

# The Scottish Forestry Trust

Trustees' Meeting, Thursday 17<sup>th</sup> August 2023  
Via Zoom

## Minutes

### Present:

Paul Atkinson (Chair)  
Eddie Balfour (from Item 4 and until the end of Item 9)  
Prof David Burslem  
Dr Keith Kirby  
Prof Adam Kleczkowski  
Prof Ioly Kotta-Loizou (from Item 6)  
Tim Liddon  
Dr Helen McKay  
Trefor Owen  
Prof James Pendlebury  
Dr Ian Willoughby (from Item 4)  
Amanda Bryan (Director)

### In attendance:

David Hourston – Brewin Dolphin (Item 8 only)  
Malcolm Beveridge – CT (Item 9 only)

### 1: Welcome and Apologies

The Chair thanked everyone for attending the meeting and noted that at this meeting that we would have both Brewin Dolphin to update on our investment position and also CT to present their Audit Report after which the Trustees would approve the Annual Report and Accounts.

### 2: Declarations of Interest

JP noted that he was now a Director of Genomia Management Ltd and his Register of Interests would have to be updated but there was no specific conflict in relation to today's papers. IW has a direct conflict in relation to part of Item 10 which relates directly to approval of a payment to a project where he is the lead researcher. It was agreed that this item would be held to the end of the meeting and IW would leave the meeting in advance of it being discussed. Both HM and JP have an interest in Forest Research but are not directly involved with this project.

### 3: Minutes of Previous meeting

The minutes of the meeting held on 20<sup>th</sup> April 2023 were approved as presented and will be signed by the Chair.

#### 4: Actions & Matters Arising

The Chair noted that action points from the last meeting had largely been discharged but invited AB to discuss a couple of outstanding issues.

**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 June 2023.** Discharged and considered later in the Agenda at Item 7.

**Action 22/14: AB to review the previous MSc Dissertation support scheme and update for approval by PRC.** Discharged: Circulated to PRC for feedback in July 2023. Now on website: [MSc travel and fieldwork costs \(scottishforestrytrust.org.uk\)](https://www.scottishforestrytrust.org.uk). Trustees were asked if they wish to have a nominal annual budget as per early career researchers' fund and £3k per annum was agreed and will be kept under review.

**Action Point 23/1: AB to undertake some analysis on what the costs implications would be to offer Bursaries linked to UKRI rates an uplift and circulate to Trustees to enable a decision to be taken.** Discharged: Analysis undertaken and circulated to Trustees July 2023. This is an opportunity to record that the **decision was taken to respond positively to University of St Andrews and deal with requests on a case-by-case basis.** Funding is affordable but administrative burden and complexities of offering funding proactively rules this out at present.

**Action Point 23/2: AB to ensure application guidance makes adequate referral to inclusion of inflation in budgets.** Discharged: Application Guidance updated and available on website.

**Action Point 23/3: PRC to consider options for increasing resilience and spreading workload of PRC with recommendations to be made to Trustees for consideration at their August meeting.** Discharged: Considered by PRC and will be dealt with at Item 10 on the Agenda.

**Action Point 23/4: BD to provide figures showing real value of the Trust capital over the long and short term via email.** Discharged: BD provided figures by email following meeting, which was circulated to Trustees, and this now included in regular reporting to Trustees.

**Action Point 23/5: AB to confirm in writing SFT's investment mandate requirements for 23/24.** Discharged: Completed in May 2023.

**Action Point 23/6: AB to consider how information and dissemination of results managed within SFT contracts and own website.** Ongoing.

**Action Point 23/7: AB, PA, TO and RB to discuss the *R. grandis* proposal further offline and come to an agreed position.** Discharged: This issue has moved on. In the short term Confor has set up a GoFundMe page with a targeted campaign to cover off funds for the next 1-2 years. In the medium-term AB has agreed with Confor that we will have a meeting in the Autumn to agree a more strategic approach to funding *Hylobius*, *R. grandis* and other potential work streams to ensure that the sector is not being approached multiple times for funding.

#### 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 updated Trustees on the contact from Rachael Muir the Business Archives Officer for Scotland. Following on from that RM would be spending a half day with AB at the SFT offices later in the year to review our records and archiving. She would then produce a survey report with recommendations on how records should be maintained going forward. This would be done free of charge. PA asked what we would hope to achieve from this process to which AB responded that this was a good opportunity to have an expert view on whether our current archiving and records retention policy and practice was fit for purpose. TL asked if they were also speaking with Norman Davidson and Forestry Memories and AB indicated she had already put RM in contact with ND. KK confirmed that he felt this was a good thing to be doing to preserve records for the future.

