

DRAFT

Trustees: Minutes 26/03/18

## **JOHN MUIR TRUST: TRUSTEES' MEETING**

### **Minutes of Meeting held on Monday 26<sup>th</sup> March 2018 at Exchange Place, 3 Sempie Street, Edinburgh**

#### **Present:**

Peter Pearson (Chair), David Broom, Alan Dobie, Peter Foulkes, John Fox-Davies, Steve Green, Derek Johnston, Duncan Macniven, Hugh Salvesen, Chris Townsend, Andrew Whitfield, Deirdre Wilson and Douglas Wynn.

**Apologies:** Patricia Jordan and Jo Moulin.

#### **In attendance:**

Andrew Bachell (Chief Executive), Kerry Ross (Director of Finance and Resources), Kevin Lelland (Head of Development and Communications – items 1 to 13) and Jim Gibson (Financial Adviser).

#### **Item 1 – Introductory items**

Peter Pearson welcomed everyone to the meeting. The apologies were noted. Peter Pearson requested declaration of any conflicts of interests: in relation to item 11, Steve Green noted that he worked in the oil and gas industry.

#### **Item 2 – Minutes of last meeting**

The draft minutes of the meeting on 4<sup>th</sup> December 2017, which had been circulated, were **approved**.

#### **Item 3 – Matters Arising**

There were no matters arising.

#### **Item 4 – Action Points from Previous Meetings**

Progress recorded in the paper was **noted**.

#### **Item 5 – Financial Statements and Annual Report for year ended 31 December 2017**

Speaking to Paper A, Kerry Ross reported that the preparation of the Annual Accounts had not been without its challenges, particularly because it was her first annual cycle. But the outcome was that the Trust was in a secure position financially and the Accounts had been approved without qualification by the auditors. Peter Pearson reminded Trustees that, although the Accounts and allied papers had been scrutinised by the Finance Committee, all Trustees carried responsibility for their accuracy. Douglas Wynn, who chaired the Finance Committee, thanked Kerry Ross for an excellent performance under considerable pressure. Jim Gibson noted that, although improved in-year management (and a slightly later AGM) could ease the preparation of the Accounts, the management letter from the auditors was very satisfactory.

Trustees welcomed the clarity of the information in the papers. Discussion focussed on the level of reserves. Trustees noted that the current level was 9 months' funds which were not restricted by donors or designated by Trustees for specific purposes. Although higher than the policy of retaining 4 to 6 months' free reserves, Trustees considered that the current level was prudent – particularly bearing in mind the unpredictability of legacy income and the importance of avoiding recurrence of the financial problems of 2015. They welcomed

Kerry Ross's proposal to prepare a one-page overview of the financial position, to guard against the possibility that potential donors thought the Trust's reserves excessive. Trustees invited the Finance Committee to consider whether the present reserves policy should be amended to increase the 4 to 6 months target level of reserves [**Action Point 1**].

Trustees **approved**:

- the letter of representation to the auditors, covering both Trust and Trading Company;
- the letter of support and loan agreement from the Trust to the Trading Company;
- the consolidated financial statements relating to the Trust;

and Directors of the Trading Company **approved**:

- the letter of representation to the auditors;
- the letter of support and loan agreement from the Trust to the Trading Company;
- the financial statements relating to the Trading Fund.

Kerry Ross noted that these approvals allowed the relevant Trustees to sign the various documents [**Action Point 2**]. Trustees thanked her for her efforts, and those of her team, in preparing the accounts and having them audited.

The draft Annual Report for 2017 was considered, and **approved** subject to drafting suggestions. Trustees agreed that it be published in time for the AGM [**Action Point 3**] and congratulated those concerned with its production.

### **Item 6 – Risk Register**

Andrew Bachell introduced Paper C. In his view, there was scope to amalgamate some of the entries on the Register and to make some of the wording more precise. With the help of the Management Team, he planned to revise it – but, meantime, the version in the Paper updated the existing Register. He regarded the Register as an important document, justifying more frequent consideration by Trustees.

