

Minutes of the

FINANCE AND GENERAL PURPOSES COMMITTEE MEETING OF THE BOARD OF CONSERVATORS OF ASHDOWN FOREST

0930, Monday 18 May 2009
Lancaster Room, Ashdown Forest Centre

Present: Mr R Thornely-Taylor (Chairman), Cllr J Barnes (*ex officio*), Cllr R Galley, Mr P Glyn, Mr R Parsons (co-opted), Dr H Prendergast (Clerk), Cllr T Reid, Mr J Spicer, Cllr R Stogdon and Cllr F Whetstone. Minutes were taken by Mrs T Buxton.

Also present: Mrs Fiona Temple.

The Chairman opened the meeting. There were no members of the public present.

7/09 Apologies.

Apologies had been received from Mr L Gillham.

8/09 Declarations of Interest by Members of a Personal or Prejudicial Nature.

There were no declarations of interest.

9/09 Financial Report (including provisional end of year accounts and year to date) – FGP 3.

The updated financial information had been pre-circulated to the Committee.

Mrs Temple explained the content of the document and drew the Committee's attention to page 4 showing the variations over the year. She explained that the surplus shown related to HLS as savings had been made due to increased work being done in-house.

The Clerk reported that a 'mulcher' was needed to replace the aging Rousseau and that it had been difficult to source a machine in the UK. The purchase was expected in the last financial year but, due to numerous difficulties, it had not been possible. The Chairman said that any reserve would therefore be shown on the accounts as a specially approved deficit set aside for a specific purchase. There would be an explanatory note on the accounts.

Mrs Temple reminded the Committee that it was the Board's policy to maintain a general reserve to cover staff salaries for six months. Cllr Whetstone stated that the reserve fund, with any increases to match salaries, should be clearly annotated in the accounts. Cllr Barnes agreed and stated any criticism of keeping a small increased margin to ensure the reserve remains above the safety limit would be unlikely. He went on to say that keeping a reserve was required by the District Auditor and was the practice of ESCC.

Cllr Barnes stated that ESCC agree the estimates and under the 1974 Act would meet any deficits. He asked if the grant from WDC was attributable to any specific purposes. The Clerk replied that the WDC funds were applied for, and spent specifically, on visitor-related costs, such as car park maintenance and removal of deer, and covered 60-70% of those costs incurred.

Mrs Temple drew the Committee's attention to VAT and explained the difficulties in accurate calculation due to partial exemption and cash accounting. She went on to say the figure for VAT shown remained incorrect and required further adjustment. The advice given by a previous VAT inspector had proved to be incorrect, thus 10% was recoverable not 20% as previously thought.

Cllr Whetstone asked what partial exemption meant. Mrs Temple replied that on barn stock a small amount could be reclaimed but nothing could be reclaimed on HLS.

There was a brief discussion on VAT disallowed 09/10 and it was agreed that the VAT situation was very much an unknown for the coming year but any variation would not affect the budget too much.

The Chairman queried the content of the Information Barn Fund and if it should be included in the general surplus or not. Mrs Temple replied it contained the profits on barn sales and any donations. After a short discussion it was agreed that there should be a separate line in the accounts to show the Information Barn Fund as a separate cost centre and that, from next year, the figure should be removed from the general reserves.

There was a short discussion regarding the cash balance 'dips' at various points during the year. Again it was noted that it was policy to ensure there was a reserve to cover salaries for six months. If there was ever a hint of financial problems the Committee would be aware of it in good time and have reasonable notice to rectify the situation. It was noted that the six-month reserve could also help the cash flow and assist in keeping the business running.

Cllr Whetstone asked if there Committee was confident of getting value for money from the sheep and there was a short discussion regarding the Grazing Project with Cllr Barnes reminding the Committee that the Project was a feasibility study that had not yet reached its final reporting stage and that it would be discussed in due course. Mrs Temple added that the Project was fully funded.

Mr Parsons asked if the lines entitled 'statutory income' and 'sundry income' could be re-titled to something more meaningful and Mrs Temple agreed to do so.

It was agreed to recommend to the Board that the Information Barn Fund should be removed from the surplus, be clearly annotated and shown separately in next years accounts.

10/09 Heritage Lottery Funding Summary – FGP 4

A document had been pre-circulated. The Clerk explained the many difficulties of the HLF grant, of match-funding and relations with the High Weald Unit (HWU) in managing the fund. He was seeking clarification on the implications of the proposed reduced spending on items such as Information Barn displays and walks leaflets. He also explained that he was a member of the Weald Forest Ridge Lottery Project board, which had no executive authority but was primarily designed to guide and support the project lead, Simon Aguss, at the HWU.

