

## **The Scottish Forestry Trust**

**Trustees' Meeting, Thursday 18<sup>th</sup> August 2022**  
**Board Room, 59 George Street**

### **Minutes**

#### **Present:**

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

#### **In attendance:**

**Lynne Lamont – Brewin Dolphin (Item 9 only)**  
**David Hourston – Brewin Dolphin (Item 9 only)**  
**Malcolm Beveridge – Chiene +Tait (Item 10 only)**

[Note: Item 8 was 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 including those who were attending via Zoom due to the rail strike. He noted there were no apologies.

#### **2: Declarations of Interest**

HM and JP declared an interest in relation to an application being recommended by PRC from a researcher at Forest Research under Item 11. RB had previously declared an interest with regard to the PRC's recommended action relating to a concept note that has now been submitted as a full application 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 21<sup>st</sup> April 2022 were approved as presented and signed by the Chair. HM asked about the wording in the Investment Policy Statement regarding 'deforestation' and AB responded that this was the wording that had been suggested by BD based on the methodology for identifying possible ESG breaches. It was agreed that AB would check this and confirm the details by email.

**Action 22/9: AB to check exact reasons for wording of ESG policy on deforestation and inform Trustees by email.**

#### **4: Actions & Matters Arising**

The Chair noted that there were several actions arising from the last meeting but that these had largely been dealt with. There was some discussion about Action 21/13 and what the most opportune time would be for the Chair to meet with RSFS to discuss future collaboration after which it was agreed that an early discussion would be appropriate.

**Action 21/8 (part): AB to develop fundraising strategy, which will be sent to Trustees by Mid-May.**  
Discharged, a verbal update and discussion was held on this at Directors Report, Agenda Item 5.

**Action 21/13: (updated) BM to follow up earlier discussions with RSFS regarding future collaborations in Summer 2022.** Ongoing – it has now been agreed that BM will contact RSFS for early discussions.

**Action 22/1: AB to liaise with Norman Davidson and to bring a proposal back to the Trustees for support.**  
Discharged - Meeting held in June 2022, update in Director's report, Agenda Item 5.

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

**Action 22/3: AB to arrange for the IPS to be signed and sent to Brewin Dolphin.** Discharged – IPS signed and sent in April.

**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.** Ongoing – due diligence checklist currently being worked through.

**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.** Discharged: Award presentation will be on 13<sup>th</sup> September at NRS – DB and HM will present Award.

**Action 22/6: AB to make arrangements to transfer funds to Brewin Dolphin along with account signatories at an appropriate time.** Discharged – cheque was signed 18/08 and has now been banked by Brewin Dolphin.

**Action 22/7: Trustees to feedback on ideas for 40<sup>th</sup> 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.** Discharged – on agenda at Item 7.

**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.** Discharged – proposal being developed with James Jones, next meeting with JJ scheduled for 19<sup>th</sup> August.

#### **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:

She outlined the work that had been undertaken on the banking and investment front based on decisions

taken at previous Trustees meetings. Funds had been moved from the deposit account to the current account at Adam Bank. On the 18<sup>th</sup> August cheques would be signed which would complete the transfer of £80,000 to a 95-day account at Hampden Bank and £85,000 to Brewin Dolphin. All of the accounts had been set up with Hampden Bank and on the 23<sup>rd</sup> AB would be meeting with Hampden to set in place the arrangements for transferring the current account from Adam Bank to Hampden Bank. AB had also already arranged for the BD income to be paid into the Hampden Bank account and would take steps to ensure any other payments were updated (there is a 3 year grace period for this under the automatic bank transfer arrangements). This should mean that there will be no funds with Adam Bank from September. Linked to the above and in light of BM stepping down as Chair at the end of 2022 the Trustees approved the following.

**With Bob McIntosh stepping down at the end of December 2022, Helen McKay has been approved as a signatory to the investment fund from 1 January 2023, joining Paul Atkinson and Eddie Balfour.**

**With Bob McIntosh stepping down at the end of December 2022, Helen McKay has been approved as a signatory to the Hampden and Co accounts from 1 January 2023, joining Paul Atkinson and Amanda Bryan.**

**Trustees have also agreed that in the new arrangements for a SCIO that there should be four approved signatories for the bank account (two of which to sign each transaction).**

Hampden Bank will complete the paperwork with HM in December 2022 while they attend the Trustees meeting to also gather information for the new Trustees.