AB moved on to talk about her plans for raising awareness of the Trust and the funding opportunities. This would involve targeting a number of forestry research institutions every year on a rolling basis. In the first instance it was proposed to target FR, University of Aberdeen, University of Edinburgh, University of Cumbria and Bangor University this coming year. In future TDUK/NMITE, University of Birmingham (BiFor), Harper Adams University, Oxford University, UHI, University of Stirling, Edinburgh Napier University and CEH could all be included. AB asked if trustees endorsed this approach and asked for suggestions of others who could be included. A number of additional suggestions came from Trustees including: SRUC, James Hutton, Woodland Trust, RGE, FLS. DB offered support to arrange something at Aberdeen and including SRUC and James Hutton and JP offered to support something at FR. HM also suggested speaking to the current students about how to get information out to others within their cohorts. PA and AK also suggested regular articles about what the trust has been supporting in year in forestry journals.

AB then provided an update on the 40<sup>th</sup> Anniversary events.

Celebration Event: The Grassmarket Centre has now been booked for the afternoon of Wednesday 29<sup>th</sup> November. The costs of this will be around £1,000 – approximately £10 per head for afternoon tea plus room booking – maximum of 100. Thanks to TO for providing support with planning and the invitation list which is still being finalised but will include all Trustees, supporters, and recipients that we have contact details for. There was also some discussion about a postcard or bookmark which people can take away.

Bursary Student Seminar: AB summarised the short evaluation report she had circulated. On the whole the feedback had been very positive. There were a few things to consider for future events not least providing more information about the Trust and also more biographical information in advance. Several Trustees noted that they were happy with the location, and it would be appropriate to use it again in future years. JP noted that he really enjoyed the seminar with really good dialogue and interaction. JP and AK asked that the Trustees record their thanks to AB for organising a very good event.

Fundraising Dinner: After some discussion it was agreed that this event to be held in the evening of the 29<sup>th</sup> of November may be better as an informal Drinks event rather than a dinner. PA to approach Hampden Bank about hosting. PA also suggested a small sub-committee to compile a list of invitees. RB volunteered to be part of this.

**Action Point 23/8: AB to arrange a discussion with PA and RB regarding the Fundraising Drinks Event.**

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

AB set out that the Trust's Current Account at Hampden continues to be in a healthy position and as of the morning of the 17<sup>th</sup> of August there was £174,789 in the current account, with interest for the Deposit account having increased to 4.35%.

The Trust has received a legacy of £10k from the estate of the late Professor Malcolm and Trustees considered whether they wished to undertake something specific with these funds. After some discussion the Trustees decided that they would not seek to allocate the funds proactively, but should a project come forward with a topic covering forest soils or continuous cover forestry then the legacy should be nominally allocated towards that. The Trustees also agreed that recognition should be given to the legacy in the next newsletter and HM agreed to write a short piece which could be included.

AB outlined the plans to launch a legacies appeal for the trust in partnership with the Forest Industries Education Fund (FIEF) later in the year.

**Action Point 23/9: HM to provide AB with appropriate text about Professor Malcolm's work which will be included in the next newsletter.**

AB went on to say that she would now update the 5-year cash flow with the agreed budget for the Masters research project. There has been a slight adjustment to the forward projections with one student going down to a 0.75 so that has extended the period of his award but other than that there were no substantive changes.

With regard to the risk register, the issue relating to the Confor office has now been resolved although AB needs to sort out a new lease and is in the process of trying to locate the previous lease with Confor. The investment markets continue to be volatile and that is something to speak with BD about during their presentation. HM asked what the position was in relation to insurance. AB confirmed that the office itself was covered through Confor but that all of the contents and SFT's day to day needs were covered through our own insurance policy which was arranged through Towergate Riskline.

IW raised a point about the risk relating to having sufficient funds, he would like to see BD present a rebalanced figure taking inflation into account and showing the real value of the investment funds – recognising of course that as we are drawing down funds this will have an effect on the overall value of the portfolio. PA agreed this would be a good point to raise with BD.

IKL joined the meeting. PA welcomed her and congratulated her on behalf of the Trustees on her recent Professorship.

## 7. SCIO Due Diligence

AB set out that now that the Trust has agreed to move to being a SCIO she has been working through a list of things to consider which had been provided by Anderson Strathern. What has been presented to the Trustees is a summary of what will need to be done during the process of setting up the SCIO and transferring the business of the Trust to the new entity. AB talked through what will need to be done; some of the key points are:

- It isn't clear cut that we have powers to transfer to a SCIO as opposed to wind up the organisation totally within the current Trust deeds. This will become clearer once we submit the application to OSCR.
- Early discussions with SG at Confor would indicate that they wish to retain some input to the new entity but the exact form of this has yet to be fully explored.
- There is an extensive list of assets and liabilities that will have to be transferred to the new body. This is largely an administrative process.
- Staffing is relatively straightforward as there is only a single employee. This will be a TUPE process.
- There will require to be new bank accounts set up and some additional work regarding the investment management account.

