

**MALVERN HILLS CONSERVATORS
FINANCE, ADMINISTRATION & RESOURCES COMMITTEE**

**Manor House, Grange Road, Malvern
Thursday 20 August, 7:00pm**

Present: Mr S Freeman, Mr S Ginn, Mr R Madden, Mr R Morton, Ms H Stace (ex officio), Mr D Street (Chairman), Mr P Tuthill, Mr P Watson.

In Attendance: Director (until end of item 5), Community and Conservation Officer (Until the end of item 6), Finance and Administration Manager, Secretary to the Board, Financial Assistant (until the end of item 14), Mr A Golightly, Mr C Rouse, Mr T Yapp.

1. APOLOGIES FOR ABSENCE

Mr R Bartholomew, Mr D Bryer.

2. DECLARATIONS OF INTEREST

Mr Tuthill declared an interest in matters relating to the pension scheme as he was a member of the WCC Pension Committee.

3. CHAIRMAN'S COMMUNICATIONS

- i) Mr Street pointed out that Board elections would take place at the end of October. There would be a 14 day period to submit nominations, which would close approximately 4 weeks before the election date, and nominees needed their forms signed by 10 electors of the Ward for which they were standing. Nominations should not be submitted at the last moment to give time to make changes, should there be any errors in the paperwork.
- ii) The Stroll would take place on 25 August at Old Hills.

4. MATTERS ARISING FROM PREVIOUS MEETINGS

There were none.

It was agreed to take agenda items 9 and 10 out of order.

5. VEHICLE REPLACEMENT POLICY

The Director went through the paper. If the policy was approved, the Director intended to agree the detailed timing for replacing the existing vehicles with the Finance and Administration Manager. The policy did not cover agricultural vehicles, as the requirement for this type of vehicle would be dealt with in the

Land Management Plan and the appropriate time for a policy to cover them would be after this piece of work was completed.

Ms Stace suggested adding a policy review period of 3 years. Mr Madden asked whether the plans for implementation of the policy could be added but it was agreed that this should be dealt with separately.

On the proposal of Mr Madden, seconded by Mr Morton it was **RESOLVED** unanimously to propose that the Board adopt the Policy on replacement of MHC Vehicles as drafted subject to the addition of the review period of 3 years.

6. REBRANDING

The Community and Conservation Officer reminded the Committee that it had been agreed at the June Board meeting that MHC should go out to tender for a rebranding exercise. The Community and Conservation Officer had sent her draft tender documents for review by a design professional and she hoped to send out the tender documents to 6 selected companies the following week. The three best submissions would be selected, and those companies asked to make a presentation to assist in the final choice. Mr Street asked for a copy of the tender document.

7. TRUSTEES' ANNUAL REPORT AND ACCOUNTS TO 31 MARCH 2015

Martin Regan of Crowe Clark Whitehill went through the audited accounts. No changes had been made following the audit to the figures set out in the management accounts presented to the Committee in May, other the inclusion of two figures which had been unavailable at that time (by-election costs and the FRS17 pension valuation). The Audit had progressed smoothly.

In response to a question, the Finance and Administration Manager pointed out that the FRS 17 calculation was done on a different basis to the triennial actuarial calculation, and hence the figures were different. Mr Madden asked why the pension deficit had gone up since last year. The Finance and Administration Manager explained that there were several factors, but the change was primarily as a result in the change in the gilt rate.

The following changes were proposed:

<u>Page & paragraph</u>	<u>Original text</u>	<u>Revised text</u>
p4, first sentence	...overall governance of the Charity	overall governance.
p5, 9th bullet point	Staff recruitment, training and salaries	Staff recruitment, training, salaries and pensions

p6, penultimate paragraph	248 hours	548 days
p7, 1 st bullet point	Consultation...	Initial consultation ...
p7, 6 th bullet point		(remove 'and')
p7, 9 th bullet point final word	undertaken	initiated
p7, add to end of first para under 'Financial review etc'		Including the first FRS17 pension adjustment

It was noted that the terms of reference for Finance Administration and Resources Committee did not currently include pensions and should be amended. Mr Tuthill asked why the Auditor's Report did not emphasize more strongly the problem with the pension deficit. Mr Regan said that his responsibility as Auditor was to consider whether the accounts as drafted showed a true and fair view, which they did.