AB then went on to outline that OSCR have established new access arrangements enabling more than one individual to access the account and upload information. PA as the incoming Chair and KK are being set up as the additional account holders in line with the Trust's Disaster Recovery Plan.

AB set out her thinking on a Fundraising Strategy. After producing a couple of drafts she felt that they were too wordy and not necessarily useful. She was therefore proposing that a set of fundraising actions were agreed linked to the targets set out in the Trust's Development Strategy and these could be reviewed annually. It was agreed that the initial focus in this coming year should be threefold:

- Work with HIRP to bring in funding from the FSC research investment requirements to support the *Hylobius* Research Fund.
- Refresh website access for making donations (increasing the upper limit currently available – exact limit tbc) and drive visits to this page linked to events, promotional activity and published articles for the 40<sup>th</sup> Anniversary. Development of a Legacies Appeal to be launched at late 2023 to round off 40<sup>th</sup> Anniversary.
- Establish a small Trustee sub-committee to help undertake targeted engagement with potential new partners. It is proposed that this will focus around two of our priorities (i) Forest Carbon and (iii) Future Forestry Landscapes. Initial effort will centre in existing and new investors (Investment Houses and Corporates) in the sector. It was agreed that JP, RB and PA form the sub-committee.

In response to questions about the website refresh AB indicated that the intention was to be much more specific about what the Trust could deliver for donated funds and to use short case studies focusing on outcomes to illustrate the Trust's track record. The Trustees discussed that a specific ask to institutional investors would be more successful than something generic and that having a refreshed website in place first would be helpful to support those approaches. It was also noted that this would result in increased co-branding.

**ACTION 22/10: A Funding Sub-Committee meeting will be held before the December Trustees meeting and a short report provided on what is proposed.**

Finally in relation to the projects update AB circulated a copy of the recently reprinted Voices of the Forest which had been approved by the Trustees in April.

**The Trustees then homologated the decision that had been taken by email in May 2022 to provide an additional £1300 for P19-297B Addressing Uncertainty to Improve Urban Tree Management.**

The Chair thanked AB for a very comprehensive report.

## **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 updated the Trustees on the position in the current account as the funds from the two deposit accounts are now in that account ahead of transfer. She indicated that there continues to be problems with making payments to University of Edinburgh by cheque and that the reissued cheque has still not been cashed.

She did indicate that an additional project payment was being asked for approval not in the PRC paper later on the Agenda as this was based on a late report which had been circulated to the PRC by email and they were recommending that the payment of £5582.50 be made. However this would not make a material impact on the financial position of the Trust.

Looking ahead the Trust is reasonably well committed both this year and next, however subsequent to that there is a drop off so there will be a requirement to undertake some work with prospective applicants. To that end AB proposes holding an online webinar in September targeting academic and research institutions, which would include a presentation from herself as well as input from one or two current grant recipients. PA suggested recording this session and putting it online. DB said that demand for funding is as buoyant as ever so it is really about raising people's awareness and hopefully this would make the funding a bit more competitive.

AB went on to outline the limited changes that had been made to the risk register. The main issue continues to be the volatility of the investment market due to the Russian invasion of Ukraine and that this would be discussed in more detail in Item 9. The investments had dipped down but had increased in value again but ongoing fluctuations are anticipated and the best position for the Trust was to take a long view.

## **7. Proposals for 40<sup>th</sup> Anniversary**

AB talked to the paper which set out options for marking the Trust's 40<sup>th</sup> Anniversary in 2023. She thanked HM for sending some suggestions on. After extensive discussion it was agreed that this provides an opportunity to undertake a range of activity which will both mark the occasion but more importantly provide an opportunity to raise the profile of the Trust with the intention of aiding with efforts to bring in additional funds as per our Development Strategy.

