

The Scottish Forestry Trust

Trustees' Meeting, Thursday 21st April 2022
Board Room, 59 George Street

Minutes

Present:

Dr Bob McIntosh (Chair)
Paul Atkinson
Eddie Balfour
Ralland Browne
Prof David Burslem
Dr Keith Kirby
Dr Ioly Kotta-Loizou
Tim Liddon
Dr Helen McKay
Prof James Pendlebury (by telephone)
Amanda Bryan (Director)

In attendance:

Lynne Lamont – Brewin Dolphin (Item 7 only)
Victoria Simpson – Anderson Strathern (Item 9 only)

[Note: Some items were taken out of order on the day to accommodate the timing of external attendees.]

1: Welcome and Apologies

The Chair welcomed everyone to the meeting and commented how good it was to be meeting again in person. The new Trustees attending their first meeting since appointment were welcomed in particular.

2: Declarations of Interest

HM and JP declared an interest in relation to the recommended winner of the Cyril Hart Memorial Award being considered under Item 10. RB also has a declared interest with regard to the PRC's recommended action relating to a new Concept Note that has been submitted by Scottish Woodlands. It was agreed they would not take part in discussions on these items.

3: Minutes of Previous meeting

The minutes of the meeting held on 9th December 2021 were approved as presented and signed by the Chair.

4: Actions & Matters Arising

There were several actions arising from the previous meeting which the Chair talked to:

Action 21/8 (part): **AB to develop fundraising strategy, which will be sent to Trustees with final Strategy by end January.** This work is still ongoing – the Strategy has been completed and circulated with papers and will be published on website post meeting. It was agreed that a first draft to be circulated by mid-May, AB will be speaking to individual Trustees as this is developed.

Action 21/13: **BM to follow up earlier discussions with RSFS regarding future collaborations.** Ongoing – BM has had an initial discussion with RSFS and it has been agreed that a meeting will be set up over the Summer to discuss potential joint working opportunities.

Action 21/14: **AB to prepare a paper for the April Trustees meeting on the office/ admin support requirements.** Discharged this is on the Agenda at Item 11.

Action 21/15: **AB to add a social media related risk to the risk register and to prepare and circulate by email a short policy paper on the use of social media by the Trust and Trustees.** Discharged - the policy update was agreed by email by end January. Risk added to risk register on Agenda at Item 6.

Action 21/16: **AB to have further conversations with Hampden and Triodos regarding future transition and to revert to Trustees via email.** Discharged – Trustees agreed to proceed with Hampden Bank via email and paperwork commenced. Accounts should be open by end April.

Action 21/17: **PA and AB to discuss Cascade, explore whether this is a viable option for the Trust and bring something back to April Trustees if appropriate.** Discharged – progress disseminated to Trustees by email and further consideration on Agenda at Item 8.

Action 21/18: **AB to circulate updated wording for the vision and priorities section before Christmas and will then seek to complete the wider work to sign off the Strategy by the end of January.** Discharged – updated wording agreed by email. The final Strategy was circulated with papers for this meeting and will be made available via website subsequent to meeting. AB noted she would check all wording and ensure reference was made to 'UK' rather than British forestry.

5. Director's Report

AB introduced her written report and indicated she would not be speaking to each element but would be happy to take questions. She spoke to the following points:

Having worked with PA and Brewin Dolphin to review the Trust's approach to ESG within their investments a new Investment Policy Statement had been prepared and signed off by the Trustees via email. This includes a new restriction on investing equities which have a link to deforestation or natural forests. **The Trustees confirmed that they have approved the new IPS which is to be issued to Brewin Dolphin and it was signed following the meeting by the Chair, PA and EB on behalf of the Trustees.**

AB highlighted the successful delivery of the HIRP Conference and launch of the Hylobius Research Fund on the 7th April 2022 and also the ongoing work with ICF in relation to disseminating the work of SFT. The latest edition of Trees had featured Phillip Wells from University of Southampton's work on urban trees and the next edition will feature the work of Woodland Heritage on the Wild Service Provenance Trials.