8. TO CONSIDER THE AUDITOR'S REPORT & AUTHORISE SIGNATURE OF LETTER OF CONFIRMATION

Mr Regan took the Committee through the Auditor's report. The report was in a standard form but the main outcome was that there was nothing arising from the Audit which should give any cause for concern. It was agreed to change the wording section 2.3, paragraph 2 of the Audit Findings Report to say "As of 1 April 2013, Malvern Hills Conservators elected to be treated as a separate entity within the Worcestershire County Council Pension Fund."

In section 3.1, of the report, it was suggested that MHC produce a spreadsheet summarizing, on a holding by holding basis, the information provided in Brewin Dolphin's quarterly report so that the Auditor could more easily track realized and unrealized gains at the year end. It was suggested that the Finance and Administration Manager ask if Brewin Dolphin could prepare an annual summary giving this information. Mr Regan also suggested that MHC request Brewin Dolphin's internal controls report (AAF01).

From April 2015 MHC would have to report under FRS 102, which meant that there would be some changes to the presentation of the accounts.

Ms Stace asked if there was any benefit in opting to show the "deemed cost" of tangible fixed assets. Mr Regan said that there was no value in doing so. He explained the requirement for pension reporting under FRS102 (Set out in the report).

Sections 5, 6 and 7 were generic and applied to the sector as a whole – they were not specific to MHC. However there might be points contained in them

which MHC should consider. Ms Stace suggested that the points raised in the Audit report should be addressed at the next F A & R Committee meeting. Ms Stace reminded the meeting that everyone was required to disclose related party relationships and transactions and she was required to sign to state that this had been done.

On the proposal of Ms Stace, seconded by Mr Madden it was **RESOLVED** unanimously that the Committee agreed the draft Trustees' Annual Report and Accounts and recommends to the Board that the draft be adopted at the Annual Council Tax Payers' meeting on 10th September 2015, subject to the amendments noted and to any post-balance sheet events arising between this meeting and 10 September 2015.

9. MANAGEMENT ACCOUNTS FOR THE QUARTER ENDING 30 JUNE 15

The Finance and Administration Manager took the Committee through the report. Car parking fees were £12,000 ahead of budget. The Land Management budget was underspent at present, as a result of timing of anticipated work. Mr Madden questioned why the quarter's forecast was so wrong. It was pointed out that Land Management work was weather dependent and where there was a large project, a few week's delay could result in the work being carried out in another quarter. The accounting forecast was dependent on the information received from other members of staff and it was suggested that an explanation of significant variance should in future be provided. Ms Stace asked about the figure for Direct Project Costs (page 6) for Castlemorton and it was confirmed that this arose from the studies that were being carried out. The Finance and Administration Manager confirmed that there were some big items of un-budgeted expenditure this financial year - advice on the pension scheme and legal advice on the Charity Commission Scheme. It was intended to produce roll forward figures after the 6 month figures were produced. These would be available to the Committee at the November meeting.

10. INVESTMENT OF PARLIAMENTARY & LAND MAINTENANCE FUNDS

The Finance and Administration Manager went through the paper. She proposed that the bulk of the Parliamentary Fund should now be invested in accordance with the previously agreed Investment Policy in order to try to obtain a better return (currently 0.2% interest on deposit) The Director had suggested that the sum invested should be £450,000 in order to retain a sufficient balance for unknown contingencies.

Following a query from Mr Watson, it was agreed that the wording of the Investment Policy annexed to the paper should be changed under the heading “Liquidity Requirements,” to delete the words “for the acquisition of land” at the end of the first paragraph. It was also agreed that under the heading “Ethical Considerations” the words at the end of the paragraph “ie conservation of the Malvern Hills” should be deleted.

