

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

**Manor House, Grange Road, Malvern
Thursday 14 May, 7:00pm**

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

In Attendance: Director, Finance and Administration Manager, Secretary to the Board, Financial Assistant, Mr B Pilcher, Mr C Rouse, Mr T Yapp.

1. APOLOGIES FOR ABSENCE

Rev'd Attwood Mr M Cordey, Mr R Cousins, Mr A Johnson, Mr P Tuthill.

2. DECLARATIONS OF INTEREST

There were none.

3. CHAIRMAN'S COMMUNICATIONS

- i) Mr Street welcomed Lisa Curtis and Richard Bartholomew.
- ii) The Director reported that a further payment of a legacy had been received, making a total of £50,000. The Director was looking for a single project on which to spend the money, which could be used to publicise MHC's charitable status. He was considering a footpath restoration project, but would welcome other suggestions.
- iii) MHC had received £3,600 from Joules Limited who had carried out a fashion shoot on MHC land.
- iv) The District Council elections had taken place on 7th May. Paul Tuthill and Sheila Young did not stand and Roger Cousins and Tim Perry lost their seats.

4. INVESTMENT REPORT FROM IAN BURROWS, BREWIN DOLPHIN

Mr Burrows gave a presentation (and provided a written report) on the performance of MHC's investments. The investment fund had been drip fed into the markets and 10% of the portfolio remained in cash. The value of the portfolio had increased since November 2014.

Mr Burrows also gave the Committee a summary of the forecasts for future interest and gilt rates.

Brewin Dolphin would provide written quarterly reports and Mr Street asked if Mr Burrows could attend a meeting annually to provide a summary of the portfolio's investment performance.

5. MATTERS ARISING FROM THE MEETING HELD ON THE 26 FEBRUARY 2015

The Director reported that 20 cattle had been purchased. The final cost of £10,800 was £1,800 more than the indicative price which had been given at the last meeting.

6. DRAFT MANAGEMENT ACCOUNTS FOR THE YEAR ENDING 31 MARCH 2015

The Auditors had finished work at Manor House and had reported that all had gone smoothly. The Finance and Administration Manager guided the Committee through her written report. MHC had broken even in the financial year 2014/5. The variance in staff costs arose partly because the figure for employer pension contribution had increased since the budget was prepared and partly because of the re-organisation of staff on the administration and conservation teams. Figures for the cost of the Link Ward election were still awaited. Mr Madden asked to be provided with the rate for the employer pension contributions in 2014/5 and 2013/4. The balance sheet would be updated when the FRS 17 figure was available. Mr Madden asked about setting up a policy on replacement of vehicles and suggested that they should be replaced through a cycle. The Director was currently reviewing the fleet to ascertain what mix of vehicles was needed and was seeking quotes for replacements. All options including hybrid vehicles had been considered.

7. REVIEW RISK ASSESSMENT

The Director said that the draft risk assessment would go to the Governance Committee in July, but this was an opportunity for the Finance Administration and Resources Committee to consider it in detail. He had changed the format to show the change in the risk since last year. The Committee raised the following issues:

1.5 Ms Stace thought that, with all the guidance in place, the likelihood should be reduced to 2.

3.1 Ms Stace thought that the likelihood should be reduced to 1. She thought that "Maintain positive PR input" should be added in the "Current Controls" section.

4.3 Mr Madden asked about the thefts which had taken place. The Director said that the storage facility from which they had occurred was no longer being used.

4.4 Mr Bartholomew asked about the system of appraisals and the reference to them being "as required". The Director confirmed that they were annual with a 6 month interim appraisal.

5.8 Should gift aid be listed as a control?

5.10 The Director had added this following the change of policy to include investing in the stock market. There was an extra risk to the organisation because of fluctuations in the market. The investment policy was listed as one of the controls. Mr Madden suggested that investment policy should be described as “conservative”, and that reference should be made to quarterly reviews.

5.11 Mr Ginn thought that this was a major risk. The Director responded that the risk had not changed and discussions on the pension deficit were ongoing.

Mr Madden thought that any risks classed as red should be revisited more frequently than annually. It was suggested that the “red” risks should be revisited by the Governance Committee at each meeting.

8. SIGNATORIES FOR RESTRICTED FUNDS

The Accounts Manual currently read:

Cheques for payments for General Fund expenditure approved by the Board in the annual budget can be signed by any two signatories. Cheques for payments for additional expenditure and expenditure from the other funds must be signed by at least one Trustee.

On the proposal of Ms Stace, seconded by Mr Ginn, it was **RESOLVED** that this provision should be amended to read:

Cheques for payments for General Fund expenditure approved by the Board in the annual budget and all other expenditure under £5,000 approved by the FAR Committee can be signed by any two signatories. Cheques for larger payments and payments for additional expenditure not approved by the Board or FAR Committee must be signed by at least one Trustee.

9. LOOS/FACILITIES AT TOP SHED

The Secretary to the Board had taken the matter up. Severn Trent had no trace of any previous applications for water or sewerage connections. She was trying to get an overview of the project as the Operations Manager was unsure whether a sewerage connection was required or whether a septic tank could be used. She had asked for a quote to prepare the drawings needed to apply for building regulations consent.

10.34 WYCHE ROAD

The property was on the market, but no offers had been received.

11. ST ANN'S WELL

The planning application had been submitted.

12. CONFIDENTIAL ITEM

On the proposal of Mr Watson, seconded by Ms Stace it was **RESOLVED** unanimously to exclude the public for the discussion of item 13 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. (Matters affecting members of staff).

MINUTES RELEASED

13. REPORT FROM THE PENSIONS WORKING GROUP

The Finance and Administration Manager summarized the work of the Pensions Working Group to date and the available options (details of which were set out in her paper). She thanked the Group for the time and effort which they had put in. After the paper had been prepared, the Finance and Administration Manager had attended the Shadow Pensions Advisory Forum at WCC. It was apparent that MHC were not alone as there were 150 employers in the scheme in the same position. Two matters emerged:

- Mark Forester (Principal Accountant to WCC) revealed that employers who could demonstrate that they could not afford their schedule of contributions (which included an element of deficit funding) could approach the County Council within a specific time window to negotiate a longer recovery period. March 2017 would be the next opportunity.
- A cap on employers' contributions had been brought in with the career average scheme. After the triennial actuarial valuation, all LGPS figures would go to the Government Actuarial Department. The existing deficit was a separate issue, but the maximum ongoing contribution (employer and employee combined) would be fixed at 19%. Any additional cost will fall to the employee.

The Finance and Administration Manager felt that it would be necessary to obtain more information in order that the Working Group could assess the impact of the two points set out above. She was asked to check whether it would be possible to extend the contribution period if the scheme were closed to new joiners.

Ms Stace said that the Group had agreed that it was not the right time to pay a lump sum off the pension deficit. She said that it was important that there was an organizational understanding of the arguments so that when an opportunity arose, MHC was ready to make a decision, with the facts and figures to hand. The WCC scheme was performing reasonably well, but this was not reflected in the FRS 17

figures because of the basis of the valuation. Mr Madden pointed out that the deficit was not just a balance sheet problem, but affected cash flow.

The Finance and Administration Manager suggested that as the Actuarial calculations of the closure rate were now out of date, new figures should be obtained. This would cost £1,450, which would require a small extension to the Working Group's budget. On the proposal of Mr Madden, seconded by Ms Stace it was **RESOLVED** to increase the budget for the Working Group to £6,000.

It was agreed that the matter should be considered further once the Working Group assessed the additional information.

The meeting closed at 8.55pm