The key messages to be presented will be

- i. the significant body of work supported by the Trust much of which has contributed to current modern day forestry practice, and
- ii. the Trust's contribution to the career development of forestry researchers, on whose work the sector relies.
- iii. the focus of the Trust on future resilience of the sector and the need to continue investing for the long-term success of forestry. The Trust is a partner of choice to deliver this.

In terms of events/ activities the following will be planned:

- Bursary Students' Seminar – AB will liaise with DB regarding the best format/ location for this.
- Celebration Event to include previous Trustees and SFT Fund recipients as well as potential donors followed by Fundraising Dinner for a small number of guests. This will be held in Edinburgh and will be informed by the work of the Funding Sub-Committee.
- Feature Spread in Trees Magazine.
- SFT 40<sup>th</sup> Anniversary Award to be presented at our own hand potentially at the Confor Dinner [date confirmed as 28<sup>th</sup> February 2023 and Confor is happy to support the presentation of an Award from SFT at this event].

It was agreed not to proceed with an Anniversary Lecture at this stage. Other opportunities may arise which SFT could take advantage of. The focus will be on presenting the outcomes and wider impact on the forestry sector of the work that the Trust has funded and the case study work will be an important part of that. TL offered to help with identification of case studies.

[LL and DB joined the meeting]

### **9: 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 March 2022, however it is higher than the value at the end of the previous quarter (to end June 22) when it was sitting at circa £2.9m. Similarly, earlier in the year 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. This is linked to the impact on markets of ongoing lockdowns in China in response to COVID, the Russian conflict in Ukraine and the resultant impact on energy prices commodity supplies and inflation. With lifting of COVID restrictions there has been an increase in demand for certain goods and services at a time when supplies have been more restricted and this has resulted in inflationary pressures. With an increase in prices and interest rates to dampen demand this is likely to result in recession in the UK and elsewhere although the US may not see the previously predicted recession as figures are bouncing back there. 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 and recent market upticks with respect to these stocks reflect that. BD would therefore guard against making short term changes based on the current volatility. In terms of changes there isn't an expectation of significant changes but it is likely that some gold will be added to the portfolio. The Trustees confirmed that they are content to take a long term view.

DH then discussed the best performers in the year to end March 22 and these are linked to property and pharmaceuticals – Shell, Standard Life Property Income, AstraZeneca, RELX (online journals, conferences etc.) and Microsoft with those that have been performing less well including Prudential (linked to Asia market), Walt Disney (expected to pick up – Disney + now has more subscribers than Netflix), Admiral (car insurance), Mercantile Investment Trust (smaller UK companies) and Unilever. In the last few months this has shifted with Unilever now in the top five performers along with Compass Group (catering), AstraZeneca, FTF ClearBridge Global Infra Income and JP Morgan US Equity. Currently doing less well are Intertek (security and certification which should pick up post COVID), Applied Materials (semiconductor business), Cisco Systems, Baillie Gifford American and Prudential. On the whole BD are comfortable with where things are. It has been an incredibly volatile period but at times like these it is important to go back to basics and the reasons for investing which for BD and the Trust is about long term sustainable growth.

Outlook wise the key issues are Ukraine, supply/ demand pressures across a wide range of goods and services and inflationary trends (still upwards to peak in October in the UK but may have peaked in US). IMF global growth forecasts are being revised downwards. However considering market trends from 1975 onwards long term market trends are still upwards even with the instability globally in relation to minerals, wheat, fertilisers, oil and gas. There have been some excellent company results in the last few months and the companies that the Trust is invested in are expected to perform well over the long term.

In response to Trustee questions BD responded:

1. With UK Sterling being weak this helps the portfolio as income and profits are inflated when converted into Sterling from US Dollars so the current position works in the Trust's favour.
2. While there is predicted to be a recession it is not expected to be on the scale of what occurred in 2008/9. It should be more limited both in terms of depth and duration. However the UK economy has not yet seen the full impact of Brexit, particularly in terms of loss of workforce.
3. The intention is to make investment decisions to guard against the impact of inflation but it is important to consider this over a longer period. There are a number of mechanisms to guard against inflation through having inflation linked investments. It is however almost impossible to address short-term inflationary pressures of 10%+; hence the longer term approach.