In discussion, Trustees:

- **agreed** that it would be sensible to have a hierarchy of risks, some of which would be the responsibility of a Management Team member, some of the Chief Executive and some of the Board;
- **agreed** that the Register should be a standing item on the agenda of each meeting of Trustees, at which the state of play on Board-level risks, and exception reports on other risks, would be reported;
- considered what action should be taken on Risk 4 (Shortage of appropriately-qualified Trustees) and **noted** that the Governance Committee intended to consider co-option of Trustees;
- considered the Human Resources Risks (10 to 14) and **invited** Andrew Bachell to consider how to reduce the Trust's vulnerability to staff changes and report to the HR Policy Committee [**Action Point 4**];
- **noted** Kerry Ross's account of planned changes to improve controls against financial Fraud and theft (Risk 35).

### **Item 7 – General Data Protection Regulation**

Kerry Ross spoke to Paper J. She explained that the Trust was close to compliance with the new requirements of the General Data Protection Regulation (GDPR), but a consent exercise would need to be undertaken to ensure full compliance with the Privacy and Electronic Communication Regulation (PECR), a requisite for complete GDPR compliance. The information about people which the Trust held, set out in the table attached to Paper Jii, was all necessary for its business (with the minor exception of the donor history of members of the research panel) and could be retained. But it was necessary to draft a series of policies

about compliance, and to obtain the consent of those on the Trust's list for electronic distribution of publicity material.

Trustees considered how best to comply with the PECR. They **agreed** with the approach in the paper and that people on the existing mailing lists should be sent a cordial email (shorter than the draft on page 3 of Paper Jii) asking for broad consent rather than consent to specific publications. While there was a risk that people would be deterred from consenting for fear of receiving many communications, Kevin Lelland reported that few people unsubscribed for that reason.

Trustees thanked Kerry Ross for particularly clear guidance on a complex topic.

### **Item 8 – OSCR and Safeguarding Policy**

Kerry Ross introduced Paper D, explaining that the Trust's safeguarding policies were adequate for vulnerable participants in the Award. The policy concerning staff, members and volunteers needed to be improved but that was not a major task. She reminded Trustees of their responsibility, under the Companies Act as well as charities legislation, to report notifiable events.

Trustees **noted** the position.

### **Item 9 – Governance Working Group**

John Fox-Davies, who had taken over the chair of the Group, spoke to Paper B. The Group was meeting on 10<sup>th</sup> April to consider the questions set out in the Paper, together with the frequency of meetings of the HR Policy Committee. In discussion, Trustees identified two other topics for review: the procedure for appointing a Patron and the currency of Standing Orders. It was recognised that not all these topics were urgent and the work would be spread over more than one meeting.

Trustees **noted** the position.

### **Item 10 – Corporate Strategy**

Andrew Bachell explained that Paper Ii was a condensed version of the input from Trustees, the Management Team and staff generally on what the Strategy should contain. It was a working paper rather than a draft strategy, although its content was similar to the present Strategy (reflecting the views of Trustees and staff that no significant change in direction was expected). But it aimed at a different tone, and he intended that the final strategy would drill down to a lower level of detail than the present one. The "Inspire and Connect" goal had been placed first, because it was the key to achieving the remaining goals.

In discussion, Trustees expressed the following views:

- The Strategy should explain where the Trust expected to be in 3 to 5 years and how resources might be deployed to achieve that: such information should be made explicit either in the Strategy or in an operational plan;
- There was an implication that Northern Ireland was excluded from the remit of the Trust and this required further explanation;
- It was essential to show how all our land would contribute to achieving our aims and in particular that mention was made of Glenridding;
- Staff engagement should feature in the "Manage and Support" section;
- While the "Inspire and Connect" goal had rightly been placed first, the version of the Vision which gave primacy to the wild places rather than people was preferred and several suggestions were made to improve on it further;
- There were many infelicities in the wording of the draft.

The Management Team would prepare a draft Strategy in the light of the discussion, and Andrew Bachell would circulate it for comment in advance of the next meeting [**Action Point 5**].

