

# The Scottish Forestry Trust

Trustees' Meeting, Thursday 15<sup>th</sup> December 2022  
Board Room, 59 George Street

## Minutes

### Present:

Dr Bob McIntosh (Chair)  
Eddie Balfour  
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)

### Apologies:

Paul Atkinson  
Ralland Browne

### In attendance:

Prof Adam Kleczkowski (Observer)  
Trefor Owen (Observer)  
Dr Ian Willoughby (Observer)  
Lynne Lamont – Brewin Dolphin (Item 7 only)  
David Hourston – Brewin Dolphin (Item 7 only)

### 1: Welcome and Apologies

The Chair welcomed everyone to the meeting including those who were attending via Zoom due to the rail strike and the snowy conditions. He went on to congratulate those who had been able to attend in person despite the challenges. Particular welcome was given to the three new Trustees who were attending this meeting as observers. He noted there were apologies from both Paul Atkinson and Ralland Browne.

### 2: Declarations of Interest

HM and JP declared an interest in relation to a Forest Research project which is mentioned in the Minutes of the last meeting but this is not being discussed today. IW noted that he leads on a project being funded by SFT, this is noted in his register of interests, but it is not being discussed today. JP also raised an additional role he has taken on (Director of Genomia Management Ltd) which will require an updating of his register of interests.

### 3: Minutes of Previous meeting

The minutes of the meeting held on 18<sup>th</sup> August 2022 were approved as presented and signed by the Chair.

### 4: Actions & Matters Arising

The Chair noted that there had been several points arising from the last meeting but that these had largely been dealt with, he talked through the actions in turn:

Action 21/13: (updated) **BM to follow up earlier discussions with RSFS regarding future collaborations in Summer 2022.** Discharged, AB and BM met with Wilma Harper and Simon McGillivray from RSFS in September to discuss potential collaborations. RSFS have invested in Cashel and the activity in the site has been reinvigorated with the appointment of a new Ranger. There is scope for some potential collaboration on events relating to the Trust's 40<sup>th</sup> Anniversary next year which is to be explored further.

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.** Ongoing, Report to Trustees now planned for early 2023.

Action 22/9: **AB to check exact reasons for wording of ESG policy on deforestation and inform Trustees by email.** Discharged, It was confirmed that Brewin Dolphin use a screening tool which relates to flagging controversies relating to deforestation or permanent removal of forests, this is a proxy which enables further investigation into practices which may be incompatible with SFT's objectives – this was further confirmed by BD in an email to AB on 23/03/22.

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.** Discharged, The sub-committee met in late October 2022 and AB is currently developing a targeted fundraising prospectus in three areas, updates on this activity will move to Director's Report from April 2023.

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.** Discharged, BD provided an option for forestry investment, circulated to trustees on 09/11/22, which will be considered at Agenda Item 7. If Trustees are minded an adjustment will be made to the Trust's Investment Mandate from 1 April 2023.

Action 22/12: **AB to send signed copies of relevant documentation on to C+T and then OSCR.** Discharged, Documentation signed and uploaded to OSCR in September 2022.

There was one item of Matters Arising not on the Agenda relating to bank signatories. It had been agreed at the Trustees meeting on 18<sup>th</sup> August 2022 that Helen McKay will become a signatory to the bank account from 1 January 2023. This requires a resolution to be signed by all Trustees at this meeting and those Trustees present at the meeting signed the resolution. AB will make arrangements to secure signatures from those Trustees not present.

**Action 22/13: AB to arrange for all Trustees to complete signing of the Board Resolution to add Helen McKay as a bank signatory.**

## 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:

AB noted that the Trust now had 600 Twitter followers, a small increase from her report.

