

THE ROYAL SOCIETY FOR THE ENCOURAGEMENT OF ARTS, MANUFACTURES AND COMMERCE

256th Annual General Meeting minutes

Monday 6th December 2010

Luke Johnson, Chairman of the Trustee Board opened the 256th Annual General Meeting held at the Society's house and welcomed everyone present.

1. Apologies

None recorded

2. Minutes of the 255th Annual General Meeting

The minutes from the 255th Annual General Meeting held on Wednesday 7th October 2009 were confirmed as a true record.

3. To receive and consider the Annual report from the Board of Trustees

Luke Johnson, Chair, informed those present that the first formal business of today's AGM was to receive and consider the Trustee's annual report. He stated that a lot had been happening within the RSA. In particular he drew attention to a report on the Tomorrow's Investor project, featured on the Today's Programme (Radio 4) on Monday 6th December 2010. It received coverage from The Daily Telegraph, amongst others, and it is believed that it will receive further press coverage in the next couple of days. The Chair described this as a good example of the interesting and important work of the RSA and he encouraged all to pick up a copy of the document available outside the room on their way out of the meeting. He invited delegates to watch a short film, made by the RSA, which will be available on our website for those not present, which describes examples of RSA projects with comments from project leaders and associates about the work the RSA is currently doing.

The Chair invited questions from those present regarding the work of the RSA.

Thank you to the officers for conducting an Environmental Audit following my comments at last year's AGM, I would ask that it could be agreed in future to include the RSA's carbon footprint report within the annual report and other key environmental data. If you could inform us if your electricity is 100% green and your paper is 100% recycled and if the Journal could be printed on recycled paper? 21st Century enlightenment includes environment enlightenment.
Donnachadh McCarthy, FRSA.

The question was noted at this stage and then answered later in proceedings.

No further questions were asked.

4. To receive and consider the audited statement of accounts.

Vanessa Harrison, Treasurer of the RSA presented the accounts. She noted that Lord Best, also Treasurer of the RSA and Stephen King, Chief Operating Officer were also present to answer any questions that followed the presentation.

Vanessa informed delegates that the accounts for 2009/10 were in good shape. Before allowing for any investment gains the RSA made a £1.3 million surplus during a difficult financial year. Income was at a slightly lower level to 2008/09. Savings in expenditure had been made this year

in RSA hospitality, which to be expected has taken a hit during this financial downturn, and in most other areas across the Society's activities. Virtually every enterprise in the UK has struggled during this difficult time. Primarily we continue to depend on our income from Fellowship fees. She reminded the meeting that the contributions made by Fellows are not payments for services rendered but are in fact donations to support the work of the Society.

Vanessa continued her presentation by stating that during economic difficulties, charitable giving does normally decline, but thanks to the Fellows, Belinda Lester, Director of Fellowship (RSA) and her team, there has not been any significant decline in Fellowship income. Despite the hard work of Carrie Walsh, Commercial Director (RSA) and her team there had been a decline in the hospitality business, with bookings down from organisations in the public and voluntary sector where budgets had been cut. Due to prudent savings the impact had been mitigated. RSA hospitality continues to make a positive contribution to help fund the charitable work of the Society.

Funding for major RSA projects is sourced externally from private companies, local authorities, charitable organisations and Government bodies. These bodies are constrained for the next few years and therefore seeking external funding has been a challenge. However there had been an increase in the level of funds raised over last year.

Vanessa concluded her presentation by saying that tough financial challenges are ahead but the Trustee Board is confident that next year the RSA will do more than just survive. The RSA has significant assets, including £10.9 million in the Shipley Fund and £3 million in the General Fund. The RSA is adapting and being creative during these unstable times. Under the leadership of Matthew Taylor, Chief Executive, the Trustee Board is confident that the RSA will respond successfully to the challenges ahead.

Vanessa paid tribute to Stephen King, Chief Operating Officer, for his prudent oversight of the RSA finances, and thanked the Fellowship for their continued support of the work of the RSA.

Vanessa invited any questions about the Accounts.

Matthew Taylor was asked to explain why in a blog last week he had written one of the most important figures in our accounts, the amount we spend on charitable activities was misleading?
Kevin Cahill, FRSA

Matthew answered by saying that looking at the accounts the RSA spends 28% of its income on charitable proposes. This is an understatement. Next year we will look at including all of the expenditure that is spent in a charitable way, for example the costs of running our Archive which is a public service and not currently included in our accounts as charitable expenditure. When all of our expenditure is considered the percentage would rise.

Looking at the Accounts that are produced for statutory proposes it is extremely difficult to understand. By show of hands – how many people actually understand what they are looking at in our statutory accounts?

The majority of the room raised their hands.

The questioner went on to ask for an uncomplicated summary to be included with the Accounts for those who are not able to easily understand statutory accounts?
Undisclosed Fellow

Luke Johnson asked that next year the RSA look to include a clear and illustrative summary.