There continues to be interest from the Trustees in investing in forestry related investments, on the basis that the sector has traditionally outperformed other asset classes, however many forestry and timber processing companies are privately owned or not regulated. BD indicated they will look at what options are out there in order for the Trustees to make an informed decision in respect of next year's IPS.

**Action 22/11: Brewin Dolphin to investigate options for forestry investments and to share with AB in advance of consideration of next year's IPS.**

[LL and DH left the meeting; MB joined the meeting]

## **10. Annual Report and Accounts**

The Chair welcomed Malcolm Beveridge from Chiene + Tait. MB indicated this year's Audit had been a relatively straightforward process and then talked through the activity they had undertaken as set out in C+T's management letter. This focused on scrutinising the documentation provided on both income and expenditure and testing what was found there. They obtained an independent verification of the value of the investments. They also checked the governance and approvals process and supporting documentation. There was no evidence of management override or fraud. There were no issues identified through the audit process that require to be brought to the Trustees attention or addressed.

MB went on to talk about the Trust's proposed conversion to a SCIO and indicated that given the scale of the Trust's activities (well below the £500K turnover threshold for Audit requirement) that an Independent Examination of the Accounts would suffice. It is important to ensure therefore that the SCIO documentation does not specifically require an Audit. Given that Audit costs are likely to increase moving to an Independent Examination would reduce the costs involved by up to half. The Trustees discussed whether it would be important to third party donors to have the security of an Audit but it was felt that an Independent Examination would be adequate. It was agreed that a decision about next year's arrangements will be made at the end of the FY 2022/23.

MB indicated that they are still waiting for the new SORP but the only changes expected that might affect the Trust would be around ESG reporting, which the Trust appears to have in hand.

The Trustees agreed the Annual Report and Accounts and the Letter of Representation. BM then signed the annual report and accounts and the letter of representation on behalf of Trustees. These will be forwarded on to C+T. The Annual Report and Accounts will be lodged with OSCR once C+T have returned a signed version.

**Action 22/12: AB to send signed copies of relevant documentation on to C+T and then OSCR.**

[MB left the meeting]

## **11: 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 project reports and that it was good to see progress being made. He then summarised the PRC's recommendations and on that basis the Trustees agreed the following:

**P19-289 Wild Service Provenance Trial (Woodland Heritage). Payment of £2,490 approved (Interim Payment).** This is making good progress after a rocky first year. There had been a question regarding increased costs and long term management but these have no impact on the Trust and were addressed satisfactorily.

**P21-298 Use of Trees by Bats (Dr Lauren Harrington). Payment of £3,000 approved (Final Payment).** This was a good project with some interesting results which will have implications for the forestry sector. It was a good example of a project which would have struggled to find funding from other sources.

**P21-299B Nutrient Cycling in Upland Forest Soils (James McDonald, University of Middlesex). Payment of £1,675 approved (Interim Payment).** The nature of this project changed but in a positive way and some delays with DNA analysis which have now been resolved. AB is still making contact with the Supervisor as the report had come solely from the student.

**P21-300TQ Identifying Alternatives to Conventional Plastic Tree Shelters (Forest Research). Payment of £7,100 approved (Interim Payment).** This was year one of a long term project. There had been some problems finding sites and getting materials but again this has been resolved and the project is on track.

**P21-297 Inspiring Future Foresters (Confor). Payment of £5,582.50 approved (Interim Payment).** This related to a late report which was approved by the PRC via email. The project is making excellent progress and has attracted additional resources meaning it is now to be delivered in 150 schools.

Trustees noted the successful conclusion of **P21-301 HIRP Conference (Confor on behalf of HIRP)** without the requirement of funds from SFT due to costs being lower and income higher than expected. The £660 will therefore be decommitted.

KK went on to explain the proposed changes to project **P19-293B Genetic Diversity in Juniper (UKCEH)** due to the early departure of the student due to health reasons, although they had made good progress. It is now proposed that the project is completed, building on existing data, through the recruitment of an MRes student from Autumn 2022. This will make the best use of the investment that we have already made to date. Trustees approved the change in format albeit the funding and timetable remains the same and the contract will be amended accordingly.

