

19 January 2023

Malvern Hills Trust

Ordinary Meeting of the Board

Council Chamber, Avenue Road, WR14 3AF

Thursday 19 January 2023 7pm

Present: Mr C Atkins (arrived during item 5), Mr D Baldwin, , Mr P Clayburn, Mr D Core, Mr M Davies (Chair), Mr D Fellows, Mr R Fowler, Mrs L Hodgson, Mr J Michael, Mrs C Palmer, Dr T Parsons, Mr C Penn, Prof J Raine, Mr C Rouse, Ms H Stace, Mrs M Turner, Mr D Watkins.

In attendance: CEO, Secretary to the Board, Finance and Administration Manager, Mr I Burrows, 2 members of the public.

Please note – reporting items set out on the agenda which were not for decision were dealt with at an online workshop (“the Workshop”) on Tuesday 17 January 2023 which was streamed for members of the public. This action was taken because of the continuing high numbers of respiratory infections in order to shorten the face-to-face meeting.

Mr Davies welcomed everyone to the meeting.

1. Apologies for absence

Mr R Bartholomew, Dr S Braim, Mrs H I’Anson, Dr D Westbury, Conservation Manager

2. Chair’s announcements

- The Chair welcomed Duncan Westbury to the Board.
- A carol concert by Vital Spark before Christmas had been a great success and raised £450 for the MHT tree replacement fund. The Chair thanked Richard Bartholomew for organising the event and Little Malvern Priory for hosting it.
- It was planned to organise a social gathering for staff and trustees.
- There was one item of urgent business.

3. Declarations of interest

Mr Rouse –rights of common over Trust land.

4. Public Comments

See Schedule

5. Any issues arising from the Brewin Dolphin Investment report to the FAR Committee meeting held on 8 December 2022

The Chair welcomed Ian Burrows and Wolfie Papirnik from Brewin Dolphin.

Mr Burrows said there seemed to be a more optimistic economic mood since the turn of the year, although he would not rule out the market moving lower in the near term. The outlook for the domestic economy appeared brighter, and China had lifted most of its Covid restrictions, which should allow economic activity there to get back to a more normal level.

In response to questions, Mr Burrows confirmed MHT had no direct investments in China, Iran, Ukraine or Russia. Although Europe had done a good job of managing disrupted energy supplies, there were continuing risks associated with war in Ukraine in particular the threat of use of nuclear weapons by Russia, or changes in the Russian leadership.

He believed the impacts of Brexit were already priced into the markets. The Trust's portfolio was diverse and there was little exposure to UK specific Brexit related issues – eg the Northern Ireland import/export markets and businesses heavily reliant on migrant labour. Inflationary pressure from rising service costs was now a potentially more significant than the cost of goods and limitations in the labour market could prove a problem in the future.

6. To approve the Minutes of the Board meetings held on 10 November 2022

On the proposal of Mr Clayburn, seconded by Prof Raine it was **RESOLVED** (with 1 abstentions) to approve the minutes of the meeting held on 10 November 2022.

7. Matters arising from the previous Board meeting not otherwise on the agenda

Mr Fowler said that the Chair had stated that the Board would seek to form a closer relationship with levy payers and he was surprised not to find a resolution confirming that on the agenda. Mr Fowler suggested a discussion to produce some action points. The CEO said that that there was an outstanding action to have a second workshop on this topic. Following this, the matter could be brought back to the Board.

8. Appointment of Duncan Westbury to Land Management Committee

On the proposal of Mr Davies, seconded by Ms Stace it was **RESOLVED** unanimously to appoint Dr Westbury to the Land Management Committee.

9. Appointment of Governance Committee

On the proposal of Mr Core, seconded by Mrs Palmer it was **RESOLVED** (with 1 abstention) to appoint the following to the Governance Committee:

Mr Atkins
Dr Brain
Mr Clayburn
Mr Core
Mr Fellows
Prof Raine
Ms Stace

10. Finance Administration and Resources Committee

10.1 On the proposal of Mr Core, seconded by Mrs Hodgson it was **RESOLVED** by the committee members present to confirm the accuracy of the minutes of the meeting held on 8 December 2022.

10.2 There were no updates or questions

10.3 Adoption of the minutes

On the proposal of Mr Core, seconded by Mr Fellows it was **RESOLVED** unanimously to adopt the minutes of the meeting held on 8 December 2022.

11. Investment Risk Levels

The Finance and Administration Manager introduced the paper. The Finance Administration and Resources Committee had discussed whether a change was required to protect the capital value of the Land Purchase Fund against investment fluctuations in the event that the Board wished to borrow from it to fund a Private Bill.