She went on to outline that there were two decisions that the Trustees required to discuss and agree. The first related to an issue that had come up at the PRC meeting in November. An application had been received

from a student undertaking a taught MSc for assistance with her Dissertation travel costs. The application had been assessed under current rules and was being recommended for approval, however there was some concern that the Trust could be inundated with such requests and it would be better to have a clearly stated policy on this type of support. After considerable discussion between the Trustees it was agreed that the Trust should support this type of activity, not least because it is a good marketing tool for the Trust, but that particular guidance would be provided for these types of projects with a role for the Universities themselves to 'nominate' a single candidate from their MSc. This should be based on a similar scheme which had previously been operated by the Trust. It was also noted that it would be important to get some publicity out of this and to ensure that the results of this work was circulated, which could be done through the mechanisms that had been developed with ICF for short articles relating to the research we have funded.

**Action 22/14: AB to review the previous MSc Dissertation support scheme and update for approval by PRC.**

The second item for discussion and agreement related to the proposed Bursary Students' Seminar and the date of the next Trustees meeting linked to that. Following on from discussions at the previous Trustees meeting AB had met with DB and a format for the Seminar was now taking shape. The first Seminar will be hosted by the University of Stirling and will involve student presentations on day 1 and a field visit on the morning of day 2. The proposed dates are the 26<sup>th</sup> and 27<sup>th</sup> April 2023 which clashes with the ICF Annual Conference but it had proven challenging to find an alternative. There was some discussion on whether the Trustees meeting should be moved by a week to link in with the Seminar to assist Trustees with travel and attendance at both events. On balance it was agreed that the best solution was to hold the next Trustees meeting online on the original published date and that would reduce the amount of travelling for Trustees who are able to attend the Bursary Students' Seminar.

AB then updated Trustees on Confor's Westminster Policy Conference which she had attended On 8<sup>th</sup> Dec. She said that it had been well attended and that attendees had been very positive about the prospect for increasing new woodland creation in England. She had been able to speak with Vastern Timber, who invest 1% of their turnover into a research and education fund and who may be future match funders.

BM raised the recent £2,500 donation that we had received from the Earthshot Foundation. AB explained a bit more about the Foundation and discussions she had held with its founder. BM suggested that further engagement would be appropriate in due course.

## **6. Financial Report including Risk Register**

AB confirmed that the Trust had now moved from Adam & Company to Hampden & Company for our banking. This had finally taken place in September, and we were now able to use online banking which had transformed operations. There had been a week or so when we had been with Coutts, due to Adam and company moving to Coutts, which had resulted in multiple statements, but everything had now been sorted.

The decisions to be taken today, both in relation to project payments and also new applications, are all affordable and within current cashflows. There are fewer project payments than we might have expected at this meeting as the Trust is seeing the tail end of Covid impacts come through. This means our expenditure this year will be lower and will require a commentary in the Annual Report. This does however not impact negatively on cashflow.

AB also confirmed that she had met with K Dainton regarding her project and that we would be making a payment of £5339.70 against expenditure for this year (not the £9,000 as budgeted), with another reduced payment next year and at that time the payment schedule would be updated. Trustees commented that it would be good to see more applications coming forward and AB responded that there had ben an increased

level of activity following the Webinar she had run in November and there was an expectation a few more applications would be received in February, stimulated by the Webinar.

AB went on to outline the limited changes that had been made to the risk register and note that at this time the Trustees should be formally reviewing the Register. The main issue at this stage is the potential changes in the office space as Galbraith's will be giving up their lead tenancy of 59 George Street however Confor and others are exploring the option of retaining the building as a forestry hub. The Trustees discussed this and agreed that the preference is to remain co-located with Confor in George Street if possible. JP offered space at the extended facilities at FR's Northern Research Station if that was not possible.

HM asked if the Disaster Recovery Plan was held in paper or electronic format as the lack of a paper copy of a DRP had been an issue for a public body who experienced a data breach. AB said she held both and would make sure that Chair and Chair PRC also had paper copies. The risk register would be adjusted accordingly.

