Malvern Hills Trust

Annual meeting of levy payers
The Council Chamber, Malvern Hills District Council, Avenue Road, Malvern
Thursday 08 September 2022 7:00 pm

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, Mr J Michael, Mrs C Palmer (Chair), Dr T Parsons, Mr C Penn, Mr C Rouse, Mrs M Turner, Mr D Watkins,

In attendance: CEO, Finance and Administration Manager (FAM), Secretary to the Board, Conservation Manager, Mr D Butler, 27 members of the public.

The Chair welcomed everyone to the meeting. She asked those present to observe 2 minutes silence following the death of Her Majesty Queen Elizabeth II.

1. **Apologies for absence**
   Dr E Chowns, Mr M Davies Mrs L Hodgson, Prof J Raine, Ms H Stace.

2. **To receive the minutes of the meeting held on 9 September2021**
   Prof McCrae said there were a number of problems on the minutes, and he suggested dealing with them outside the meeting. He declined to explain in what respect the minutes were not an accurate record of the meeting. On the proposal of Mr Fellows, seconded by Mr Bartholomew, it was **RESOLVED** (with 6 abstentions) that the minutes of the meeting be signed as a true and correct record.
   Mrs Palmer confirmed that this meeting was a meeting of the Board. Members of the public could ask questions but the only item on which they were entitled to vote was upon appointment of the auditors.

3. **Public questions**
   Mrs K Harris:
   I was pleased to see that on p.13 [*of the Trustees Annual Report]*, there was an acknowledgement of the levy payers contribution, but given that the precept payers provide the biggest single and permanent source of funding annually, as a valuable and the largest stakeholder by financial contribution, why were they not also listed under the acknowledgements paragraph on p.14?

   Mr Core explained that the acknowledgements on page 14 were for other contributors, for example those giving grants.

   Dr Crisp asked whether the levy payers' meeting was the exercise of a public function. As this was not a question on the accounts it would be dealt with at the next Board meeting.

4. **To receive and approve the Trustees' Annual Report and Accounts for the year ended 31 March 2022**
The Finance and Administration Manager said she had received several queries about the pension note (note 26).
The queries arose about the use of the term "interest" in the FRS 102 calculation. The FRS 102 pension figure was a calculation for the purpose of the end of year accounts. "Interest" in this context did not refer to a payment made by the Trust but to the removal of one year's discounting as part of the Actuarial calculations. It was clear that readers of the accounts might benefit from further explanation and hence she proposed adding the wording set out in the schedule to note 26 (after the first table on page 48).
Mr Fowler said that he had asked for the inclusion in the Annual Report of a statement that some of the Trust's work was done as a public body but this had not been agreed.
Mr Butler then addressed the meeting. He was responsible for signing off the accounts. He was satisfied that the accounts accurately reflected what had gone on during the year and also that the Trust was a going concern. The Trustees Report was consistent with the financial information.
On the proposal of Dr Braim, seconded by Mr Fellows it was **RESOLVED** (with 1 vote against) to approve the Annual Report and Accounts for the year ended 31 March 2022 with the addition of the amendment put forward by the Finance and Administration Manager.

5. **Appointment of auditors for the year 2022/23**
It was proposed by Mr Core and seconded by Mr Fellows to reappoint Bishop Fleming.
Prof McCrae proposed an amendment and suggested PwC should be appointed as auditors. This was seconded by Dr Crisp. Prof McCrae had not ascertained what their fee would be. He said that if PwC would not take on the Trust as a client or charged an unreasonable fee then the matter would have to come back to the meeting. Mr Watts acknowledged that it was a confused situation as the levy payers could nominate the auditors but the Trust entered into the contract to appoint them.
Comments made included:
    - That to appoint auditors without having any idea what their fees would be was irresponsible and out of order.
    - The Trust had been through a process when selecting the existing auditors. To suggest appointing another auditor without going through such a process was not a prudent course of action.
    - If the questions posed had been raised in advance of the meeting they could have been answered in a considered way. To put forward a very large firm for appointment would increase the audit fee.
    - The Board might consider going through an appropriate procurement process.
    - Suggesting that one of the largest auditors should conduct the Trust's audit would be inappropriate. The Trust should consider changing their

auditors after a period of say 5 years, and to choose one which would provide value for money.

- It would not be appropriate to make an uninformed decision, there being no information about PwC.
- It would be entirely inappropriate to vote to appoint a firm of auditors without having gone through the normal due diligence and selection procedure. Normally the Trust would invite quotes from a number of appropriate organisations and examine their skill set and proposed charges. To put forward a proposal to appoint a firm without this was financially irresponsible.
- Could the quotes be published?
- To accept this amendment would result in the trustees being unable to carry out the instruction as it would be a breach of duty of the trustees.

The Secretary to the Board said that if the amendment was approved the meeting would have to be adjourned to get proper information on what PwC would charge if appointed.

On the proposal of Prof McCrae, seconded by Dr Crisp the amendment to substitute PwC for Bishop Fleming was **CARRIED** by 29 votes to 13 (with 1 abstention).

The meeting was adjourned to make the necessary enquiries of PwC.

The meeting closed at 19.52

Signed…………………………………..(Chair)
1 December 2022

Schedule

As part of the annual pension deficit calculation, the Actuary estimates the future benefit cashflows, and then reduces them in line with assumed future investment returns to get an estimate of the money needed now to pay the benefits. The process of reducing the future cashflows is called discounting, and the assumed future rate of return is called the discount rate. When the Actuaries update the calculations for the following year, they need to remove one year's discounting (as the benefit payments are all now one year closer), and it is this removal of discounting that is referred to as "interest" on the benefit obligation in the accounting schedule.

The Actuaries have to follow FRS 102 as issued by the Financial Reporting Council in setting the discount rate, which must be based on high quality (typically taken to mean at least AA rated) corporate bond yields at the accounting date.

The "interest" figure for the year 2021/22 uses the 31/03/2021 rate of 2.1 %
(2020/21 uses the 31/03/2020 discount rate of 2.4 %)