

Malvern Hills Trust

Finance Administration and Resources Committee

By Video/telephone conference

Thursday 11 February 2021 7.00pm

Present: Mr R Bartholomew, Mr Core (Chair), Mr M Davies, Mr M Dyde, Mr D Fellows, Mrs L Hodgson, 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, Conservation Manager, Community and Conservation Officer, Financial Assistant, Mr I Burrows (Brewin Dolphin - left after item 6), Dr S Braim, Dr G Crisp, Mr T Parsons, Mr C Rouse.

Mr Core welcomed everyone to the meeting.

1. **Apologies for absence**

There were none.

2. **Chair's communications**

- Levy 2021/22 – Malvern Hills District Council had issued a revised tax base which had the result of reducing the percentage increase for a band D property from 7.5 % as stated at the Board meeting, to 6.5 %.
- Pension's workshop – this would take place as soon as time permitted.

3. **Declarations of interest**

There were none.

4. **Public comments**

There were none.

5. **Matters arising from the previous meetings not otherwise on the agenda**

There were none.

6. **To review investment fund risk categories**

Mr Burrows went through his paper which had been circulated.

The return on the Lands Acquisition Fund was intended to keep pace with any increase in the value of the type of land which the Trust was interested in purchasing but this was difficult to benchmark. National land price indices were too general to give a clear guide. The return sought was 6 – 7 % per annum. The Parliamentary and Lands Maintenance Fund was managed to produce some income and for the capital value to keep pace with inflation.

Mr Burrows answered questions. The Committee **AGREED** to recommend no change to the investment fund risk categories.

Mr Burrows pointed out that the Trust's risk controls required that no single investment in the portfolios should be worth more than 10 % of its total value.

One fund (Vanguard) held in both portfolios had breached this control – now comprising 10.09% by value in one and almost 12% in the other. This was as a result of the fund performing well. The fund was a passive index tracker holding investments spread across several thousand companies. There were a number of options, including giving a temporary waiver of the control or selling the excess of this holding and investing in another passive index tracking fund.

Investment controls were set by the Board. The committee **NOTED** the breach. Mr Core suggested Mr Burrows, as the Trust's adviser, might propose an appropriate route to get the fund back into balance over the course of perhaps 6 months. If necessary the matter could be referred to the Board at the March meeting.

Switching out of fossil fuels. It had been agreed that the Trust would divest itself of shares in companies holding fossil fuel reserves by March 2021. There were 2 shareholdings remaining in the Trust's portfolios, representing 0.87% of the total value. The shares had fallen substantially at the start of the pandemic, but had started to recover. Mr Burrows asked if the Trust wanted to extend the deadline on investment grounds, although the decision to sell the shares had been taken on ethical grounds. His personal view was that despite recently publicised changes in policy, the companies had not done enough to make a material change to the ethical considerations.

There was a discussion on whether this decision should be reviewed in the light of the influence on the markets of the pandemic. The Committee **NOTED** the position but felt there were no grounds to change the Trust's position on divesting itself of the fossil fuel shares.

7. Reserves policy annual review

The Finance and Administration Manager introduced the paper. She pointed out that the reserves at the end of December 2020 were particularly high as a result of receipt of an installment of the levy from Malvern Hills District Council.

The following points were made:

- Given the uncertainties, should the Trust consider increasing the free reserves figure above the level suggested in the paper? This might be justified because of ash dieback and the uncertainties surrounding the pandemic and the environmental stewardship schemes.
- If the policy stated that the aim was to maintain the free reserve *above* a certain figure, the Trust could in practice maintain the reserve at a higher level than the stated figure. There was no pressure to spend to reduce the reserves down to that figure.
- The reserves could be reviewed at any time.
- What was the position about spending the reserves if the eventuality occurred for which they were being held?
- It was not out of line with the policy to maintain a considerably higher level of reserves than the figure set out in it. Given the current financial uncertainty this was wholly appropriate.
- The figure could be revisited as part of a broader financial review.

Mr Core thanked the Finance and Administration Manager for her work on the policy. On the proposal of Mr Davies, seconded by Mrs Hodgson it was **RESOLVED** unanimously

- i. to recommend that the Board adopt the revised reserves policy as set out in the paper.
- ii. to record that the reserves position as at 31 December 2020 was satisfactory.
- iii. that the committee continue to receive quarterly reports on reserves.
- iv. to review the policy no later than February 2022.

8. Restricted and Designated Fund Budgets 2021/22

The Finance and Administration Manager said that none of the uncertainties around the Stewardship funding had resolved and she would report at the May meeting.

9. GDPR

9.1 Review of data breach log

There had been no data breaches.

9.2 Policy updates

The Finance and Administration Manager introduced the 2 policies, which had been drawn up in conjunction with the Trust's GDPR advisers. A number of trustees asked whether there was adequate guidance for trustees handling data received from the Trust and held on their own devices. The Finance and Administration Manager said that she would re-visit the guidance that was circulated to trustees in 2020 and re-issue it. A number of trustees had found the sound quality poor during the Ametros training session. Was it possible for a transcript to be circulated? The Finance and Administration Manager said she hoped that a recording of the session provided by Ametros would be clearer and if that was the case, she would circulate it. More GDPR training might be needed and it would be preferable if possible to delay until face-to-face meetings could be resumed.

On the proposal of Mr Bartholomew, seconded by Mrs Hodgson it was **RESOLVED** unanimously recommend to the Board the adoption of the updated Privacy Policy and the Acceptable Use Policy.

10. Reports - for information

10.1 Management accounts for the 9 months ended 31.12.20

The Finance and Administration Manager reported that there had been a drop off in visitor numbers over the past few weeks.

10.2 Review of major projects (including land management)

The CEO thought it was unlikely that all of the projects to update signage would be completed by 31 March. He confirmed that he was pleased with the performance of the repair at British Camp and that the final test would be how it had fared over the winter. It was intended to put wood chips

down on some of the paths in the Community Woodland but it had been too wet to carry the work out.

10.3 Governance Review costs – report from monitoring team

No further costs had been incurred.

10.4 Report of CEO's exercise of delegated expenditure powers

CEO's delegated expenditure to date was £6,097. Additional expenditure had been incurred in connection with recruitment.

10.5 Fundraising and Legacy –working group

Ms Rouse reported that a meeting had taken place and the group was awaiting approval of the Land Management Plan before making any further recommendations. The CEO would provide a project list.

10.6 Red flag items off the risk schedule

The CEO reported that there had been 9 items in the red category. Two of the items now had a reduced risk level – the reserves policy, if approved by the Board, and investment performance. There had been a concern about loss of investment income because of the pandemic, but this had not been as serious as had been feared. He would refer to the matter again at the Board meeting.

11. Urgent Business

There was none.

12. Date and time of next meeting

13th May 2021 7pm

13. Confidential business

On the proposal of Ms Rouse, seconded by Mrs Hodgson it was **RESOLVED** unanimously to exclude the public for discussion of items 14 and 15 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 (commercially sensitive/legal matter)

The meeting closed at 9.24pm