of the new bowser. The balance would be paid from the BPS fund.

8.2 **GDPR**
There were no data breaches to report, but there had been an issue with a service provider which the CEO would bring to the trustees' attention in the confidential section.

8.3 **Management accounts to 31 July 2023**

The FAM asked if there were any questions on the paper. She confirmed that the July figures did not reflect any possible backdated pay award. The CEO understood that a flat rate award of £1,925 was being offered by the employers[1]

Mr Davies asked for car park takings to be split out on the report into passes and tickets issued at car parks.

8.4 **Fund-raising, legacies and grants group**

There had been no meeting, but one would need to be convened to look at budgets for 2024/25. The final installment of the legacy from the late Mr Stubbs had been received. A bench would be placed on Worcestershire Beacon in his memory.

8.5 **Red flag items off risk schedule**

There were no major changes but there were a number of ongoing action points.

The issues arising from changes to the MHDC warding arrangements could only be rectified through a new Act of Parliament.

3.1 - The Trust was working hard to ensure the public were fully informed - information was being provided on the website and on social media about the elections.

3.5 – The Trust was working to communicate with parish councils and the District Council. County Councillors had also been contacted. Mr Davies said that MHDC had nominated 6 councillors to join the Board (3 of whom were existing trustees).

4.5 – The recruitment process was underway to replace the Secretary to the Board and interviews were scheduled for 3 October 2023.

The weather had not been good in September and car park takings might well be below budget. Tree safety inspections were starting in October and this would give an indication of whether the condition of diseased trees had worsened. Risks were from ash dieback, sudden oak death and phytophthora.

8.6 **Exercise of the CEO's delegated expenditure powers**

The CEO had mentioned at a previous Board meeting that the trailer the Trust needed would cost more than the sum budgeted (by £2,700). Some high level sides were also required which would cost £1,700 and which the CEO would authorise under his delegated authority. There was a trade in value for the old trailer.

There were 2 items required which had not been included in the capital budget.

Franking machine. An option had been identified to purchase a new machine for £995. The 5 year annual maintenance charge for the present machine was £2,700 but the 5 year cost for the new machine (including purchase cost) was £1,600. The CEO would authorize this out of his delegated expenditure

[1] for employees earing under £49,950.

Quad bike. The Trust was required under its agreement with the grazier to provide certain equipment including a quad bike. The existing bike had reached the end of its serviceable life and replacement had not been included in the budget. The cost of replacement was between £6,500 and £9,450. . Payment would come from the Countryside Stewardship reserve fund for Northern and Central Hills. The CEO's view was that it would be preferable to purchase a new vehicles. The cost would be written off over 6 years. The grazier's license had another 5 years to run and the CS agreement a further 4 years.

On the proposal of Mr Core, seconded by Mr Fellows it was **RESOLVED** unanimously to recommend to the Board that they authorise expenditure of up to £10,000 from the Countryside Stewardship Reserve Fund for the purchase of a quad bike to replace the bike currently used by the grazier of the Northern and Central Hills.

8.7 **Property – Manor House refurbishment**

The CEO reported that there had been no progress on this project due to lack of staff time and that would remain the case for the foreseeable future.

8.8 **Recruitment update**

The CEO had suggested that the interview panel should be the Chair, Vice Chair, Mr Core and Prof Raine.

9. **Urgent business**

There was a confidential item.

10. **Date and time of next meeting**

14 December 2023.

11. **Confidential**

On the proposal of Mr Core, seconded by Mrs Hodgson it was **RESOLVED** unanimously to exclude the public for discussion of item 12 on the agenda and the urgent business 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 (information relating to an individual/commercially sensitive matter).

The meeting closed at 9.50 pm