Mr Burrows confirmed that Brewin Dolphin had 10 categories of investment risk level. The Trust funds were currently invested at risk level 6, based on their long term investment strategy. If significant funds were likely to be required in the next 2 years or thereabouts it would be wise to reconsider the position. It would make sense to split the fund to take into account any short term requirements.

Points made in discussion included:

- There was a clear risk in leaving the money invested in the stock market and finding that it crashed just as the Trust needed to withdraw funds. Equally if the fund was split so there was lower exposure to stock market investments, and the market improved, the Trust could lose money.
- Would it be better to wait to withdraw the money if it was not required straight away? It was premature to start making investment decisions when there was no permission to apply for a Private Bill.
- There was a reasonable expectation that the Bill would progress. The proposed strategy would allow the Trust to crystallise gains which had been made over the longer term by moving funds to a more stable investment.
- A lot of changes had happened in the period since the cost and benefit exercise had been undertaken.
- Trustees were not experts in investment and the advice given by the Trust's investment managers was sound.

There was then a discussion about the appropriate investment risk level for the money it was proposed to draw down. Mr Burrows explained that to reduce investment risk, funds had to be moved out of the stock market (which potentially meant lower returns), and trustees had to decide what level of risk they were prepared to tolerate. Would it be prudent, if funds were required in the short to medium term, to take a gamble that the stock market would keep rising? Short term timing was a consideration - the market was no longer low, but the main issue was what was the most sensible strategy for the charity.

He detailed how much of a portfolio would be invested in the stock market in each risk category and the largest historic fall in the market for each category.

Category 6 – 68.5 % in the stock market. Maximum historic fall 26.4 %

Category 5 – 52.5 % in the stock market. Maximum historic fall 21.5 %

Category 4 - 36 % in the stock market. Maximum historic fall 16 %

Category 3 - 18.5 % in the stock market. Maximum historic fall 10 %

He suggested moving the funds to risk category 4 as starting point for discussions but categories 3 or 5 would also in his view be a reasonable judgement. With risk level 4, 1/3 of the portfolio would be invested in fixed interest products – UK gilts, corporate bonds etc with the balance in “alternatives” (all other things – commercial property, infrastructure, precious metal etc). Historically risk level 4 had given a return of about 5 % pa.

The amount of the fund which should be in the 3 tranches was also considered.

Mr Core said the overall cost of a Private Bill had been estimated at £400,000. He suggested moving £150,000 as the amount required to prepare the Bill, with £200,000 to be spent whilst the Bill was progressing through its various stages. He suggested that the first tranche of the funds to be withdrawn following the decision. The re-investment of the second tranche should be at the discretion of Brewin Dolphin.

Mr Fowler asked about repayment of the loan. Mr Core said repayment of the loan had been covered at past meetings and repayment would come from all sources of funds. The Finance and Administration Manager added that costs and benefits analysis also looked at the financial benefits from the changes proposed.

On the proposal of Mrs Turner, seconded by Mrs Hodgson it was **RESOLVED** (with 3 votes against) that:

Land Purchase fund be split into 3 parts:

- i. £150,000 should be drawn down now and invested through the Flagstone platform to obtain the best short-term return,
- ii. £200,000 be taken out of the main portfolio, timing at the discretion of Brewin Dolphin, and continue to be invested through RBS Brewin Dolphin but at risk level 4.
- iii. The balance to remain invested at the current level of risk.

The Board reviewed the risk level on the Parliamentary & Lands Maintenance Fund portfolio and on the proposal of Mr Core, seconded by Ms Stace it was **RESOLVED** unanimously that the fund should continue to be invested at risk level 6.

Mr Burrows and Mr Papirnik left the meeting.

12. To approve the budget and set the levy for 2023/24

The Finance and Administration Manager went through the papers, including draft 3 of the budget incorporating the changes agreed at the FAR meeting. The tax base for the next financial year had increased, so that the percentage increase for MHDC levy payers on the basis of the budgeted figure, would be 8.3 % (Band D levy £44.76 - an £3.42 increase from the previous year).

In respect of the levy the following points were made:

- The budget showed a deficit, which was not a good position. Given the increase in the tax base was there the opportunity to reduce the deficit and still have less than a 10 % increase? There was a legal obligation to look after the Hills and the budget to fulfil those obligations had been carefully prepared.
- What would the weekly increase in the levy payable be, were it to be raised by 10 %. The Finance and Administration Manager said 6.6p.
- The council tax bill would show a percentage increase. The Trust should not look for a 10 % increase just because others may be doing that. The Trust should be able to live with a £40,000 deficit.
- Would the Trust seem to be grabbing when everyone else was suffering?
- Any failure to increase the levy appropriately in line with increasing costs this year would have a knock-on effect on future years. The money would never be made up. The Trust had fallen into this trap before.
- If an appropriate increase was not made this year, the Trust would be faced with above inflation increases in future years.
- Deficit budgets were not what the Trust should be looking at.
- If the Trust hadn't spent £145,000 on the proposed governance changes the Trust would still have that money. The CEO made the point that what was under consideration was the general fund budget.
- The Trust's income was not only from the levy – other sources of income would also bear a percentage increase. The CEO said that the levy on average accounted for 42 % of the Trust's income. One of the key things in the cost and benefit analysis was that the governance changes would give the Trust greater flexibility to fund raise.

