

JOHN MUIR TRUST: TRUSTEES' MEETING

Minutes of Meeting held on Monday 18th March 2019 at 66 Tay Street, Perth

Present: Peter Pearson (Chair), David Broom, Alan Dobie, Peter Foulkes, David Gibson, Jim Gibson, John Fox-Davies, Derek Johnston, Patricia Jordan, Duncan Macniven, Jo Moulin and Chris Townsend.

Apologies: Andrew Whitfield, Richard Williams and Douglas Wynn.

In attendance: Andrew Bachell (Chief Executive), Kerry Ross (Director of Finance and Resources), Jean Main and Louise Gillies (Johnston Carmichael, auditors, item 5), Kevin Lelland (Head of Development and Communications – item 9) and Adam Pinder (Head of Fundraising – item 9).

Item 1 – Introductory items

Peter Pearson welcomed everyone to the meeting. The apologies were noted. Richard Williams was resigning as a Trustee, being about to take up post as the Trust's Land Operations Manager. Peter Pearson requested declaration of any conflicts of interests: there were none.

Item 2 – Minutes of last meeting (Paper A)

The draft minutes of the meeting on 3rd December 2018, which had been circulated, were **approved** with minor amendments.

Item 3 – Matters Arising

On possible **land acquisitions**, Andrew Bachell reported that there had been no developments on the Lake District property; that he was keeping in touch with the current owner of the property in Mid-Wales; and that the Knoydart Foundation had decided not to pursue the property there and it did not seem sensible for the Trust to proceed alone. Discussions with the owner of the property in the Scottish Borders showed that he was a willing seller and Andrew Bachell had instructed a valuation following which Trustees were likely to be invited to visit the site. On Glenridding, the National Park Authority was clearly content for the Trust's involvement to continue in some form, possibly preferring an extension of the lease with the Trust as a preferred buyer in any future sale. The options would be put to Trustees for decision: it was noted that a continued landlord/tenant relationship might be seen to limit the Trust's ability to criticise the National Park Authority's actions on other matters. A new possibility had arisen in the Clyde/Muirshiel Regional Park south-west of Glasgow – a wild land area where a partnership involving the local authorities, private owners and the Trust might be contemplated – but it was unclear what role the Trust would play.

On **membership of Scottish Environment LINK**, Andrew Bachell had recently met the chairman and chief executive and an application to rejoin LINK would shortly be submitted.

On **windfarm applications**, Helen McDade and John Low had met representatives of the Cairngorms National Park to discuss Glenshero, to which the Park Authority was unlikely to object, and a meeting with Highland Council had been sought. Meantime, a holding objection had been submitted.

Item 4 – Action Points from Previous Meetings (Paper B)

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

Item 5 – Financial Statements and Annual Report for year ended 31 December 2018 (Paper C)

Jim Gibson, chair of the Finance Committee, explained that the finalisation of the accounts had been a difficult process because of the tighter timescale (intended to ease the publication of the Annual Report) and because Kerry Ross had been diverted by a complex HR case. Kerry Ross thanked the new auditors, Johnston Carmichael, for their initial briefing and for their willingness to postpone the audit fieldwork to allow her to work on the HR case. The audit had highlighted control and processing shortcomings, a consequence of the finance function failing to keep pace with the growth in the Trust's activities, of which she had already been aware but which it was now urgent to rectify.

Kerry Ross briefed Trustees on the action to respond to the audit observations (Appendix B to Paper Ci). The **bank reconciliations** had been performed later than target throughout 2018 and had become later as the year progressed. Data were not being recorded promptly in the financial system, which depended on staff across the Trust acting quickly to bring transactions to account. Key non-finance staff were being trained and the reconciliations in the first two months of the 2019 financial year had been completed satisfactorily. That suggested that the **post year-end review** would also run smoothly. Improvement in **credit control** took little effort, since there were few aged debtors. The **authorisation of expenditure** remained a matter of concern and she would closely monitor performance. The **monitoring of restricted and designated funds** required a comprehensive review, which was about to start with the help of Johnston Carmichael, of the definition of the purposes of the various funds, some of long-standing. Improvement in the **recognition of income** required a change in the treatment of income, recording as “unrestricted funds” a wider range of donations – a practice which Trustees **agreed** was sensible. The Trust's **reliance on key personnel** would involve a review of the capacity and capability of support functions, which would be put in hand as soon as possible. Action to improve **software security** was straightforward.

Trustees **noted** that progress on these corrective actions would be monitored by the Finance Committee during the year. 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 1**]. Trustees and the Chief Executive thanked her for her efforts in preparing the accounts and having them audited, particularly in the light of the faster closure date, the new auditors, and the co-incidence with the HR case.

The draft Annual Report for 2018 was considered, and **approved** subject to drafting suggestions. Trustees agreed that it be published in time for the AGM [**Action Point 2**] and congratulated those concerned with its production.

Jim Gibson explained that Brown Shipley, the Trust's investment advisers, required Trustees explicitly to nominate those who may act on behalf of the Trust on investment matters. Trustees **agreed** that Peter Pearson, Jim Gibson, John Fox-Davies, David Gibson, Andrew Bachell and Kerry Ross should be authorised for that purpose. Jim Gibson spoke about the Trust's investment parameters, which were unchanged (except for a rider about the realisation of investments in order to buy land and the acceptance of the risk of moderate stock market fluctuations) and which required to be confirmed. Trustees **agreed**:

- that the investments were held in order to generate income and provide long-term capital growth;
- that the investment managers be instructed to maintain the real value of the portfolio while generating a moderate level of income without taking on a high level of risk
- that the Trust might invest in any company, reserving the right to reject investments incompatible with the Trust's vision, values and charitable purposes;
- that the Trust aimed to have free reserves of between 4 and 6 months of budgeted expenditure.