KK set out that the PRC had considered three applications at the previous meeting but were only recommending two projects for support. The Trustees then confirmed their support for the following:

**Quantifying the Magnitude and Duration of Tree Water Stress on Sites with Stem Crack in NE Scotland (Forest Research). To be awarded £6,778.68 from the General Fund.**

**Efficacy of One-Way Hare Structures in Woodland Areas (Scottish Woodlands). To be awarded £3,360 from the General Fund.** The PRC had asked for a Research Plan, for what is essentially a trial of concept, to be produced prior to approval and this has been received and circulated to PRC Members in advance of the meeting.

The Trustees also agreed with the recommendation from the PRC that **Bursary Fund: Biodiversity Impact Assessment within Scottish Policy Context for Urban Woodlands and Brownfield Sites (Edinburgh Napier University)** is not awarded funding at this stage. The applicants should be provided with feedback that this is on the basis of the following; a mismatch of expertise of the supervisor with the proposed subject matter of the project, the lack of recognition of existing methodologies and studies in this area and linkages to the proposed new techniques and the practical implementation of any new techniques developed and lack of clarity on the additional benefits they might bring.

KK completed his report by saying that the PRC will be considering eligible dissertations for next year's Scottish Woodlands Student Excellence Award in early 2023.

#### **8. Trustee Appointments [taken out of order]**

PA led the discussion based on the paper which included recommendations from the sub-committee which comprised PA, HM and IKL. RB and BM had input in advance via email.

The committee had reviewed eight applications and were making three recommendations for new Trustees to join SFT from 1 January 2023 and to attend the December Trustees meeting as observers these are:

Trefor Owen (Wales)  
Professor Adam Kleczkowski (Scotland)  
Dr Ian Willoughby (England)

These recommendations were approved by the Trustees.

It was also recommended that Professor Richard Ennos be encouraged to apply for any future recruitment rounds. After an initial proposal to recruit an additional two new Trustees in 2023 to start in 2024 it was agreed to postpone this until 2024/2025 to ensure better continuity in terms of retirements. Trustees also accepted these two proposals.

Trustees asked how the recruitment had been promoted. AB indicated it was through social media, direct emails and industry newsletters. HM noted that while Prof Adam Kleczkowski had been recruited for his background in statistics his work was largely in relation to forest pests and diseases so this would address in part the loss of Professor Simon Leather.

#### **12. Deadlines and Meeting Dates**

After some discussion it was agreed that the following dates were agreed for 2023. The August meeting will take place at a location to be agreed out with Edinburgh.



Application and Reporting Deadlines	Projects & Research Committee Meeting Dates	Trustees' Meeting Dates	Decisions Communicated to Applicants
24 <sup>th</sup> February 2023	16 <sup>th</sup> March 2023	20 <sup>th</sup> April 2023	w/c 24 <sup>th</sup> April 2023
26 <sup>th</sup> May 2023	15 <sup>th</sup> June 2023	17 <sup>th</sup> August 2023	w/c 21 <sup>st</sup> August 2023
27 <sup>th</sup> October 2023	9 <sup>th</sup> November 2023	30 <sup>th</sup> November 2023	w/c 4 <sup>th</sup> December 2023

### 13: AOB

There were no items of AOB.

### Date of Next Meeting

Thursday 15<sup>th</sup> December – Board Room, 59 George Street.

### Summary of Action Points

**Action 21/13: (updated) BM to follow up earlier discussions with RSFS regarding future collaborations in Summer 2022. Ongoing – it has been agreed that BM will contact RSFS for early discussions.**

**Action 22/4: (ongoing and updated) AB to progress a change in Trust governance to SCIO and to scope out what is required for the due diligence process by end 2022.**

**Action 22/9: AB to check exact reasons for wording of ESG policy on deforestation and inform Trustees by email.**

**ACTION 22/10: A Funding Sub-Committee meeting will be held before the December Trustees meeting and a short report provided on what is proposed.**

**Action 22/11: Brewin Dolphin to investigate options for forestry investments and to share with AB in advance of consideration of next year's IPS.**

**Action 22/12: AB to send signed copies of relevant documentation on to C+T and then OSCR.**

Approved by Trustees on 15<sup>th</sup> December 2022

Dr. Bob McIntosh  
Chairman