Mrs Temple said that the original bid spreadsheet supplied by HLF was not user-friendly and contained many formulae errors. The Clerk explained there had been a misunderstanding, regarding the inclusion of staff time, and a solution was being sought. There was a possibility of a day per week being added to a HWU post, currently being advertised, to assist with the education component of the bid. The only claim made so far was for the purchase of children's benches and 50.93% would be claimed back.

There was a short discussion regarding claiming the production of Ashdown Forest Life back from HLF as part of the match funding process. The whole concept of match funding was discussed. Mr Spicer commented that, as it was HLS money was paying for Ashdown Forest Life, it should not be claimed back from HLS. The Chairman said that HLF would not be concerned about the source of the funding but would be about the 'delivery' of the project. Mr Spicer replied that he thought such a claim was 'unbelievable' and 'disgusting' and the Board 'should withdraw from HLF'. The Chairman replied that match funding was complex but also a widespread, well recognised approach that worked, however, it needed to be understood by all participants. Mrs Temple offered the Clerk her assistance with HLF budgets. The Chairman and Cllr Barnes suggested an extra meeting with Simon Aguss would be helpful.

11.00 - Mr Spicer left the meeting.

The Clerk reported that all of 1 (b), (c) and (e) in document FGP 4, would be completed as there was specified funding. However, HLF was paying for items (a) and (d) for which there was no other funding source.

It was agreed that Mrs Temple and the Clerk would attend a special meeting with Simon Aguss to further discuss what the Board were committed to, the timescales for deliverables and to draft a statement of financial commitment highlighting the known funding and any unknown finances.

11/09 Consideration of the Board's bank accounts in the light of current bank charges and interest rate - FGP 5.

The Chairman reported that HSBC were now imposing bank charges (in the region of £600 to £1000 p.a.) and that the deposit account was now paying zero percent. He, along with Mr Glyn and the Clerk, had attended a very good meeting with the HSBC Relationship Manager, Charlotte Tindall. At the meeting Ms Tindall was sympathetic and offered various helpful proposals. These, however, were followed up by a disappointing e-mail with no offers of assistance on bank charges, although an alternative deposit account offering 0.05% was suggested. Deposit bonds were offered by the bank but a redemption fee might be more than the interest payable if they had to be redeemed prior to maturity.

The Chairman stated that some research had been undertaken on the 'Community Direct Plus Scheme' account run by the Co-operative Bank who were currently offering free banking. On the basis of credit rating agencies the Co-operative Bank did not appear to be highly rated. Mr Parsons said he understood that WDC banked with the Co-operative and that their experience had been a positive one. He offered to check with the Finance Officer at WDC that they were content with the Co-operative Bank before the Clerk moved ahead with the process. Cllr Barnes was concerned that the Committee was discussing *de minimis* on only £2000.

Mrs Temple suggested that a Co-operative Bank account could be used purely as a cheque account to reduce bank charges. She went on to say that careful management was needed to ensure such an account did not become overdrawn.

The Chairman said that he had been considering Treasury gilts as an option and that HSBC had suggested at the meeting that they could deal in gilts. He went on to suggest that Short Dated 2009 Gilts to the value of £80,000.00 could be purchased. Cllr Barnes commented that the bond market was an attractive option as it would be covered by HM Government security and that he also thought having a second bank account with the Co-operative would be useful. He went on to say that gilts could be purchased through the local Post Office. The Chairman also suggested exploring short dated 2010 gilts.

Cllr Barnes proposed purchasing Short Dated Gilts (2009) subject to satisfactory replies being received on the process and dealing costs. Cllr Whetstone seconded this proposal. This was passed unopposed.

Cllr Barnes proposed moving from cash accounting to invoice accounting for VAT and this was seconded by Mr Parsons. This was passed unopposed.

It was agreed, subject to satisfactory replies on process and dealing costs that Short Dated Treasury Gilts (2009) to the value of £50,000.00 - £60,000.00 be purchased by the Clerk in consultation with the Committee Chairman and Mrs Temple.

It was agreed to move from cash accounting to invoice accounting for VAT purposes.

12/09 Any Urgent Item of which the Clerk has notice in order to pass to the elected Chairman

Mr Parsons stated that salary reviews were due to take place and that last year's protracted dispute lead to two adjustments being made. He went on to say that the pay awards would be smaller than last year and that the national body had proposed an increase of 0.5%. If this was not accepted the award would be reduced to 0%. It was, he felt, important to try to help the staff and there was great advantage in managing the situation rather than waiting for the national agreement. It was agreed by all that a 'claw back' situation was unacceptable. Mr Parsons proposed a single pay award of 1%. This was seconded by Cllr Barnes and agreed unanimously.

Cllr Reid asked if there was a plan to have a medium term, four year, budgeting model and have a 'plan b' in place. Mrs Temple replied that the Board were supplying a three year budget to ESCC.

It was agreed a single pay award of 1% would be granted this year.

The meeting closed at 1200