On the proposal of Ms Stace, seconded by Mr Core it was **RESOLVED** (10 votes in favour 7 against) to set the levy for 2023/24 at £663,800.

The Board then considered the budget. With that amendment to the levy the budgeted deficit would be £26,900.

On the proposal of Ms Stace, seconded by Mr Core it was **RESOLVED** (with 1 vote against and 2 abstentions) to approve the general fund budget with the one amendment to the amount of the levy as set out above but otherwise as drawn.

On the proposal of Mr Core, seconded by Mrs Hodgson it was **RESOLVED** unanimously

1. That car park meter prices in the main car parks be increased to £5.25 per day from 1st April 2023,
2. That 2 meters be installed at Old Hills with a £2.50 daily charge from 1st April 2023,
3. That Residents' passes be increased to a cost of £7 per annum from 1st June 2023,
4. That Annual pass prices be increased to £50 per annum plus £25 per annum for a second car at the same address, from 1st April 2023,

On the proposal of Mr Core, seconded by Mrs Hodgson it was **RESOLVED** unanimously:

- a. That the designated funds budget for 2023/24 be approved and
- b. That the restricted funds budget for 2023/24 be approved.

Mr Davies thanked the CEO and the finance team for all of their hard work. Mr Core thanked the Finance and Administration Manager not only for her hard work this year, but for the previous 20 years, as this would be her last budget for the Trust.

13. Car park evening tariff

The CEO went briefly through the paper. The proposal to charge a different rate for parking after 6pm would be run for one year as a trial.

On the proposal of Mr Fellows, seconded by Mrs Palmer was **RESOLVED** unanimously that an evening tariff of £3.00, valid from 6.00 pm onwards, be introduced from April 1st 2023, to be reviewed in the early part of 2024.

14. Worcestershire Pension Fund triennial valuation results

The Finance and Administration Manager went through the paper. The funding level of the pension had increased from 69.2 % to 74.8 % so the deficit had reduced. The deficit contributions would increase over the course of the next 10 years, whilst the deficit was being paid off.

The Trust had been offered the opportunity to pay the deficit contribution annually rather than monthly and over the next 3 years this would make a saving of £5,020. The Finance and Administration Manager had been asked whether it was better to continue to pay monthly and put the balance on deposit. This year the benefit would be evenly balanced so there was no particular benefit in investing the money and it was administratively easier to make a single payment.

Mr Penn asked if the commitment to the pensioners turned out to be less than the actuarial estimates, would the Trust get money back. The Finance and Administration Manager suggested the Trust might take advice on the closing calculation when the time came. Mr Core pointed out that as the youngest member of the scheme was under 40, the pension scheme was a long term commitment.

Mr Fowler said this year's increases in salaries might make the position worse.

On the proposal of Mr Clayburn, seconded by Mrs Hodgson was **RESOLVED** unanimously that the Board agree to pay the next 3 years' deficit contributions to Worcestershire Pension Fund in April of each year.

15. Land Management Committee

15.1 On the proposal of Mr Clayburn, seconded by Mrs Turner it was **RESOLVED** by the Committee members present to approve the accuracy of minutes of the meeting of the meeting on 1 December 2022.

15.2 Updates

There were none.

15.3 Adoption of minutes and recommendation

On the proposal of Mr Rouse seconded by Mr Clayburn it was **RESOLVED** unanimously to adopt minutes of the meeting of 1 December 2022.

16. Easement application Rosedale, Park Road, West Malvern

The CEO introduced the paper. This was an application for additional vehicular access for residential use. A site visit had taken place. There was already a double width access. The issue for determination this evening was whether the property “*appearing to the Conservators to lack satisfactory access*”. This was a prerequisite under the Acts to the granting of an easement.

There was a brief discussion. It was generally agreed that whatever sympathy there was for the residents, the property did appear to have satisfactory vehicular access and the trustees were constrained by the wording of the legislation.

On the proposal of Ms Stace, seconded by Mr Clayburn it was **RESOLVED** (with 1 abstention) that the property already had satisfactory vehicular access.