AB updated the meeting on two recent enquiries to seek feedback from Trustees as to potential support.

An enquiry had been received from Norman Davidson who has led on the development and management of the Forest Memories website. While this is a very valuable resource for the sector there is a concern that

there is not a solid governance and ownership structure in place to ensure that the resource will continue to be managed in the long term. It was agreed that AB should meet with Norman to better understand the extent of the resource and to develop a small first stage proposal to help find possible long term sustainable solutions.

Action 22/1: AB to liaise with Norman Davidson and to bring a proposal back to the Trustees for support.

A further enquiry had been received from Forest Research regarding support for early career researchers to attend an IUFRO meeting later in the year. There was discussion about whether the Trust should fund FR directly or launch a wider scheme. Trustees also gave some consideration to whether it should be any early career researchers or only those that were presenting, or even if there were named conferences that should be targeted. **It was agreed that the Trustees were happy to set up to £10,000 of funds in this FY aside for funding attendance at conferences by early career researchers. AB should seek to develop the scheme based on earlier schemes that had been operated by the Trust and would agree this with KK as Chair of PRC. Individual decisions regarding the awarding of travel bursaries would be taken by AB and KK up to the limit of £10,000.**

Action 22/2: AB to develop a scheme to fund early career researchers' attendance at appropriate meetings/ conferences and agree this with KK.

PA flagged that there is likely to be another enquiry forthcoming from Edinburgh Napier University relating to woodland creation in urban areas.

6. Financial Report including Risk Register

The two spreadsheets, project funding update and 5-year cashflow, were provided; these continue to show the Trust in a healthy position and that proposed project approvals later on the agenda are all affordable.

AB went on to summarise the meeting she had attended with auditors C+T earlier in the week. The intention is for all financial and supporting information to be provided to C+T by mid-May, for the audit to be undertaken at the end of June and for the Accounts and Annual Report to be signed off at the August Trustees meeting. AB raised a question which had been posed by C+T regarding the presentation of income. **The Trustees agreed that they would be happy with C+T's recommendation that all income be shown as capital with a transfer from capital to revenue of the funds required to cover the in-year expenditure.**

AB went on to outline the changes that had been made to the risk register. The main issue being the volatility of the investment market due to the Russian invasion of Ukraine and that this would be discussed in more detail in Item 7. HM asked whether there were any investments linked to Russia and if this was something we should be discussing with Brewin Dolphin as from an ethical perspective the Trust should not be supporting Russia. It was generally understood that there would be minimum exposure to Russia but that would be raised with Brewin Dolphin directly.

11. Office and Support Arrangements (taken earlier in Agenda)

AB had been asked to provide a paper setting out the current office and support arrangements and considering what would be required in the future. She had undertaken an exercise to look at alternative provision of the services and the costs of that, albeit these had to be estimated based on information available on the internet from potential suppliers. The Chair commended the paper and the work that AB had undertaken, not least the reduction in charges from Confor. The Chair went on to say that it was his view that there were definite advantages to being co-located with Confor and he wouldn't propose a change at this stage. This was agreed by the Trustees. HM did ask if there was potential for the charges to jump at any

point, particularly given the recent increase in energy costs for example. AB went on to say that these appear to be set charges and if there were to be any increase then there would have to be a negotiation with Confor about what was being provided.

[LL joined the meeting]

7: Investment Manager's Report

LL outlined the main points from her report which had been circulated in advance. The valuation of SFT investments as of the date of the meeting was sitting at £3.123m which is a drop from the figure at the end of December 2021, however it is higher than the value immediately after Russia's invasion of Ukraine when the markets fell. It is up on the figure from the end of March last year by 7.6%. This is slightly below benchmark but this can be accounted for by a transition in the investments from an income bias to Total Return. The equities that are currently doing well are those where we have taken a view that we do not wish to invest in, they are the commodities-based investments that over the longer term are not where we want to be. In the short to medium term the investments will still provide the income required by SFT but should also provide some resilience in terms of the future. For the year ahead there will be some further adjustments on the back of the new Investment Policy Statement (IPS) which stipulates the new ESG policy relating to restricting investments linked to deforestation and permanent removal of forests.

