

COTSWOLDS NATIONAL LANDSCAPE FINANCE AND GOVERNANCE SUB-COMMITTEE			
Date	Tuesday 8th November 2022	Time	10.00am – 1.00pm
Location	Cirencester Growth Hub, Royal Agricultural University, Stroud Road, Cirencester GL7 6JS		
Members	<u>Board Members</u> Ed Macalister-Smith (Chair) Brendan McCarthy Paul Crossley	<u>Independent Member</u> David Powell	Officers Presenting Andy Parsons (AP) Ann Wyatt (AW)

No.	Item	Details
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STANDING ITEMS		
1.	Introductory Matters	<ul style="list-style-type: none"> • Apologies - none • Introductions - none • Declarations of Interest – no interests were declared.
2.	Finance and Governance Meeting 30 th August 2022	<ul style="list-style-type: none"> • The Minutes of the Meeting of the Sub-Committee of 30th August 2022 were approved as a correct record. • Comments – LA partnership/strategy discussions are progressing and have been received positively. • Actions arising – the actions arising had been completed or were to be addressed at this meeting.
3.	Q2 Reports 2022/23	<ul style="list-style-type: none"> • AW presented detailed reports including summary position, I&E, and Balance Sheet, and these were welcomed. • Comments – AW highlighted that most of the material differences vs. budget were due to timing differences and invited questions on the Q2 reports. BM suggested that the reserves position could be updated quarterly to present free reserves. The balance sheet was reviewed as EMS asked which balances were earning interest. • Decisions – the Q2 reports were noted. • Actions arising – reserves position to be updated quarterly (AW).
4.	Cash forecast	<ul style="list-style-type: none"> • AW explained that the format had been rationalised to make it simpler to read and highlighted that it predates the outcome of the pay review and that some of the costs such as rental income, credit card payments payment runs were based on averages or current values for 2023/24. • Comments – DP commented that it was very comprehensive and that the key figures were net cash flow and total cash. DP also commented that it was a sound basis for considering treasury management and investments. • Decisions – the cash forecast was noted. • Actions arising – AW to ensure that the cash forecast is updated monthly.
5.	Treasury Management	<ul style="list-style-type: none"> • AW presented the current investment position, interest rates and the limitations we face. AW has researched the treasury management (TM) arrangements of national parks and many have a service agreement with a local authority for TM services. Given the cash balances we may have over the coming years this would be worth investigating this to maximise the interest earned on free cash.

	<ul style="list-style-type: none"> • Comments – DP recommended approaching Gloucestershire County Council in the first instance and contacting the head of finance / resources. PC shared his experiences and added that managing investments in this way would enable us to draw on experience of where to invest and ethical considerations. AW added that we also have to comply with both CIPFA and Ministry of Housing, Communities & Local Government (MHCLG) guidance on Local Government investments so we would benefit from knowledge of these regulations. EMS highlighted that the Board had made a requirement for action on this issue and that we could report back to the next Board meeting.
	<ul style="list-style-type: none"> • Decisions – it was agreed that we should approach GCC to discuss the provision of treasury management / investment services.
	<ul style="list-style-type: none"> • Actions arising – AW to contact the head of finance / resources at GCC.

DISCUSSION ITEMS

6.	Fixed Assets	<ul style="list-style-type: none"> • AW set out the work that had been done to clarify the treatment of fixed assets for both internal and external reporting. • Comments – DP commented that the proposed treatment is right as we don't want to run dual accounts although it does not follow accounting principles and that we need a very good asset register. PC reiterated that not applying depreciation was bad practice. DP suggested adding a review of the asset register to the internal audit work programme. • Decisions – report noted. • Actions arising - AW to action the next steps set out in the report and to add a review of the asset register to the internal audit programme.
7.	Procurement thresholds	<ul style="list-style-type: none"> • AP presented the background for the request in light of the additional Defra capital funding received and the time constraints on making this expenditure and also the requirement for a preferred supplier list. AW recommended the repeat temporary adoption of the altered rules as the Board had agreed last year in similar circumstances. • Comments – EMS suggested making use of local authority preferred supplier lists as a starting point. PC stated that having a list was open and transparent and would be useful for avoiding conflicts of interest as we have such a large and well-connected Board. AW raised the requirement for adding a 20% contingency. AP suggested a requirement for a contingency based on the risk attached to a project. PC recommended that the procurement policy took into account locality of supply and not just cost. • Decisions – recommendation agreed and report noted. • Actions arising – AW to oversee preparation of preferred supplier lists and prepare updates to the procurement policy to present at the next meeting.
8.	Risk Management Framework and Corporate Risk Register	<ul style="list-style-type: none"> • AW explained that the purpose of this discussion was to identify key risks which would need to be considered when preparing the 3-year financial plan.