Trustees **agreed** that these parameters should be reviewed annually in September [**Action Point 3**]

Item 6 – Risk Register (Paper D)

Andrew Bachell explained that the Register was now in the recast form previously promised. He described the risks and control measures for moderate and high residual risks, and risks outwith tolerance. He proposed that the Register should in future be monitored by Trustees twice a year, and that changes in the key risks should be reported to each meeting of Trustees. Trustees welcomed the revised format and **noted** the risks and their scoring. They **agreed** the control measures and the proposed reporting arrangements.

Item 7 – Amendments to Articles of Association (Paper E)

Alan Dobie, chair of the Governance Committee, explained that as part of the Governance Review his Committee had identified a handful of changes to the Articles of Association which it would be desirable to propose to the 2019 AGM, rather than awaiting the conclusions of the review. The proposed changes concerned members voting immediately after joining, which created an administrative problem; employees nominating or voting for Trustees, which was inappropriate because of Trustees' role in the employment of staff; and conflicts of interest for Trustees and employees, where the existing Articles gave little control.

Trustees **agreed** that these changes should be recommended to the 2019 AGM. Comments were made on the wording of the Resolution; these would be considered by the Governance Committee at its meeting the following day and, subject to legal advice, would be circulated to Trustees for clearance by correspondence – together with an explanatory note for members.

Item 8 – Governance Review – Wider Policy Issues (Paper F)

Alan Dobie explained that the paper contained a list of possible governance changes which, if Trustees agreed, would be codified and finalised over the next few months, being proposed as necessary to the 2020 AGM. He sought guidance from Trustees on the priorities, and on the options set out in the paper. Time did not permit a proper discussion of the proposals, which was deferred to the next meeting.

Item 9 – Fundraising Strategy (Paper G)

Adam Pinder presented the draft Fundraising Strategy. It had been developed to implement the new Corporate Strategy and to give direction to the fundraising team, now augmented to 5 people. It attempted both to continue to benefit from established fundraising streams and to develop new sources of funding. He invited comments from Trustees, and their assistance in identifying individuals and others who might be willing to support the Trust financially.

Trustees **commended** the Strategy, welcoming in particular the link to the Corporate Strategy. They were concerned about donor fatigue, and Adam Pinder explained that the new donor database made it easy to segment existing donors, to avoid contacting them too frequently or about matters which did not interest them. Trustees emphasised the importance of identifying a list of future projects which might appeal to particular donors, and of making clear to supporters the full costs of work, including overheads. They underlined the diversity of the Trust's work (eg biodiversity, and the societal benefits from the Award), which might appeal to donors who were not wild land enthusiasts.

Item 10 – Operational Reports 2018 (Paper H)

Andrew Bachell said that the Paper summarised the Trust’s work during the year. It was the basis for the published Annual Report. Trustees **noted** the report, which set out an impressive achievement.

Item 11 – Complaints Policy and Procedure (Paper I)

Andrew Bachell explained that the Governance Review had identified the lack of formal complaints-handling arrangements, which all charities were encouraged to publish. Unlike the changes to the Articles (Item 7), these did not need members’ approval so could be implemented swiftly.

Trustees **approved** the Complaints Policy and **endorsed** the Complaints Handling Procedure.

Item 12 – Fundraising and HR Policy Committee Minutes (Papers J and K)

Trustees **noted** the minutes of the meetings which had taken place since their last meeting.

Item 13 – Operational Report (Paper L)

Trustees **noted** the activity since their last meeting.

Item 14 – Chair’s Update (Paper M)

Trustees **noted** the report.

Item 15 – Staffing Update

Discussion is recorded in a separate confidential minute.

Item 16 – Any Other Business

Andrew Bachell explained that, although there were very few incidents, the Trust’s current health and safety policy was inadequate. He had redrafted the policy and proposed to discuss the revised version with David Broom as a quality check. Trustees **agreed**.

Chris Townsend questioned why the Trust had not been more prominent in the efforts to prevent the construction of 7 run-of-the-river hydro schemes in Glen Etive – by contrast for instance with Mountaineering Scotland. That might lead members and others to conclude that the Trust was preoccupied with windfarms and that hydro schemes were not damaging. Andrew Bachell explained that the Trust had objected to the 3 schemes which were located in the wild land area and, in 2 of these cases, theirs was the only objection to point up the wild land aspect. They had made further representations after the schemes had been adjusted. He considered that the right effort had been devoted to the case, granted the resources available. Patricia Jordan said that John Low’s letter to the Lochaber News had put the Trust’s case powerfully but that it had otherwise not been evident locally that the Trust was an objector, which might have garnered support. Duncan Macniven suggested that, to counter the perception of inactivity, the Trust’s actions should be featured in the Spring Newsletter and Chris Townsend asked for the Trust to issue a statement after the Highland Council decision expected on 19th March. Trustees **agreed** [Action Point 4].

Summary of Action Points

- AP1** The relevant Trustees to sign the documents relating to the Annual Accounts.
- AP2** The Annual Report to be published for the AGM.
- AP3** The investment parameters to be reviewed annually at the September meeting.
- AP4** The Trust’s attitude to the Glen Etive hydro schemes to be publicised.