Over the last year the good performers have been linked to property and pharmaceuticals - Standard Life Property Income, AstraZeneca, RELX (online journals, conferences etc.), Microsoft and Diageo with those that have been performing less well including Prudential (linked to Asia market), Walt Disney (expected to pick up), Admiral (car insurance), Mercantile Investment Trust (smaller UK companies) and Unilever. On the whole BD are comfortable with where things are. BD sold some of our equities in mining and moved some investment out of Europe and bought in Rentokil and HICL Infrastructure.

Outlook wise the key issues are Ukraine, inflationary trends (still upwards) and wider economic trends such as high profitability and cash flows for the companies in the Trust's portfolio. Long term market trends are still upwards even with the instability globally in relation to minerals, wheat, fertilisers, oil and gas.

In terms of the Trust's equities there was a very small exposure directly to Russia through the emerging markets investments. 1.4% of the Trust's portfolio is invested in the JP Morgan Emerging Markets fund and 6% of this fund had been invested in Russia at the point at which they invaded Ukraine. JP Morgan would have sold their share in Russian investments if they were able but the Russian stock market has remained closed. What they have done in response however is to write these stocks down to zero. While it looks on paper that these investments remain, this is due to a technicality. The Trustees are content with this position and will retain the JP Morgan Emerging Markets Equities at this point.

BD believe the Trust has a very balanced portfolio and wouldn't be recommending any changes at this stage.

Action 22/3: AB to arrange for the IPS to be signed and sent to Brewin Dolphin.

[LL left the meeting; VS joined the meeting]

9. New Organisational Structure

The Chair welcomed Victoria Simpson from Anderson Strathern to her first Trustees meeting. She then spoke to the Trustees about the proposed change in governance structure. She outlined the current position of the Trustees and the motivations for changing from an unincorporated to an incorporated organisation and the options available to the Trustees i.e. a Company Limited by Guarantee with Charitable Status or a SCIO. She

went on to outline the advantages and disadvantages of each and in conclusion recommended that in the case of SFT that a SCIO would be the best option. She talked through the process which would be involved in terms of preparing for the establishment of a new body (due diligence), the setting up of a new structure, the transfer of assets and then the winding up of the old body. She talked through the areas of due diligence which would require to be undertaken (this list will be shared with AB), the timescales involved and what Anderson Strathern could provide in terms of services.

In response to questions from Trustees VS confirmed that at no point would the Trust have to pause its activity and that OSCR at present is taking 2-3 months to set up new charitable bodies and in exceptional cases this can take longer. She also indicated that in her view ISCR would require all similar bodies to be incorporated in the future and this move had been delayed due to Covid.

[VS left the meeting]

The Trustees discussed what they had heard from VS and agreed that they wished to proceed with establishing a new incorporated body in the form of a SCIO. They agreed that it was sensible to proceed with this now as it would both safeguard the Trustees and place the Trust in a solid position for the future. They agreed that the timings of this were flexible depending on workload and that once AB has done due diligence then an assessment would be taken of what, if any, additional resource might be required. AB indicated that as part of due diligence she would look carefully at what work Anderson Strathern might be asked to undertake and agree a fixed price with them up front for these elements in order to manage the budget.

Action 22/4: AB to progress a change in Trust governance to SCIO and to scope out what is required for the due diligence process over Summer 2022.

10: Projects and Research Committee Report

KK took the Trustees through the PRC minutes and provided updates on items as relevant.