- There will be some costs associated with some of these elements – lawyers, accountancy, and payroll (PA suggested that we may be able to extend the Trust's accounts for this accounting year by extending the year-end). AB will aim to provide an indication of costs for the December meeting.

The Trustees agreed that they still wished to proceed with moving to be coming a SCIO. JP offered to help with input to the drafting of the new documentation.

[DH joined the meeting]

## 8: Investment Manager's Report

PA welcomed DH to the meeting. DB started his presentation by reflecting on the BD's relationship with RBC over the previous year. This has involved business as normal with little change on a day-to-day basis, but some positive changes are expected in the short to medium term. RBC has a strong credit rating and financial position and has seen little impact through some of the earlier volatility in the sector. The ethos of the company is very much about putting the client first and a focus on ESG.

Markets more generally over the last few months have continued to be volatile. The best performing market over the last year has been European equities with some recovery post Ukraine invasion last year. There continues to be the shift in market leading companies being focused on energy with consumer services and technology companies feeling the strain; this is the opposite to what was seen in 2020. This is expected to adjust in the longer term. A further quirk of the current financial markets is the relatively small number of businesses which are driving market growth. In the S&P 500 just 5 companies have been responsible for the majority of the growth in performance of the index.

The Trust's Investment mandate is Category 6 with a requirement to both grow capital and pay out an annual income of £85,200 per annum with some ESG stipulations. The valuation of SFT investments as of the date of the meeting was sitting at £2.998m which is down marginally from the end of the year (£3,007,526) excluding any income taken out. The previous year was a challenging one with the portfolio down by around 4.5% although over a 10-year period the portfolio value increased by 67% overall. On a positive side dividend income is up and SFT's financial requirements are largely covered by income rather than needing to dip into capital. BD in response to improved interest rates now offer a cash management service if that is something that SFT would wish to consider. In terms of asset allocation, the portfolio is neutrally positioned at present. In the fund there is a bias towards overseas equities with an emphasis on North American equities.

DH discussed the performance of different elements of the portfolio. The best performers have been Amazon, Charles Schwab (Diversified Financial Business), Brown and Brown (Insurance Broker), JP Morgan Chase, and Baillie Gifford American. The poorer performers have been HICL Infrastructure (provides income of 5% - good quality infrastructure projects), Texas Instruments, Walt Disney (some hiccups with parks and Disney +), Abrdn Property Income (diversified investment trust including forestry – negative impacts due to refinancing in September), and the Renewables Infrastructure Group. No concerns about retaining these holdings as good underlying businesses expected to pick up and providing good income in the meantime.

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. BD have added to bonds as defensive assets and also purchased Amphenol (procure connecting cables, aerials and other technology infrastructure), Croda (UK based chemicals company) and Ashtead (rents out heavy construction machinery).

SFT's own ESG risk report was discussed. From the analysis SFT is seen as a 'low risk' client overall with a score of 20.51 (compared with the FTSE all world at 22.01) – the majority of holdings in the SFT portfolio sit at either low or medium although there are investments in a small number of higher ESG risk scoring

companies with whom BD are engaging (Shell, Amazon, JP Morgan etc.). In terms of carbon intensity, the SFT portfolio is sitting at 88.74 (tCO2e/\$M Revenue) against a market comparator of 207.43.

Looking forward inflation continues to be the main factor impacting financial markets. This is slowing but the figures remain high and core inflation continues to be a problem (goods and services related). Interest rates will therefore remain high until next year when they should reduce. In summary it is late in the economic cycle with limited room to grow. The expectation is to raise government bond exposure and to remain slightly overweight in gilts and inflation linked bonds as yields here are higher. To counter that an in-line weighting in equities across regions will be maintained to spread risk and position for future growth.

IW posed the question regarding presentation of the total return/ value of the portfolio and whether that could be adjusted/ rebalanced in real terms to take account of inflation. DB agreed that they could do that in future presentations. HM asked how SFT compares to other charities in terms of carbon intensity and DB confirmed that SFT's position is better than average for other charities. AB asked why the SFT's weighting in UK/Global bonds was overweighted to the UK – DB confirmed this was intentional as UK bonds are particularly attractive at the present time. AB then asked if the benchmark was likely to shift and DB indicated that they are having internal discussions about that position. TO asked about cash deposits and whether our cash position should be expanded. DB indicated that decisions relate to time horizons – if there was a need to realise cash in the short term then there should be a move into cash but if cash is not required immediately then it is better to leave in equities and the current position and short-term expectations on inflation and interest rates have already been factored in to current equities prices. PA thanked DH for his presentation.

