

Malvern Hills Trust

Finance Administration and Resources Committee

Guesten Suite, Lyttelton Well, Church Street, Malvern WR14 2AY

Thursday 12 December 2024 at 7.00pm

Present: Lucy Hodgson (Chair), Robert Berry (left 9.20), David Core, Allan Cottam (left 9 pm), Richard Fowler, Charles Penn, John Raine and Mary Turner.

In attendance: CEO, Secretary to the Board, Finance & Administration Manager (FAM), Wolfie Papirnik of RBC Brewin Dolphin (for item 7).

Absent: Paul Bennett

David Core opened the meeting.

1. Election of Chair

David Core reported that two nominations had been received: Robert Berry, proposed by Richard Fowler and seconded by David Fellows; Lucy Hodgson, proposed by David Core and seconded by Mary Turner. Lucy Hodgson was elected by a majority vote in a secret ballot.

Lucy Hodgson took the Chair.

2. Election of Vice-Chair

Robert Berry said that he did not wish to stand for the role of Vice-Chair. No nominations had been received by the deadline and so the election was deferred until the next meeting.

3. Apologies for absence

David Fellows, John Michael.

4. Chair's communications

Some of those present had worn Christmas jumpers in recognition of the Save the Children Christmas Jumper Day. A collection was taken for the charity.

5. Declarations of interest

There were none

6. Public comments

There were none, no members of the public being present.

7. Investment Report

The Committee received, under confidential cover, a report from Wolfie Papirnik, Charity Investment Manager for RBC Brewin Dolphin, on the current situation of the

markets in general and the performance of the Trust' investment portfolio in particular. Mr Papirnik presented the report to trustees and questions were invited.

7.1 Questions and comments from Trustees

- *What is likely to happen with inflation? We expect inflation to remain above 2 % during 2025, but below 3 %.*
- *Why are the top performers on the portfolio all American? We have a preference for the US. The election of Donald Trump as the next president has had a positive response from the markets.*
- *Are there any sustainability funds in our portfolio? I am concerned that Croda International uses pesticides and that we shouldn't be investing in a company providing pesticides.*
- *It is four years since MHT last reviewed its Investment Policy; we should do this in 2025 and identify particularly businesses that we would like to prioritise for investment.*
- *How low is the portfolio's ESG Risk compared with the average? It is unusual for the figure to be lower than 21 %, although it is possible.*

Trustees thanked Wolfie Papirnik for an interesting discussion. It was noted that RBC Brewin Dolphin would need prior warning if the Trust wished to consider further restrictions on its investments; any restriction should be in line with the Trust's values and objects.

Wolfie Papirnik left the meeting at 7.50 pm.

8. Matters Arising from the FAR meeting held on 29 August 2024

There were none.

9. Management Accounts for the 7 months to 31 October 2024

The Committee received the accounts. The Finance & Administration Manager (FAM) reported that the reserves position was being reviewed quarterly. The free reserves had stood at £780,470 at the end of September 2024; these included the unrestricted gift fund. The FAM said there were no issues with the reserves level but warned that the Trust might need to use some reserves.

The FAM made the following points:

9.1 Balance Sheet

- It was an audit requirement to show the Flagstone monies as cash.
- The RPA stewardship scheme payments had been slow to arrive; in October, the Trust had still only received 83 % of the monies owed for 2023. The Trust was mindful that it could not commit this money until it had actually been received.

9.2 General Fund

- The income percentage of the Levy would be shown in the Notes to the Management Accounts for each report, together with a memo on how this had been calculated. It would be shown on a month-by-month basis from next year.
- The sum of £5k had been spent from the Communications budget on a specialist report and there was more expenditure to go against this line before year end. Overall communications investment was still lower than the Trust would like, but it was resource driven.
- Governance-related legal advice currently stood at £21,185; this was **not** Bill-related.
- Training was over-budget due to an active decision to invest in health and safety training in particular.
- Recruitment was over-budget due to the post of Land & Property Manager having to be advertised twice, as well as the Community & Conservation Officer advertising.