KK commented that the Committee had considered a number of new projects, which was a welcome change from the last few meetings and that it was good to see activity picking up again. He then summarised the applications and the PRC's recommendations and on that basis the Trustees agreed the following:

Voices of the Forest (Mairi Stewart and Birlinn). To be awarded £2,500 from the General Fund. The Trustees also agreed that these funds could be released as an up-front payment once the contract had been signed. [P22-302]

Working Woods Scotland Course 2022-2023 (ASHS). To be awarded £5,125 from the General Fund. A clause requiring the success of 2022 course to be demonstrated before confirming the funds for 2023 should be included. [P22-303]

The Economic and Social Benefits of Native Woods (CWA). To be awarded £7,474 from the General Fund. This was on the basis that the PRC were content with the additional information that had been provided by CWA following the PRC meeting. [P22-304]

An Easier Route for Strength Grading UK Hardwoods (Edinburgh Napier University). To be awarded £35,000 from the Bursary Fund. This offer is to be made on the condition that all remaining match funding is secured within six months from the date of the offer letter. [P22-305B]

The Trustees also agreed with the recommendation from the PRC that **MySafety: A Case Study on Recent Trials (Invigilatis) is not awarded funding at this stage but they are invited to resubmit a proposal focusing on a specific aspect of their original proposal.** This proposal should be more tightly focused on the analysis element of the project with clear standalone outcomes from this element and more transparent outcomes meeting SFT's guidance on in-kind contributions.

The Trustees also agreed that **Scottish Woodlands be encouraged to submit a full application relating to the Concept Note on 'Effectiveness of One-Way Hare Gates in Woodland Areas'** that they had submitted.

Finally KK outlined the process that the PRC members had undertaken in considering the submissions received for the Dr Cyril Hart Memorial Award 2022. He recommended to the Trustees that the Award be presented to Dr Ian Willoughby and colleagues for: **Willoughby *et al* (2020). Are there viable chemical and non-chemical alternatives to the use of conventional insecticides for the protection of young trees from damage by the large pine weevil *Hylobius abietis* in UK forestry? Forestry, 93. 694-712.** This was agreed by the Trustees.

KK also noted the excellent work of Tom Ovenden from University of Stirling and asked that a letter be sent to Tom Ovenden recognising the quality of his work and the fact that he had been a close runner up on this occasion.

AB asked if Trustees would like to take this opportunity to have a more formal process for making the Award and whether they would wish to include Cyril Hart's family. The Trustees asked AB to investigate options and to make suitable arrangements to acknowledge the worthy prize winners.

Action 22/5: AB to contact Ian Willoughby and Anthony Hart to see if there is an opportunity for a more formal Award presentation, possibly in the Autumn. AB also to write to Tom Ovenden regarding his close placing.

[The meeting paused for lunch and to allow the signing of banking documentation at 1230 and resumed at 1300]

8. Deposit Banking Arrangements

Trustees had considered paper T22-02-by email in February and agreed to open new accounts with Hampden Bank – a current account and a 95-day deposit account with £80,000 of the Trust's funds on deposit. **This decision now requires to be formally recorded in the minutes and Trustees agreed to do this.**

The Trustees still required to take a decision about the remaining funds on deposit which amount to approx. £85,000. There was considerable discussion covering: what funds may be required for cashflow over what time period; the current state of the market; the impact of inflation on interest rates; and the intention to change the governance structure of the Trust and the additional administration that may be required for a separate bank account. **It was concluded that the Trustees wish to transfer the £85,000 at an appropriate point in time to Brewin Dolphin to add to the funds under investment. If at some point in time the Trustees wish to remove any funds and place in a separate deposit account once the governance changes have been made then that could be done.**

Action 22/6: AB to make arrangements to transfer funds to Brewin Dolphin along with account signatories at an appropriate time.

