

Malvern Hills Trust

Finance Administration and Resources Committee

By Video/telephone conference

Thursday 10 December 2020 7.00pm

Present: Mr R Bartholomew, Mr Core (Chair), Mr M Davies, Mr M Dyde Mr D Fellows, Mr J Michael, Mr C Penn, Prof J Raine, Ms S Rouse.

In attendance: Chief Executive Officer (CEO), Finance and Administration Manager, Secretary to the Board, Financial Assistant, Mr I Burrows (Brewin Dolphin left after item 7), Dr S Braim, Dr G Crisp, Mr C Rouse.

Ms Rouse welcomed everyone to the meeting.

1. Election of Chair

Ms Rouse took the chair. There was one nomination for committee chair and Mr Core was elected unopposed.

2. Election of Vice-Chair

Mr Core took the chair. There was one nomination for committee vice-chair and Mrs Hodgson was elected unopposed.

3. Apologies for absence

Mrs L Hodgson.

4. Chair's communications

- The next Governance workshop would be held on 17 December 2020.
- The next Land Management Plan workshop would be held on 14 January 2021.
- GDPR training would take place at 7pm on 2 February 2021.

5. Declarations of interest

There were none.

6. Public comments

There were none.

7. Portfolio Performance Report

Mr Core welcomed Ian Burrows from Brewin Dolphin. Mr Burrows went through his report, which had been circulated to trustees.

It was suggested that the ethical investments criteria in the Trust's Investment Policy might be reviewed in the light of petrochemical companies' announcing that they were moving into renewables. Mr Burrows thought the companies had probably not moved far enough as yet. He was asked to report on this when next attending a Trust meeting. Mr Core thanked Mr Burrows for attending.

8. Matters arising from the previous meetings not otherwise on the agenda

There were none.

9. Management accounts for the 6 months ended 31st October 2020

The Finance and Administration Manager went through the paper. In relation to the arrears on the Stewardship Scheme, the Trust had contacted the RPA (Rural Payments Agency) and Harriet Baldwin MP, to try to speed up the payments which were in arrears.

Although the general fund surplus was £102,000 over budget, the Finance and Administration Manager felt the position in relation to the effect of the pandemic remained uncertain and the cost cutting measures which were agreed in April should remain in place.

10. To approve General Fund budget and propose the Levy for the year ended 31st March 2022

The Finance and Administration Manager went through the paper. Preparing the budget for 2021/22 Financial Year had been challenging because of the levels of uncertainty. It was impossible to predict whether visitor numbers would remain at the current high levels. Whilst the high visitor numbers had resulted in higher income from car parking, they had presented significant challenges for staff and other resources.

The budget as presented had a £75,000 deficit. Of this, £25,000 relating to the estate supervisor post could be viewed as a one-off payment and could be taken from general fund reserves.

Since the paper was produced, the Chancellor had announced a public sector pay freeze and this would represent a saving of about £10,000. These two factors reduced the deficit to around £40,000. The budget as presented was on the basis of a 3% increase in the levy and an inflationary increase in car park charges to £4.60.

Every 10p increase on car park charges (assuming this did not result in a decrease in the number of tickets purchased), produced £6,000 income.

An increase in the levy of 5% instead of 3% would produce an additional £10,300 income.

The Finance and Administration Manager explained that the outlook in relation to the designated and restricted funds were so uncertain at present that she recommended looking at these funds early next year, when she hoped the position would be clearer.

The CEO went through the key areas of additional cost, as outlined in the paper. In summary, these related to delivering the Land Management Plan, coping with additional visitor numbers and increasing public communications. There was a step change in what the Trust was aiming to deliver. In context £40,000 was about 4% of the Trust's annual expenditure.

Comments included:

- The staff were not comfortable with a deficit budget. However, the staff had made clear the resources they needed to run the Trust, which included additional members of staff. This was a reflection of the increased visitor

numbers and additional compliance requirements. There was a need to take administrative load off the CEO so that he could look more closely at strategic objectives.