[LL and DH joined the meeting]

## **7: Investment Manager's Report**

BM welcomed LL and DH to the meeting and introduced the new Trustees to them. LL started their presentation by reflecting on what has been an unusual year in terms of world events, economic change and the resulting impacts on availability of commodities, workforce pressures, inflation and market responses. There is an expectation that inflation is now at or near to its peak and should begin to come down as supply and demand responses work their way through. She then outlined the main points from BDs report which had been circulated in advance. She noted that in terms of markets if you don't hold a full complement of oil and gas then you are currently underperforming. SFT does hold Shell due to its commitments to transition away from oil and gas but not others which have been doing well in this sector as well as additional good performers in tobacco and defence (the markets are not currently rewarding ESG). However, SFT's position is a conscious decision from an ESG perspective and in the longer term should be a better position to have so it is important to sit tight.

The valuation of SFT investments as of the date of the meeting was sitting at £3.005m which is a drop (down 5.7%) from the figure at the end of March 2022 (up 7.6% in 21/22) and it has fluctuated throughout this year. Looking long term, the portfolio return has been 10% pa, although over the next 10 years this high level is not expected to continue. Income this year is expected to be circa £80K which will be topped up by realising some capital growth of around £5k. Asset allocation is broadly in line with BD's risk category 6 benchmark. DH then took over and discussed the performance of different elements of the portfolio. The best performers have been Unilever, Compass Group (catering), AstraZeneca, Shell and Novartis (pharmaceuticals). The poorer performers have been Abrdn Property Income (diversified investment trust including forestry – negative impacts due to refinancing in September), Baillie Gifford American (early-stage business investment impacted negatively by increase in interest rates but should improve), Walt Disney Co. (expected to pick up with management changes), Scottish Mortgage Investment Trust (early-stage business investment negatively impacted by increase in interest rates but should improve) and Intertek (safety certification business). In response to a question from HM DH explained that Baillie Gifford American invests in the US where Scottish Mortgage Investment Trust invests globally. HM also asked about the long term performance of these investments rather than the 3 month performance and further detail was given which provided reassurance.

DH then discussed transactions which had been fairly minimal on the basis that it is better not to trade while the market is so volatile. The Trust portfolio's exposure to equities was reduced with additions made to alternatives, including tech infrastructure, and cash.

Market outlook wise the inflation figures were considered with improvement expected over 2023 but they won't be back to previous levels until 2024. Inflation was broken down into different elements including services and other goods, these are called core inflation which is harder to address, and this is what the Bank of England is focussed on with applying interest rates. Interest rates are expected to increase to around 4.5-5% in Q2 next year. The impact of this will likely be a recession with an expectation that this will most closely match the 1990 recession in terms of depth and length (contraction of circa 3% over a 15-month period). Taking everything as a whole the recommendation is to retain our current position and take the long term view.

BM asked a question about interest rates and whether more should be put into cash. DH has indicated that more may go into fixed interest and a 10 year government bond would provide a secure 3.2% return.

The Trustees then discussed the potential forestry investment identified by BD that had been circulated by email. Yield of 4.5% is currently delivered by this proposition. Forestry is a new asset class and there are limited regulated investments. None of the Trustees was personally familiar with the company proposed and there was some discussion about what type of forestry they were developing and whether there were any wider issues which may impact SFTs decision. This would include an improved understanding of the future carbon markets. It was agreed that more research was required before the Trustees could make a decision.

**Action 22/15: BM to find out more about the potential forestry investment under consideration and report back to Trustees to inform next year's investment mandate.**

IW asked for some additional information to be included in future reports which would provide some form of indexed projections to help to understand how to guard against interest linked devaluation. LL said that would be possible and BD will do that but to be mindful that it is always important to think about the objectives of the Trust and making sure that the funds available are being used to deliver the objectives. TO asked about whether any consideration was given to social investment. LL explained that BD's role was to focus on financial return and that is what they prioritise albeit with an ESG overlay. There are other investments specifically targeting social investment outcomes, but they are run by other organisations and that would be a decision that would have to be actively taken by Trustees to invest in different ways.