12. Recruitment of New Trustees

AB introduced the paper. What is being proposed very much mirrors what was undertaken last year when the Trust recruited 4 new Trustees – open advert, interested parties invited to apply and sub-group of Trustees to make recommendations to Trustees meeting in August. The intention this year is to recruit 2 new Trustees from 1 January 2023 to replace RM and SL. AB talked through the different decisions that the Trustees needed to take and the Trustees agreed the following:

- **KK's term as a Trustee and Chair of PRC will be extended by a period of 1 year to help with resilience and succession planning.**
- **PA will be appointed as Chair of SFT serving his first term from 1 January 2023 to 31 December 2025.**
- **The Trust will seek to recruit up to 3 new Trustees with a skills mix from the following: Land and Estate Management, Genetics, Statistical Analysis, Community and Social Forestry, Forestry Education. PA will chair the sub group of the Trustees who will take the decision on the applications received.**
- **HM and RB have agreed to be account signatories and formal arrangements to enable this will be made later in the year.**

13: AOB

AB indicated that KK had asked for the first item of AOB to be put on the agenda following the request from the Future Trees Trust for endorsement of the guidance they were seeking to publish. It had been agreed via email that it wasn't appropriate for the Trust to endorse publications, of any kind, that we had not had a role in supporting. It was agreed that this would become a formal policy of the Trust and that would be made clear on our website and as appropriate to those who sought out such endorsements.

AB raised the topic of the SFT's 40th anniversary which would fall next year – the Trust was established in 1983 although it sold its stake in SWOAC in 1985 and did not distribute grants until 1986. The anniversary provides an opportunity to celebrate and showcase the work of the Trust, raising its profile and also potentially aiding with plans to generate additional income. AB asked if Trustees could consider possible suitable activities and if these could be sent to her by email by end June latest. HM and KK proposed something along the lines of the Young Researchers Seminar with presentations on SFT's funded research as being something to be included.

Action 22/7: Trustees to feedback ideas for 40th Anniversary celebrations in 2023 to AB by end June. AB to take paper to next Trustees meeting on options for 2023 programme of activity/ events.

EB indicated that James Jones, having acquired an additional business in Australia, would be interested in funding a research/ secondment type opportunity for a current student to visit Australia to undertake a project on utilisation of timber resource. The results of this would be expected to be disseminated to the industry more broadly. They would be interested in working with SFT on the basis that the opportunity would be open to students across the UK.

Action 22/8: EB and AB to meet to discuss and consider the possible options for delivery of such a proposal. Detailed proposal to be taken back to the next Trustees meeting if appropriate.

Date of Next Meeting

Thursday 18th August – Board Room, 59 George Street.

Summary of Action Points

Action 21/8 (part- updated): AB to develop fundraising strategy, which will be sent to Trustees by Mid-May.

Action 21/13: (updated) BM to follow up earlier discussions with RSFS regarding future collaborations in Summer 2022.

Action 22/1: AB to liaise with Norman Davidson and to bring a proposal back to the Trustees for support.

Action 22/2: AB to develop a scheme to fund early career researchers' attendance at appropriate meetings/ conferences and agree this with KK.

Action 22/3: AB to arrange for the IPS to be signed and sent to Brewin Dolphin.

Action 22/4: AB to progress a change in Trust governance to SCIO and to scope out what is required for the due diligence process over Summer 2022.

Action 22/5: AB to contact Ian Willoughby and Anthony Hart to see if there is an opportunity for a more formal Award presentation, possibly in the Autumn. AB also to write to Tom Ovenden regarding his close placing.

Action 22/6: AB to make arrangements to transfer funds to Brewin Dolphin along with account signatories at an appropriate time.

Action 22/7: Trustees to feedback on ideas for 40th Anniversary celebrations in 2023 to AB by end June. AB to take paper to next Trustees meeting on options for 2023 programme of activity/ events.

Action 22/8: EB and AB to meet to discuss and consider the possible options for delivery of such a proposal. Detailed proposal to be taken back to the next Trustees meeting if appropriate.

Approved by Trustees on 18th August 2022

Dr. Bob McIntosh
Chairman