9.3 Designated Funds

- A trustee asked whether it would be possible to remove the designation fund on boundary commission, given the likely changes to local government. It was noted that Parliament was due to discuss the next stage of the local government reorganisation very shortly and that it would be sensible to wait for the outcome of those discussions.
- The FAM drew the Committee's attention to the separation of Bill costs into Promotion & Preparation legal costs and Other Costs. There would be an updated spend statement for the web site shortly.

9.4 Restricted Funds

- It was planned to spend from some small, restricted pots.

9.5 Questions and comments

- The CEO had been in discussions with Herefordshire Council, who had previously questioned their £22k contribution towards cleaning and compliance at British Camp. It was noted that the Council had been committed to this payment for some time, but the question of withdrawal had been raised before. Now that services were outsourced, it was difficult for councils to absorb such costs.
- The CEO referred to the overspend on recruitment, commenting that advertising vacancies had become very expensive and indeed the Trust had chosen not to advertise in the local press for the second round of the Land & Property Manager recruitment. In answer to a trustee question, she confirmed that online advertising also cost money, with LinkedIn being very expensive.

10. Loan Drawdown Tranche #1

The Committee received, for information, details of the proposed loan drawdown of £100k on 31 December 2024; further drawdowns were budgeted for 31 March (£90k) and 30 September 2025 (£50k), and 31 March 2026 (£60k). The FAM drew the meeting's attention to the breakdown of the Parliamentary Costs budget in the paper, explaining that the £20k showing as 'contingency' was for other legal advice. It was noted that the Chair of FAR would sign off the drawdown, which would be reported to the Committee once completed.

11. Report on spend of £30k contingency approved by Board January 2024

The Committee received a report prepared by the FAM and the CEO. It was noted that since the Land & Property Manager would not be taking up her post until February there was capacity for the Trust to address some of the other recommendations in the Staffing Review. Not all the measures could be included in the contingency budget, but would appear in the 2025-26 budget, for example long service and on-call allowances. The increases in staffing capacity and the handover between the outgoing and incoming Community & Conservation Officers, both made possible by the contingency, had been really useful.

The Trust was required to cover professional fees for the new Land & Property Manager, and so it was thought appropriate to offer professional memberships to the other senior management team members too; this would benefit the charity and help to retain staff. SMT wanted all members of staff to benefit in some way from the contingency; for example, there were plans for a one-off personal allowance for staff for outdoor clothing to enable them to purchase anything not covered by their current allowance. The Trust might not be able to uplift salaries, but it could contribute to clothing.

It was noted that some of the provisions would have a minor impact on future budgets. It was also noted that there had been a slight overspend of the contingency: £34,650 against a £30k budget.

Questions and comments from trustees were invited.

- A trustee suggested that there overspend of the contingency should not be seen negatively, because there was a good explanation for it.
- A trustee expressed concern that benefits given to staff should not turn out to be benefit in kind for tax reasons. The trustee was also concerned that the Trust might be asking staff what they *wanted* rather than providing what they *needed*.
- A trustee asked which organisation(s) the Trust intended to use for its benchmarking exercise. The CEO explained that the Trust's HR provider had a database that allowed them to benchmark against thousands of similar roles. She confirmed that the HR Advisor would explain the procedure to staff; it might or might not result in salary uplift.

- In answer to a question about whether the benchmarking exercise would go into detail about professional development, the CEO stressed that she did wish to plan a progression path for outside staff.
- A trustee expressed concern that the Committee was being asked to prioritise the various costs in the paper when they all seemed very important. Although it was confirmed that there was no additional budget available, it was confirmed that some costs could be moved around, for example the backdated pay award.

The Committee RESOLVED unanimously to recommend that the Board:

- **Approve in principle the prioritisation of costs against the £30k contingency;**
- **Accept the introduction of an annual professional membership/qualification and its associated fee for each member of senior management team, where appropriate.**

12. Budget 2025-2026

The Committee received a draft budget for 2025-26, together with detailed accompanying notes prepared by the FAM. The FAM warned that after transfers the Trust was forecasting a deficit of £71,947; reserves were likely to reduce, the gift fund would have to be used, and the Trust would need to find a way to generate income to cover additional costs.