[DH left the meeting]

[MB joined the meeting]

## **9. Annual Report and Accounts**

PA welcomed MB to the meeting and invited him to present the findings of the Audit. MB spoke to CT's report, and he confirmed the following:

Going Concern – given the resources available to the Trust and the detailed records maintained about forward commitments and control, over future awards CT are comfortable that SFT remain a going concern.

Income Recognition – investment income has been reconciled with information from BD and CT carried out year-end testing and also considered other small donations and grants received within year. No issues identified. The valuation of the investment portfolio was checked and reviewed against third party sources, and everything is in order.

Grants Payable – CT fully reconciled ongoing commitments, new awards made, and all payments made and amounts still outstanding and everything was in order.

Related Party Transactions – All of these were clearly identified and recorded at various points in the process.

Fraud – no evidence of fraud identified through CT's examinations and Trustees confirmed that they were unaware of any such issues.

In summary there are no issues identified during either this year's or last year's audits requiring any attention.

CT have provided the Trustees with their technical guidance for charities.

There are also no internal control issues with all reporting and records in order. This was slightly more complex with the change in banking providers but all records relating to this showed this was a smooth transition.

The only item in terms of adjustments is the accounting standards requirement that any forward grant payments should be discounted. CT have examined this, but any adjustment would be immaterial (£3.5K) so the grants will be carried forward rather than discounting these. In response to a question from IW, MB confirmed that the discount rate used is the same as used by HMRC.

Finally, MB outlined ISA260 requirements and confirmed there is nothing of concern.

MB stipulated it was a relatively straightforward audit, so CT are proposing a clean audit report.

Attention turned to the financial report but there were no questions about the detailed figures.

MB was asked about next year's audit and SFT's accounts and annual report and whether it would be possible to extend the financial year by a few months as part of the transition to a SCIO. MB confirmed that this should be possible as you can extend to 18 months with the agreement of OSCR. AB to pick up with CT what arrangements will need to be made.

MB advised the Trustees that he will be retiring from the end of September and there will be a handover to a new colleague who will be leading on charity accounts. PA congratulated MB on his retirement and thanked him for his services to the trust over the last few years.

**Action Point 23/10: AB to speak to CT regarding accounting arrangements for the new SCIO and the transition period.**

PA talked through his Chair's report. In follow on discussion on the annual report there were several typos identified and Trustees will circulate these to AB for adjustment before the final report is signed off.

**Action Point 23/11: Trustees to inform AB of all typos and adjustments to be made. AB to update report and arrange for signing before submitting to OSCR.**

The Trustees minuted their thanks to AB for her work throughout the year which had resulted in a clean audit for the Trust.

[EB extended his apologies and left the meeting]

## **10: Projects and Research Committee Report**

KK thanked the other members of the PRC for the time and effort they put into this work and then took the Trustees through the PRC minutes and provided updates on items as relevant.

KK summarised the PRC's recommendations and on that basis the Trustees agreed the following:

**P19-289 Wild Service (Sorbus terminalis) Provenance Trial (Woodland Heritage). Payment of £2490 approved (Final Payment).** This involves a provenance trial for an important minor timber tree on the continent which could be of significance in the UK. While this is a long-term trial, we have supported the establishment of the trial and it will be some time until the full results are known. The initial report was

not considered to be full enough as final report but that has now been rectified and it will be able to be placed on our website.

**P22 – 304 The Economic and Social Benefits of Native Woods (Community Woodlands Association). Payment of £2474 approved (Final Payment).** This payment had to be held back from the last meeting in order that the final report could be completed which has now been done. This was an interesting piece of work and is considered to be initial research which could be built on through an extended sample should that be possible. AB confirmed she was due to meet with CWA and UHI (Perth) to discuss what may be possible as a follow up.

**P22-310 Working Woods for Foresters Course (ICF and ASHS). Payment of £6903 approved (Final Payment).** This was a follow up to some earlier courses looking at the timber value chain and more proactive management of broadleaved woodlands. The course feedback showed that it was well appreciated although there were some issues around administration. There was a query about the value for money of the involvement of ICF in terms of administration which would have to be considered in the future. The funds that will be released are both SFT's own funds and funds provided to the project from Scottish Forestry.