BM thanked LL and DH for their contributions and what had been a good discussion. He summarised the outcome as being a need for the Trust to sit tight for the time being while the economy and markets continued to experience volatility.

[LL and DH left the meeting]

## **8: 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:

**P18-285B Improved pre-treatments and fractionation of soft and hardwoods to access feedstock chemicals (University of St Andrews). Payment of £8250 approved (Interim Payment).** This is a project that is exploring methods of extracting lignin and hemi-cellulose from wet sawdust. The student is making good progress.

**P19-286B Improving outcomes in montane woodland restoration (University of Stirling). Payment of £1000 approved (Interim Payment).** The student seems to be working in physical extreme conditions. Good progress with interesting results. AB had been asked to go back to the students with a couple of questions and this has now been done with feedback provided to PRC.

**P19-292B Securing good quality acorn supply in the UK (Future Trees Trust). Payment of £2500 approved (Interim Payment).** This project exploring masting in oak trees is making excellent progress and on a positive note a much larger number of long-term data sets had been procured to enable one aspect of the PhD. There have been some interesting findings linked to hand pollination which has confirmed outcrossing is an important factor in masting success.

**P19-294TB Enhancing integrated pest management in forestry (Katy Dainton, Forest Research) Payment of £5339.70 approved (Interim Payment).** AB had met with Katy Dainton the day prior to the PRC meeting to follow up on the questions raised by the PRC and would provide a fuller report to them. She had been able to confirm the payment now due. This is reduced in part due to a change in reporting schedules.

**P22-303 Working Woods Scotland Course (ASHS). Payment of £2500 approved (Interim Payment).** This course has continued to be successful with twice as many applicants as there were spaces. The Trustees noted the recent death of ASHS Co-ordinator Catriona Birley and asked for their condolences to be passed on to her family.

**P21-296B Filamentous Pathogens on Leaves (BiFor). Payment of £6000 approved (Interim Payment).** This project uses Ramen spectroscopy to identify symptoms of plant fungal diseases before they become visible. The student is making some progress but it isn't clear yet whether this will be something which may have a practical outcome in the field.

KK set out that the PRC had considered three applications and two concept notes at the previous meeting. All three applications were recommended for approval but only one of the two concept notes was considered suitable for a full application. The Trustees then confirmed their support for the following:

**Balancing benefits and trade-offs from future forests (University of Stirling). To be awarded £26,608 from the Bursary Fund.** This project builds on a model developed by FLS but transferring this practice to private estates.

**Working Woods for Foresters (ICF and ASHS). To be awarded £3,510.90 from the General Fund.** It was also noted that SFT will also act as contract manager on behalf of Scottish Forestry who will transfer their funding of £3,392.10 to the Trust. AB will meet with ICF and SF to confirm what will happen with this course in terms of timings and delivery due to the recent death of Catriona Birley. The PRC noted concerns about the long-term sustainability and need for ongoing support for programmes such as this.

**The Environmental Impacts of Horse Logging in the UK (Christina Jackson-Szczyrbowski). To be awarded £730.80 from the General Fund.** Note that this was the application that led to the discussion on funding of taught MSc Dissertations.

**Concept Note: Creating Canopy Conference (Association of Applied Biologists).** AAB to be encouraged to submit a full application on the basis that any support would be modest and directed towards attendance at the conference by early career researchers and students. This approach would be one that would be adopted for any future conferences that came forward,

The Trustees also agreed with the recommendation from the PRC that **Concept Note: The Impact of Location on the Health of Ancient Trees (University of Stirling)** should not proceed to full application. The applicants should be provided with detailed feedback on the issues with the application that had been identified by the PRC as noted in the minutes of the November 2022 PRC meeting.

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

## 9. Annual Policy and Plan Review

AB set out that it was appropriate to review all of the Trust's policies on an annual basis and that she had represented and updated the policies below for reapproval. Any changes in the text had been highlighted in red.