The following questions were directed to Vanessa Harrison, Treasurer; what proportion of the Fellowship fees are deemed a donation and what proportion is deemed a membership fee for services? What is the cost burden of the House? Does the RSA own the House or is it leased, if it's leased, when is the break clause?

Lopa Patel, FRSA

Vanessa informed Lopa that 100% of Fellowship fees are deemed as donations towards the work of the RSA. The House (8 John Adam Street) is owned in its entirety by the RSA and the upkeep of the House including depreciation amounts to around £1.2 million.

As Fellows I believe that this (8 John Adam Street) is our house, if the RSA is able to raise extra funds by commercial activity then that's fine as long as priority is given to Fellows to use the property for their needs first and not be charged for the use of our own house?

Susan Read, FRSA

Matthew Taylor responded to say that every few years the RSA has had to fight a battle with Inland Revenue about whether or not the Fellowship subs are a donation or a payment for service. There is a very strict cap of £25 on how much benefit Fellows are deemed to receive from their charitable donation. We have endeavoured to make the House more accessible for Fellows by giving them more areas to meet, we have a Fellows meeting room that is for Fellow use only. We also have to remember that a big proportion of the RSA Fellowship is not based in London.

There were some sound difficulties at the beginning of the meeting, which were noted at this stage of the proceedings. Delegates were informed that a podcast would be available to download after the meeting so they could hear anything that was lost due to technical difficulties.

Stephen King answered Donnachadh McCarthy's question from earlier on in the meeting. He informed Mr McCarthy that the RSA will endeavour to put information about its carbon footprint in the Annual Report next year. At the moment the RSA doesn't entirely use recycled paper, nor do they use entirely green energy supply but it is something that we are constantly looking to, and are moving in that direction.

Moving forward could the RSA include a forecast for the coming year in the pack we have received today, so that Fellows have an opportunity to see the outlook for the forthcoming year?

Lopa Patel, FRSA

Luke Johnson responded to say that he thought that a good idea and will look to include that next year.

In our investment portfolio which totals to £12 million, there is a section called alternative investments £1.9 million, an amount that declined in value by about 20% from one year to the next. Could you tell us what the alternative investments are?

Michael Riding, FRSA

Stephen King informed the questioner that, that is the percentage of our portfolio that is invested in Hedge Funds, which over the period we have held it has done well. Our investment is in a 'fund of funds' portfolio and the reason that the Trustee Board has continued with it is that our advisors (Cazenove) have advised us that it is a good counter-cyclical investment to hold. Certainly over the last few years it has served us very well in times when other aspects of our portfolio were going backwards.

5. To approve the election of Naaz Coker as Deputy Chair of the RSA, which requires the concurrence of the AGM.

This resolution was passed on a show of hands. Naaz Coker was welcomed as Deputy Chair of the RSA.

- 6. To approve the election of Vanessa Harrison as a Treasurer of the RSA which requires the concurrence of the AGM.**

This resolution was passed on a show of hands. Vanessa Harrison was welcomed as a Treasurer of the RSA.

- 7. To note the co-option of David Archer, Clive Grinyer and Zena Martin as Trustees. (This does not require the concurrence of the AGM)**

Noted

- 8. To consider a resolution that a Governance Advisory Group be appointed.**

This meeting agrees to the appointment of a Governance Advisory Group which will consider the future governance of the Fellowship with a view to bringing recommendations to the 2011 AGM. This Advisory Group is to consist of: three present Trustees elected by them; three elected representatives of the Fellowship Council elected by the Council; three Regional Chairs chosen by an election amongst all Regional Chairs, and it may in addition co-opt up to three further Fellows who do not belong to any of the afore-mentioned groups, making a total of up to twelve Fellows. To arrive at their recommendations the Group is to seek the informed views of Fellows in all parts of the world with meetings, notices and articles as seems most effective and efficient to them. The Chair of the Board of Trustees is to be Chair of the Group or to appoint another member of the Group to that position.

Rudi Plaut, the proposer introduced the resolution. He noted that as we have seen from the film shown earlier, a lot has been achieved by the RSA this year, and we can add a debt of gratitude to the Trustee Board and the Management Team for these successes. In particular, we should note that the Trustees are unpaid and from the Accounts, the majority do not claim expenses.

He went on to say that the RSA is unique and pools together its exceptional talents and skills, working together to achieve results which otherwise would not have been possible. The extent to which the misunderstanding of the way the RSA works, the way it has become institutionalised can be seen in the Annual Report, which draws a distinct difference between the RSA and its Fellows. What is the RSA but its Fellows? The Fellowship charter states that it will create links between the RSA and the Fellowship. This separation was accepted by default. This led to a proposal to alter the system of governance and at that stage quite a lot of Fellows reacted with shock and some energy. It was very clearly represented in a motion which follows this. It looked like the original ethos of the RSA was being lost.

The Trustee Board have done a lot of hard work and achieved much. They were correctly appointed by the rules applying at their time of election. There has been talk of people resigning and I see no possible reason why people should resign. It is important that business continues as usual during any work on new Bye-laws.

This resolution was supported by the Trustee Board.