17. Boundary Commission review

The CEO gave an update on what had happened since the November Board meeting. Harriet Baldwin MP had written to the Department of Levelling Up Housing and Communities (DLUHC). She said that when she did not receive a reply, she had tabled a Parliamentary Question asking when the Minister would respond. She was then offered a meeting with the Minister which was due to take place on 31 January. Prior to that Mrs Baldwin would attend the Trust’s officers for a briefing session (on 27 January). There would be a report back to the Board after the meeting with DLUHC,

The Trust’s Parliamentary Agent had also been chasing a response to his original letter to DLUHC which had included a summary of the Trust’s case. He was eventually offered an online meeting with Officers from the Department (the Officers) on December 16th. The Officers had stressed the Department’s other commitments and were not convinced that the need for an order now was not the result of past inaction. It was agreed that the Trust would submit details of previous Local Government Boundary changes and the reasons why no amendment to the Trust’s Acts was required as a result. The Trust’s Parliamentary Agent had sent this information to the Officers on 6 January.

The CEO was concerned that time was very short to get a process in place to make the necessary changes to the Acts.

Mrs Palmer and Mrs Turner congratulated the staff on the progress they had made.

Mr Davies brought to the attention of the Board a request to the Secretary to the Board from Mr Fowler, asking for copies or transcripts of any communications regarding this issue from the Charity Commission or others. There was a discussion about the reasonableness of this request and the amount of staff time which might be taken up in dealing with it. Mr Davies offered a meeting with Mr

Fowler and the CEO to discuss the request further. The consensus of the meeting was that the provision of further information might wait until after the meeting with the Minister.

The CEO said that legal costs to date were just over £8,000.

18. Staffing Committee

18.1 On the proposal of Mr Baldwin, seconded by Prof Raine it was **RESOLVED** by the Committee members present to approve the accuracy of minutes of the meeting of the meeting on 5 January 2023.

18.2 Updates

There were none.

18.3 Adoption of minutes and recommendation

On the proposal of Prof Raine, seconded by Ms Stace it was **RESOLVED** unanimously to adopt minutes of the meeting of 5 January 2023 and that the Estate Supervisor role be confirmed as being on Scale 6 of the NJC pay scale.

19. Authority to execute documents

Mr Davies summarised the paper. Mr Rouse said he did not see any reason why the Land Management Committee should not be included in the list of potential signatories. The CEO said the purpose of the proposal was to affirm the 4 people who could sign deeds, in circumstances where the Board had previously agreed to purchase land.

On the proposal of Mr Davies, seconded by Mr Core it was **RESOLVED** (with 1 vote against) that where the Trust had agreed to acquire land and the document effecting the transfer to the Trust were required to be executed on behalf of the Trust, any two of the following:

Chair of the Board

Vice-Chair of the Board

Chair of Finance Administration and Resources Committee

Vice-Chair of Finance Administration and Resources Committee

were authorised to execute the deed in the name of and on behalf of the Trust.

20. Information

The new Finance and Administration Manager was Helen Barber. She had previous experience of working both for charities and in private practice.

20.1 Malvern Spa Association

The theme for the Well Dressing would be Kings and Queens.

20.2 AONB Joint Advisory Committee

20.3 Wildlife Panel

20.4 Recreation Advisory Panel

20.5 4Cs

20.6 Management Report

The above items were reported on in detail at the Workshop.

21. Urgent Business

The CEO reported that there was a section of bank next to a stone wall at Earnslaw car park which was starting to erode and collapse. It required attention and it was proposed to extend the wall for a further 4m to retain the bank. The cost of constructing the wall would be around £5,280. The work was expected to take 5 – 8 days. There was also a need for traffic control at a cost of about £3,265 (depending on how long the job took).

On the proposal of Mr Davies, seconded by Mrs Palmer it was **RESOLVED** to authorise expenditure of up to £10,000 from the Parliamentary Fund to build a retaining wall.

22. Date of next meeting

9 March 2023.

The meeting closed at 9.20pm

Schedule

Katharine Harris

In relation to the precept:

1. The proposed 10 % increase in the precept for the next financial year represents a significant increase when salaries in many professions are not due to rise by anything like this amount. With staffing being one of the largest costs of any organisation I hope there are no plans to further extend the staffing levels at MHT for the foreseeable future.
2. Precept paying households are an easy target for seeking increased funding, but at a time when many are struggling to meet their energy bills, cutting back on food shopping, delaying large expenditure items and so on a 10 % increase demonstrates a lack of awareness of the financial pressure households are currently facing including those with working adults. What similar economies are being made by MHT to reduce their expenditure thereby minimising any precept increase?