- Appeals Policy
- Disaster Recovery Plan
- Fraud Response Plan
- GDPR Arrangements
- In Kind Contributions Policy
- Social Media Policy

DB asked about the need for an Appeals Policy and AB explained that this was linked to an OSCR requirement to have some form of complaints policy and procedure in place and that as the majority of what the Trust did was linked to providing grants that an Appeals policy was deemed the most appropriate.

TO asked that the Fraud Policy be reworded to consider the potential for the Chair to be potentially involved in any fraudulent activity. AB agreed to do this and recirculate the updated Policy.

Trustees were happy to reapprove the policies with agreed changes. They were also happy in response to a question from AB to reflect on the suite of policies and flag up anything that may have been missed.

**Action Point 22/16: AB to update Fraud Policy and recirculate to Trustees.**

**Action Point 22/17: Trustees to reflect on whether there are any policies that are missing and to feed back to AB by end January 2023.**

## 10. 40<sup>th</sup> Anniversary Award - Decision

AB explained that it was agreed at the August Trustees meeting that the Trust would present a special Award to mark the Trust's 40<sup>th</sup> Anniversary in 2023. Following on from that discussion it is now proposed to present this Award at the Confor Dinner on the 28<sup>th</sup> February 2023. KK talked through the PRC's consideration of the eligible projects. A long list of over 30 education and outreach projects has been whittled down to a short list of three which were to be considered by the Trustees. The three on the shortlist were discussed in some detail with one being rejected early in the discussion as it was felt that it did not have the same 'reach' as the other two. Different Trustees spoke strongly about the other two shortlisted projects, and it was agreed that having joint winners would be appropriate. These two projects are both considered worthy of the Award while representing very different activities; they are Forest Centre at Cashel (RSFS) and Inspiring Future Foresters – Climate Smarter (SCDI/Confor). It was agreed that the budget of circa £1500 to cover the table at the Awards and the two Awards which will be commissioned from Angus Clyne was appropriate.

AB noted that there will have to be further discussions about which Trustees will join the award winners at the SFT table and who will be presenting the Award.

#### **11: AOB**

There were no items of AOB.

#### **12. Presentation to Departing Chair**

KK recorded the Trust's thanks to BM who would be stepping down at the end of December both as Trustee and Chair. He commented that BM had led the Trust through a time that had been rather more challenging than what might have been expected due to both the loss of the previous Director and then Covid but he had done so in a calm and reassuring manner. BM responded by saying that it had been a very enjoyable 7 years and that he felt the Trust was now in a very good place, perhaps because of some of the trials of the past few years. He noted that the big challenge now for the Trust is to grow, both its funding and also its influence and he believes that with PA as Chair there is every opportunity to do that. He finished by thanking all of the Trustees for giving their time and energy to the Trust over the years.

#### **Date of Next Meeting**

Thursday 20<sup>th</sup> April 2023. This meeting will be held online via Zoom to enable Trustees to attend the Bursary Students Seminar on 26<sup>th</sup>/27<sup>th</sup> April 2023 at the University of Stirling.

#### **Summary of Action Points**

**Action 22/4: (updated) AB to progress a change in Trust governance to SCIO and to scope out what is required for the due diligence process by early 2023.**

**Action 22/13: AB to arrange for all Trustees to complete signing of the Board Resolution to add Helen McKay as a bank signatory.**

**Action 22/14: AB to review the previous MSc Dissertation support scheme and update for approval by PRC.**

**Action 22/15: BM to find out more about the potential forestry investment under consideration and report back to Trustees to inform next year's investment mandate.**

**Action Point 22/16: AB to update Fraud Policy and recirculate to Trustees.**

**Action Point 22/17: Trustees to reflect on whether there are any policies that are missing and to feed back to AB by end January 2023.**

**Approved by Trustees on 20<sup>th</sup> April 2023**

Paul Atkinson  
Chair