On the proposal of Mr Madden, seconded by Mr Morton, it was **RESOLVED** unanimously that the Committee recommend to the Board:

- a) To approve the amended Investment Policy for Parliamentary/Land Maintenance Fund
- b) That £602,484 (comprising £450,000 from the Parliamentary Fund and £152,484 Lands Maintenance Fund) plus any sums accrued to the Land Maintenance Fund prior to investment be transferred to Brewin Dolphin to invest in accordance with the policy
- c) That the proceeds from the sale of 34 Wyche Road also be transferred to Brewin Dolphin on completion of the sale.

11. LOOS/FACILITIES AT TOP SHED

The Secretary to the Board had received a quote from Severn Trent. The wording was ambiguous but their quote of £3116.28 appeared to be for making both water and sewage connections. She had also obtained quotes from two architects for producing the necessary drawings, making an application for Building Regulations Consent and drawing up a specification against which builders could quote/tender. The cheapest of these was £650 plus disbursements.

On the basis of the quote from Severn Trent for making the connections, on the proposal of Ms Stace, seconded by Mr Ginn, it was **RESOLVED** unanimously to recommend to the Board that they approve expenditure of £650 + disbursements from the Parliamentary Fund in order to obtain building regulations consent and a specification against which quotes/tenders for carrying out the work could be obtained.

12. 34 WYCHE ROAD

There had been 2 bids which matched the Board’s required minimum figure. The Director would accept the bid from the individual who was in the best position to proceed.

13. ST ANN’S WELL

The planning application had been made but had not proceeded smoothly, despite pre-application advice having been sought. More information had been requested and the consultation period extended. MHC's architect was in negotiation with the Conservation Officer and Natural England over what work was acceptable, bearing in mind that the building was used as a café and environmental health regulations had to be complied with. An application to replace the spout/bowl had been made, but it was not intended to carry out this work immediately – it had been included to save a further application having to be made and would be consulted upon in due course. The architect would include refurbishment of the toilets in the tender documents. Mr Tuthill pointed out that Mr Hall-Jones was the District Councilor for the area in which the café was situated, that he had extensive knowledge of planning matters and a great interest in the history of the area and that he might be able to assist.

14. URGENT BUSINESS

There was none.

15. RESOLUTION TO EXCLUDE THE PUBLIC

On the proposal of Mr Street, seconded by Ms Stace it was **RESOLVED** to exclude the public for discussion of item 16 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 (Staffing matter).

CONFIDENTIAL

MINUTES RELEASED

16. REPORT FROM THE PENSIONS WORKING GROUP

The Finance and Administration Manager took the Committee through Paper G. The Working Group recommended to the Board that they now needed further specialist advice.

On the proposal of Ms Stace, seconded by Mr Freeman it was **RESOLVED** (with one abstention) to recommend to the Board

- a) that due to the complexity of this issue, further advice should be taken by the Pensions Working Group on the options outlined in paper G before reaching a final decision, in accordance with the brief at Appendix C to the Paper.

- b) That they approve a budget of up to £15,000 plus 20% contingency to come from General Fund reserves.

Mr Street said that he felt it was important to understand that option 2 (closing the scheme to new joiners) would result in MHC becoming seriously in deficit by year 4.

17. REVIEW OF RISK ASSESSMENT

The Secretary to the Board introduced the paper. The Governance Committee had asked this Committee to make the assessment of the level of risk recorded in section 5.11 of the SORP Risk Assessment (Pensions). The Secretary to the Board confirmed that highlighting the issue would not make a difference to the Charity Commission's treatment of MHC.

On the proposal of Mr Tuthill, seconded by Mr Watson it was **RESOLVED** unanimously to change likelihood score in section 5.11 of the Risk Assessment to 5 and impact scores to 4.

The meeting closed at 9.30pm