12.1 Income - Levy

The FAM drew the meeting's attention to a table in the appendix detailing projected total income and likely individual charges to tax payers at Band D level, with a selection of percentage increases from zero to 10%. The FAM had been advised that MHDC planned to raise their share of Council Tax by 2.91% and that she should assume the tax base would remain the same, although it might increase slightly. She told the Committee that if the Band D Tax Base were to increase by even 1%, trustees should consider the Levy further before and at the Board meeting on 16 January. A trustee asserted that the Board would not be observing its objects if it took such an action, suggesting that the Trust was not actually in deficit, but only appeared to be because of how the accounts were structured. The CEO countered that there were certain things that the Trust was deferring because they couldn't be afforded. A trustee added that the Board had to start with what the Trust needed to operate effectively, observing that it was already charging well below the figure it might have been charging by now, had the Levy always been increased by the maximum amount possible. It was agreed to defer a decision on the Levy until the Committee had scrutinised the whole budget.

12.2 Income - Car Parking

It was noted that additional meters were planned for Old Hills in 2025-26. A trustee asked whether it would bring in additional income if there were

a half day tariff. The CEO said this was on the list of things to review; the Trust benchmarked with similar organisations, but it did not currently have the necessary depth of understanding of consumer behaviour or the warden capacity to bring this in. The FAM thought that half-day parking would *reduce* income.

12.3 **Income – Grants**

The budget included a 5% uplift to the WCC grant, although the FAM queried whether it should be 6%. A trustee suggested that this was not in line with RPI, but it was pointed out that the budget was set on a line by line basis and the Trust wanted to close the gap between grants and the Levy. The CEO stated that a policy on fees and charges was needed.

12.4 **Income – Rentals**

The FAM had looked carefully at previous year's actuals and the budgets were based on those. The Malvern Hills National Landscape Team had agreed to vacate one room in Manor House for both they and MHT staff to use for hotdesking and so the income from them would decrease.

Allan Cottam left the meeting at 9 pm

12.5 **Expenditure – General Fund**

The FAM made the following points:

- Although there had been an underspend on communications in recent year, the budget had been left at 2024-25 levels, because there were plans in place following the arrival of the new Community & Conservation Officer. The CEO advised that if the Trust commenced corporate PR, there might be in-year pressure on this budget.
- The IT budget had been increased following the loss of the previous Community & Conservation Officer's IT expertise and in recognition that much of the Trust's hardware was old.
- A trustee asked whether a retainer for legal costs had been considered. The FAM said that the Trust had just signed a new agreement with its solicitors. She added however that the new Land & Property Manager was a qualified surveyor and that it was therefore possible that property-related legal costs would reduce.
- A trustee asked whether the £500 budget for staff events included trustees and it was confirmed that it didn't. It was clarified that this budget was for team building events.
- There was a 11% uplift to the salaries budget, including a projected 4% cost of living rise in April 2025. A trustee asked what the exit strategy was for the Governance Change Officer post. It was noted that the Parliamentary Agent had confirmed that the post would still be required on an annualised hours basis.
- It was confirmed that the proposed staff long service award would commence in April 2025; this would not be backdated. A trustee

queried whether the introduction of an on-call allowance constituted a change of terms and conditions, observing that there had been no definition of the meaning of 'on-call', and asked if these had been looked at in detail. The trustee added that they had seen no improvement in productivity with the increase in numbers of staff and pay costs. The FAR Chair referred the question of productivity to the Staffing Committee.

Robert Berry left the meeting at 9.20 pm

- A trustee asked about the long service award. It was confirmed that 13 members of staff would benefit from this in 2025 and that awards would range from £100 for five years' service to £350 for 25 years' service. The trustee suggested that these levels were too low. It was noted however that staff retention was not all about money.