		<ul style="list-style-type: none"> • Comments <ul style="list-style-type: none"> ○ Leased premises – AP explained that whilst the impact remained high the ongoing discussions had reduced the probability of the risk materialising. AW highlighted that the impact should be measured as the amount in excess of that included in the budget which would also reduce the impact score. ○ Reserves – AW asked how this could constrain our activities and AP explained that it could have an impact on Board confidence and the ability to grow and develop the team. EMS raised the presentation of free reserves to external audiences. AP stated that designated funds would be better utilised. ○ Core funding – AP recommending keeping the residual risk score the same. ○ Other income streams – BM suggested that the reference to rural skills be removed. ○ Other risks considered – PC suggested that covid risk should be broadened to cover other pandemics and that it was important not to lose the learning gained over the past 2 years. ○ Reputational risk – EMS suggested that a new risk be added to cover the Board’s reputation when responding to issues impacting the Cotswolds such as climate change where the Board hasn’t previously been expected to make a public statement on its position. AP stated that the Board will be required to use language not used before and that engagement was critical. BM highlighted that the positions taken would need to be reflected in our working practices e.g. grant award policies. ○ Financial risks – AW suggested that two new financial risks be added – one relating to the impact of future pay awards and one regarding the impact of inflation. • Decisions – risk register to be updated • Actions arising – AP to update the risk register for revised residual risk scores and to add a new reputational risk and risks around future pay awards and inflation. New risks to be presented to Board.
9.	Preparation for 3 year financial forecast	<ul style="list-style-type: none"> • AW and AP outlined the key considerations to ensure that the proposed 3-year financial strategy reflected the intended work for the CNL.

		<ul style="list-style-type: none"> • Comments – DP suggested changing the name to a ‘Medium Term Financial Plan’ as this better reflects the aim of showing the financial impact of the Board’s policies and objectives as set out in the Business Plan Framework. It was agreed by all that the audience was the Board, Defra and funders and that the Financial Plan should be updated annually so a rolling 3-year Plan. The key assumptions were considered in turn: <ul style="list-style-type: none"> ○ Inflation – AP suggested that this be considered on a line-by-line basis. DP added that there should be a contingency for inflation built into the financial plan. ○ Team structure – AP outlined the changes envisaged over the plan period and DP highlighted the need for the Financial Plan to balance. ○ Pay award – DP recommended being able to flex assumptions in the financial model. ○ Office move – AP stated that a further office move was not anticipated in the plan period and that 50% of savings (vs. current costs) would be set aside in a designated fund for property. ○ Core funding – AP suggested flat line for 2 years and then a 5% increase to reflect increased recognition of AONBs / National Landscapes. DP recommended mirroring this profile with the LA contributions which would help to set expectations around the current LA contribution discussions. PC suggested that AP should aim to present at full council meetings at each authority over a 2-year period to increase awareness across the full councillor body. AP set out the current work to produce biannual tailored reports for each LA. EMS suggested that this should also be sent to local MPs. ○ Contribution to core from projects – AP stated that this is expected to increase. ○ Wardens mileage rate – AP suggested that increased monitoring may be required if the rate was increased and that discussions around a potential increase should be led by the Voluntary Wardens Executive Committee. PC stated that the Board to aim to have a single mileage rate for all and that we should start from a position of trust in our staff and volunteers. BM agreed and highlighted how important the voluntary wardens are to our work. EMS suggested that claims could be monitored to assess level of risk re proposed increase and AP highlighted that there are currently many wardens who do not claim and that this could present a risk. DP highlighted that any increase does not need to be done within the Financial Plan period. • Decisions – key assumptions agreed. • Actions arising – AP to attend next Voluntary Wardens committee meeting to raise the issue of the mileage rate. AW to prepare a Medium Term Financial Plan for review at the next meeting.
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OTHER MATTERS		
10.	Next Steps	<ul style="list-style-type: none"> • The Committee agreed the next steps from the meeting (shown in red).
11.	Forward Planning	<ul style="list-style-type: none"> • The agenda for the next F&G Committee meeting will include a review of the 2023/24 Budget and Medium Term Financial Plan.
12.	Other Business	<ul style="list-style-type: none"> • AW raised the fact that the Internal Audit Plan required sign-off and will circulate to committee members following this meeting.
13.	Date and location of Next Meeting	<ul style="list-style-type: none"> • Tuesday 31st January 2023, 10am-12pm, The Granary, The Growth Hub, Cirencester.