**P22-305B An Easier Route for Strength Grading Hardwoods (Edinburgh Napier University). Payment of £8,790 approved (Interim Payment).** This was a well-structured report with good progress being made by the student. There had been some question about a missing Gantt chart and information on the literature review but that has now been provided. Trustees will be able to hear first hand about this work at our December meeting which will be held at Napier.

**P22-299B Nutrient Cycling in Upland Soils (QMUL/Middlesex), Payment of £400.90 approved (Final Payment).** This is a small payment as SFT are only contributing towards the data analysis and travel costs linked to the research. The student is looking at a new area of work using eDNA techniques to look at the microbiome. The project has had disappointing results as they were inconclusive and in this case the hypothesis has not worked, however this in itself is a useful result.

KK set out that the PRC had considered two applications and one concept note at the previous meeting. The applications have been recommended for approval, and the concept note is considered suitable for a full application with some conditions. The Trustees then confirmed their support for the following:

**General Fund: Creating Canopy: the biology and practice of establishing trees and woodlands for people and nature – Association of Applied Biology.** The Trustees approved up to £1,500 towards Creating Canopy with the conditions relating to maximum funds per attendee, details of the selection process to be provided and requiring reports from recipients along similar lines to the main ECR funding to be included in the contract.

**General Fund: Built by Nature: Creating Value Chain Stories to Facilitate Change – Evolving Forests Ltd.** The Trustees approved up to £5,000.

**Concept Note: The Future of Wood Pasture – Colin Norman, Bangor University.** The Trustees are content that a full application be submitted but that PRC recommends that the applicant needs to ensure that adequate academic rigour is demonstrated in the drafting of the research question and proposal.

KK outlined that the PRC had discussed their terms of reference and considered whether these needed to change, specifically the number of members. After some discussion at PRC it was agreed that for the time



being the workload is manageable, but the award assessments do require additional effort and there may be additional funding in the future which may result in extra workload. After some further discussion by the Trustees the conclusion of the PRC, that this needs to be kept under review with appropriate provisions made in the SCIO Mem and Arts to enable additional Trustees and PRC Members, was supported.

It was confirmed that KK will be stepping down, both as chair of PRC and as a Trustee, at the end of the year and at that time HM will take on the role of Chair of PRC with IW joining as a PRC member.

## 11. Deadlines and Meeting Dates

The following dates were agreed for 2024.

Application and Reporting Deadlines	Projects & Research Committee Meeting Dates	Trustees' Meeting Dates	Decisions Communicated to Applicants
1 <sup>st</sup> March 2024	14 <sup>th</sup> March 2024	11 <sup>th</sup> April 2024	w/c 15 <sup>th</sup> April 2024
31 <sup>st</sup> May 2024	20 <sup>th</sup> June 2024	5 <sup>th</sup> September 2024	w/c 9 <sup>th</sup> September 2024
25 <sup>th</sup> October 2024	7 <sup>th</sup> November 2024	5 <sup>th</sup> December 2024	w/c 9 <sup>th</sup> December 2024

## 12: AOB

There were no items of AOB

### Date of Next Meeting

Thursday 30<sup>th</sup> November 2023. Venue Edinburgh Napier University (Centre for Wood Science and Technology)

Preceded by the Celebration Event, Grassmarket Centre on 29<sup>th</sup> November.

[IW left the meeting]

## 10. PRC Report (Conflict of Interest)

This project report is run by IW who therefore has a conflict of interest, and he has therefore left the meeting in advance of it being discussed.

**P21-300TQ Identifying alternatives to conventional plastic tree shelters (Ian Willoughby, Forest Research). Trustees approved a payment of £1600 approved (Interim Payment).** This is an early report on a 6-year project which is looking at the effectiveness and the biodegradability of 16 different alternatives to plastic tree shelters. The initial report had been a bit light but further detail has been provided on the tree species and methods being considered at each of the 4 sites which the PRC members are content with.

## Summary of Action Points

Action Point 23/6 (ongoing): AB to consider how information and dissemination of results managed within SFT contracts and own website.

Action Point 23/8: AB to arrange a discussion with PA and RB regarding the Fundraising Drinks Event.

Action Point 23/9: HM to provide AB with appropriate text about Professor Malcolm's work which will be included in the next newsletter.

Action Point 23/10: AB to speak to CT regarding accounting arrangements for the new SCIO and the transition period.

Action Point 23/11: Trustees to inform AB of all typos and adjustments to be made. AB to update report and arrange for signing before submitting to OSCR.

Approved by Trustees on 30<sup>th</sup> November 2023

Paul Atkinson  
Chair