12.6 **Expenditure – Designated Funds**

The FAM made the following points:

- Although the paper stated that the dog campaign fund was to be closed, the new Community & Conservation Officer had plans for it and so the FAM was not now proposing to release that fund.
- The Trust hoped to implement deferred major projects at Top Shed and Lower Shed.

12.7 **Recommendations**

Prior to the vote on the Levy, the Chair asked the meeting to consider whether the appropriate course of action was to set the Levy at an increase of 5%, but that if the Tax Base turned out to be different, this should be discussed again. A trustee queried whether 5% could be justified if inflation was below 5% and asked whether the FAM had assumed 5% increase in all costs across the board. The FAM stated that she had been through every budget line individually and that the increase percentages varied.

On the proposal of Mary Turner, seconded by John Raine, it was RESOLVED, with five in favour and one abstention, to recommend to Board that the Levy for 2025-26 be set at £732,100, subject to possible review of the total when the MHDC tax base information was made available in mid-January 2025. If the tax base Band D number were to change by 1% or more, there should be a new sensitivity analysis and discussion at the January Board meeting, when the final decision would be made.

On the proposal of David Core, seconded by Lucy Hodgson, it was RESOLVED unanimously to recommend to Board that daytime car park

meter prices at main car parks be increased to £6.00 per day and evening rate charges be increased to £3.50, both from 1 April 2025.

On the proposal of David Core, seconded by Mary Turner, it was RESOLVED unanimously to recommend to Board as follows:

- That residents' car park passes be increased to £8.00 per annum from 1 June 2025;
- That annual car park passes be increased to £55 per annum, plus £28 per annum for a second car, from 1 April 2025;
- That the necessary work and installation of two car parking meters at Old Hills be carried out in 2025-26;
- That the WCC Grant claim be requested at £14,175;
- That the balance on the fundraising designated fund (c£10k) and the sink hole designated fund (c£28k) be released to general funds;
- That long service awards and on-call remuneration for staff be introduced;
- That the General Fund Budget for 2025-26 be approved;
- That the Designated Funds Budget for 2025-26 be approved; and
- That the Restricted Funds Budget for 2025-26 be approved.

John Raine proposed a Vote of Thanks to the FAM for her comprehensive budget preparation.

13. GDPR – Review of Data Breach Log

The Committee received an update report from the CEO. She highlighted the following points in her report:

- Trust staff had received Data Protection Awareness training from the Trust's Data Protection Officer (DPO), Ametros Group. The slides had been shared with trustees.
- Trust staff, supported by Ametros Group, had responded to a Data Subject Access Request (DSAR). The scope of the DSAR had been very wide and the learning from this was that the Trust might negotiate on scope should a similar request be received in the future.
- The CEO referred to data breaches by present and former trustees and the related advice given by the DPO. One of these concerned a trustee who had emailed Trust information to a personal email account before resigning; this was considered unauthorised removal of information.

On the proposal of John Raine, seconded by Mary Turner, it was RESOLVED unanimously to recommend to Board that there should be an exit interview for all leavers (trustees and staff), when the leaver would be reminded of their post-employment confidentiality responsibilities.

14. Risk Management Red Flag Items

The CEO reported that the Trust was currently addressing these, via items to this Committee meeting a) recommendations in the Staffing Review and b) reputational risks.

15. Audit of Reputational Vulnerabilities and Strategic Options

The Board received, under confidential cover, a paper prepared by the CEO, following a reputational audit by a specialist company. The Trust was working towards a new marketing and communications strategy. The CEO proposed to drawdown £25k from reserves to resource public relations, on the basis that over several years, communications budget underspends had been absorbed back into reserves.

On the proposal of David Core, seconded by Mary Turner, it was RESOLVED, with five in favour and one against, to authorise a drawdown of £25k from reserves to resource new experienced communications and marketing capacity for a year to 18 months and to accept a proposal from the specialist company for a Board communications workshop and media training.

16. Date of Next Meeting

Thursday 22 May 2025

The meeting closed at 10.05 pm.