This resolution was passed on a show of hands

9. To consider a resolution that all Trustees should be elected.

Jonathan Rollason introduced the resolution. Jonathan stated that firstly this resolution is not an attack upon the Trustees; it is not a vote of no confidence. It is a call for us as a Society to embrace democracy. How can we hope to promote social change if we ourselves cannot embrace that, democracy is a key part of life in the UK. The resolution has called for a move to an elected Board of Trustees. We haven't set a timescale for that, which is done on purpose. Clearly a move to a full elected Board of Trustees needs to be taken carefully and done with due diligence. If this resolution is passed today, the Governance Advisory Group will look at how we can do this efficiently and without disruption. With 27,000 Fellows within this Society we can pull together a strong Board of Trustees. If we decide that we cannot embrace democracy – what kind of message does that give to the outside world? He encouraged the meeting to vote for this resolution.

Naaz Coker, Deputy Chair spoke against the motion. The Board of Trustees does not support this resolution. She said that she has been Chair and/or members of various Boards of Trustees in different organisations all with different models of election, co-option and interview processes. What Boards need most to be effective are skills and diversity. The best Boards are the ones that are the most diverse. The current Board of Trustees at the RSA is extremely diverse -this diversity has not come about by election. The view of the Board is that we should not tie the hands of the Governance Advisory Group by saying they should work towards a Board of fully elected Trustees. They should be allowed to come up with the best solution for the RSA. I would therefore urge those present not to support the resolution of a fully elected Board but to wait to see what the outcome of the Governance review is.

Gerard Darby supported Naaz's statement by saying that he joined the RSA because of its work on improving and transforming society. Over the last couple of years there has been a real step change in this Society. After meeting Fellows both in the UK and overseas they are a lot more engaged with the RSA, the RSA's profile is now really starting to take off with the Academy achieving wonderful results. These results have happened under the guidance of the current Trustee Board, management team, the great Fellows and RSA staff. I am very anxious that we build on the current momentum, and further develop our activities and profile. I cannot vote to destroy this with a significant change to the Trusteeship which may condemn this organisation and its work to potential stagnation. The resolution states that the Fellows alone will determine strategy. How will we attract talented individuals to work for the RSA if they weren't at least able to input into the RSA's strategy and how will the strategy be determined by 27,000 opinionated individuals? The statement also states that a fully elected Board is desirable but they may be able to co-opt a small number of Fellows to fill specialist roles on the Trustee Board – isn't this exactly what we already have? I want our organisation to be democratic but I also want it to be effective.

With 27,000 Fellows surely we would be able to appoint a diverse, fully functional Board out of such a wide pool of people and if we end up without a diverse Board surely there are diversity issues within the Fellowship?

Undisclosed Fellow

Immediately prior to my retirement from the Board last year, I led the review of the Bye-laws. There were problems with the system of election by Fellows. Historically there had been a low number of applicants. I can't support an all elected Board of Trustees because you then do not get diversity of skill sets. I think one of the problems, and one of the reasons I retired, was that the Board was becoming too corporate.

Philip Goldenberg, FRSA.

There seems to be some conflict between this motion and the one we have just passed. It seems that if this motion is passed the Governance review will be an implementation group rather than an advisory group.

Undisclosed Fellow

Will the recommendations brought forward by the advisory group be put to a Fellow's vote?

Undisclosed Fellow

Matthew Taylor informed the questioner that the RSA is unable to change any of the Bye-laws without a Fellow's vote. If any of the proposals involve changing our Bye-laws then they will have to be subject to a vote of the Fellowship and be brought to the 2011 AGM.

Kevin Cahill commented that the two motions were not contradictory. This motion would set a principle, that we the RSA will be a democratic society. Amongst our 27,000 Fellows, there are even Nobel Prize winners. I think we can find extraordinary talent in the Fellowship and I think we should use democratic means to identify it.

How does the Governance Advisory Group propose to operate?

Undisclosed Fellow

The Chair responded by saying that it hadn't been discussed in any detail. As the resolution has now been approved we will seek professional advice about how to proceed. We will involve a group of Fellows with specialist interest and knowledge. We will attempt to make it as rigorous and as independent as possible and it will clearly want to confer with Fellows from all regions to try and canvas opinion and will then come up with a set of recommendations that will be put to the Fellowship to vote upon at the 2011 AGM.

On a show of hands opinion was split over this resolution.

The Chair informed the meeting that of the proxy votes he held 971 were against the resolution and 785 were in favour. He therefore concluded that the resolution was not passed but following a request from the floor agreed that there should be a poll to confirm the result.

Results would be announced on the RSA website the following day (Tuesday 7th December 2010).

After the result, it was concluded that the resolution was not passed.

10. To consider the resolution that ratifies the timing of the 2010 Trustees elections.

This resolution was passed on a show of hands.

Luke Johnson brought the meeting to a close and informed all present, that after they had voted on the resolution that all Trustees be elected, that there was tea and coffee in the Benjamin Franklin Room after which the Chairman's lecture on the Perils of Property would commence. Luke thanked all for their attendance.

Signed