- The Trust should be in a position to manage a deficit budget for one year although it was not a sustainable situation beyond that.
- The Finance and Administration Manager confirmed that the Trust was able to increase the levy every year and the maximum amount the Trust was able to raise from the levy (based on historic inflation rates) was £648,900. The levy proposed was £93,000 less than that figure. If the levy was raised by 6%, the increase for the year on a band D property would be £2.27 for the year.
- A 5% increase in the levy amounted to an average additional cost to each household of 5p per week. Because historically the levy had not been increased in line with inflation, the Trust needed to make an increase above inflation and in financial terms this would not result in an undue burden.
- In the coming year the Trust needed to focus on options for fundraising.
- A case could be made to the public for above inflation increases. The lack of progress on governance change meant the Trust's options for other fundraising remained limited.
- Were the levy payers subsidising other users of the Hills?
- Income from the levy was certain whereas income from parking could not be predicted.
- At present the only option in car parks was to pay for a day's parking. It had been intended to review parking charges but the pandemic had meant any analysis of the last year's visitor numbers and behaviours would be atypical. Higher charges might result in additional parking on the public highway and on Trust land outside the designated car parks. There should be a proper analysis of the benefits and risks of raising the car park charges.
- Was it fair to ask people who had been put out of work or had reduced incomes to pay higher car park charges?
- It was hard to estimate how many people took a chance by not paying for parking in Trust car parks and whether the change to payment by card had affected this. The Finance and Administration Manager could check the number of penalty notices issued.
- The Finance and Administration Manager outlined the cost to the Trust of dealing with the issue of all car park passes "in house". This took up a proportion of the time of the permanent staff as well as the cost of employing a temporary member of staff.
- The Trust had received additional income in 2020/21. This went into reserves but could be used to cover the deficit in the 2021/22 budget.
- The Finance and Administration Manager was asked to provide a paper summarising cost saving measures at the January Board meeting.

Mr Core summarised the discussion. The budget presented showed a deficit of around £40,000, which was an uncomfortable position. Times were uncertain. Increased visitor numbers had provided more car park income but had put

additional burdens on the staff and the land. It was not clear the increase in visitors would be sustained. The levy was a secure source of income but the levy payers had to be treated fairly.

On the proposal of Mr Davies, seconded by Ms Rouse it was **RESOLVED** unanimously to approved the draft general fund budget as set out in the paper, save that the levy should be increased by 6 %, and to recommend its adoption by the Board.

On the proposal of Mr Core, seconded by Ms Rouse it was **RESOLVED** (Mr Bartholomew not present for the vote) unanimously to recommend to the Board that the levy for 2021/22 be set at £566,950.

On the proposal of Mr Core, seconded by Mr Davies it was **RESOLVED** with one abstention to recommend to the Board that car park meter prices be increased to £4.60 per day from 1st April 2021.

On the proposal of Mr Davies, seconded by Prof Raine it was **RESOLVED** unanimously to recommend to the Board that:

- a. Residents' passes be increased to a cost of £5.90 per annum from 1st June 2021
- b. Annual pass prices be increased to £39 per annum, plus £15 per annum for a second car at the same address, from 1st April 2021

The Committee **NOTED** the designated and restricted fund draft budgets.

11. GDPR review and action points

A paper had been circulated. The Finance and Administration Manager would forward a copy of the Ametros report to any trustee on request. Any policy changes would be brought to the February meeting.

12. Reports - for information

12.1 Car park takings analysis

Reports had been circulated. Current car park takings were already more than for the full year in 2019/20.

12.2 Report of CEO's exercise of delegated expenditure powers

No expenditure since the last report.

12.3 Red flag items off the risk schedule

There were no changes recommended. There remained uncertainty in relation to car park income for the remainder of the financial year.

12.4 Review of major projects (including Land Management)

The CEO went through the report. In relation to the British Camp toilets, he had been exploring whether there was any prospect of joining the sewerage system on to the mains. The CEO said he did not think there would be a cost saving in the long term by continuing to pump out the tank and not replacing the system.

12.5 Fund raising/Legacy working group

On the proposal of Ms Rouse, seconded by Mr Davies it was **RESOLVED** with one abstention to combine the fund raising and legacy working groups (Ms Rouse, Mr Core, Dr Braim, Mr Davies, Mrs Hodgson and the CEO).

13. Urgent business

There was none.

14. Date and time of next meeting

Thursday 11 February 2021 7pm.

15. Confidential business

On the proposal of Mr Bartholomew, seconded by Ms Rouse it was **RESOLVED** unanimously 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 (HR/legal matter)

The meeting closed at 9.20pm