### **Item 11 – Investments**

Paul Embleton and Gail Craig, from Brown Shipley, joined the meeting. Speaking to Paper G, Paul Embleton explained that Brown Shipley had acted as the Trust's investment advisers since 2015. They managed the Trust's portfolio on a discretionary basis, with an investment horizon of over 5 years, seeking a balance between income and growth with a medium appetite for risk. They reported quarterly, with a valuation. The £2.8 million portfolio comprised holdings of about £25k, in a variety of different sectors.

The Paper showed that the portfolio had performed in line with benchmarks except in 2016. The poorer performance in that year was the consequence of the decline in domestic stocks, towards which the Trust's portfolio was weighted, after the Brexit referendum. To correct that under-performance, Brown Shipley had diversified the portfolio to include more overseas investments.

The Trust had chosen not to invest in the 5 sectors listed in the Paper, which included Oil & Gas and Utilities. Investment in these sectors would have yielded a higher return in the past and would add useful diversity to the portfolio.

Trustees briefly discussed the report and **agreed** that the Finance Committee should review whether to remove the embargo on investment in Oil & Gas and Utilities.

### **Item 12 – Operational Update**

Trustees discussed the reports in Paper E.

In response to a question about the future funding of the John Muir Award, Andrew Bachell reported that in **Scotland** SNH had recently agreed support over 3 years at a level of £96k in year 1, diminishing thereafter; in **Wales** NRW had encouraged an application for funding for the period to end-2019; and in **England** (where the HLF support was nearing an end) the search for funding was showing signs of success, from Natural England and other sources.

Trustees asked whether the staff time preparing the informative report might be reduced if it focussed on the action points in the Corporate Strategy – a point which Andrew Bachell would consider as the Strategy was finalised.

Andrew Bachell reported that the Trust had acted as host for a meeting between Rewilding Britain and bodies interested in Landscape-scale rewilding. Four potential projects had been identified, of which three has already started.

Trustees **noted** the report.

### **Item 13 – AGM Update**

Kevin Lelland reported that 91 members had so far signed up to attend the AGM, with a further 12 non-members attending the related activities – already a larger number than in 2017, when 83 members had signed up and 68 attended. About 15 staff would also be present, and 32 invitations had been sent to local guests on the Friday evening. The venue could accommodate between 140 and 200 people, depending on layout. Trustees **welcomed** the report.

Andrew Bachell informed Trustees that there had been 10 nominations for the 6 vacant Trustee appointments, one of which was for a 1 year term and the others for 3 years. Members would be mailed on 9 April and invited to vote by 30 April.

#### **Item 14 – Chair’s Update**

Peter Pearson, expanding on Paper F, said that the event at Westminster on 19<sup>th</sup> March had been attended by 45 to 50 people including members of both Houses of Parliament, voluntary organisations and Trust members. Trustees **noted** the report.

#### **Item 15 – Staffing Update**

Discussion is recorded in a separate confidential minute.

#### **Item 16 – Any Other Business**

Andrew Bachell asked for the views of Trustees on the renewal of the formal Memoranda of Understanding with the West Harris Trust (which had expired in 2016) and the North Harris Trust (which would expire in 2019). Trustees supported the links with both Trusts and **agreed** that both Memoranda should be renewed, incorporating any lessons from experience with the original agreements.

Andrew Bachell reported that the Trust had been invited to rejoin the Moorland Forum. He recommended acceptance, in view of the fact that its work was no longer focussed largely on grouse moors (of which the Trust owned none); the workload was not great; and the Forum brought together a range of environmental NGOs to consider an important category of wild land. Trustees **agreed**.

Peter Foulkes reported that the Wales Working Group was planning a members’ gathering in the autumn and sought the support of Trust staff. On Andrew Bachell’s recommendation, Trustees **welcomed** the proposed gathering.

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

- AP1** The Finance Committee to consider whether the present reserves policy should be amended to increase the 4 to 6 months target level of reserves.
- AP2** The relevant Trustees to sign the documents relating to the Annual Accounts.
- AP3** The Annual Report to be published for the AGM.
- AP4** Andrew Bachell to consider how to reduce the Trust’s vulnerability to staff changes and report to the HR Policy Committee.
- AP5** Andrew Bachell to prepare a further draft of the Corporate Strategy and circulate it for comment in advance of the next meeting.

Duncan Macniven  
6<sup>th</sup> April 2018