

180th Annual General Meeting

Minutes of the meeting held in the Reading Room and online via Zoom Webinar at 6pm on Monday 15 November 2021

The Chairman, Sir Howard Davies, began by apologising for the delay to the proceedings due to issues with the Library's wifi connection. He welcomed everyone in the room and those members joining online, including the Library's President, Sir Tim Rice.

On the year under review, the Chairman wished to report that a number of members had contacted him and other Trustees to convey their appreciation of the work of Library staff during the pandemic. The postal loans were described as a 'life saver' by some members and there had been much admiration for the careful way the team had managed the closing and reopening of the Library. It had not been easy and a number of difficult judgements have had to be made. The impression was that most members regarded the choices made as being sensible and practical, allowing the Library to operate as closely to normal as possible whilst minimising risk to members. The Director had carried the burden with the support of a very loyal and flexible staff. He wished to record the appreciation and thanks from both Trustees and Members for this.

Whilst the Library had been required to close for a period, the subsequent reopening of the Library, with a temporary online booking system, and with the postal loans service continued throughout, had contributed to the Library's success in maintaining membership and continuing its progress towards the aims of growing membership and reducing the deficit.

The position on finances remains challenging, with the Library still running at a deficit. However, there has been some decrease in the Library's deficit and an increase in the Library's reserves.

The Chairman then expressed his gratitude to members and donors for their support of the Library, without which the Library could not survive. In particular, thanks were recorded to the late Christopher Smith, for gifting the entirety of his estate in his Will, which was valued at just over £1m.

On Trustee recruitment, five new Trustees had been appointed last November: Yassmin Abdel-Magied, John Colenutt, Patrick Fleming, Stephanie Hall and Stephen Withnell. They replaced Anthony McGrath, Andrew Popplewell, David Reade and Peter Stewart, the fifth place being a vacancy carried over from the prior year. Two new Trustee Placements, Aisha Brady and Astrid Hampe-Nathaniel had replaced Frank Lawton and Maria Zhivitskaya. The Library was pleased to welcome them to their first AGM in post and record its thanks to all the outgoing postholders. This year, Sophie Murray, whose expertise in marketing has been of great value to the Board, was stepping down from trusteeship. This vacancy will be held over until next year since Sara Wheeler and the Nominations Committee had decided it more effective to recruit in larger numbers.

The Chairman then handed over to the Library's Director, Philip Marshall.

The Director began by adding his apologies for a difficult start to the meeting. On the theme of joiners and leavers, he reported that Melanie Stoutzker had joined the Executive Team as Fundraising Director in the last year, and that Michael Clayton, Director of Finance and Administration, would sadly soon be leaving the Library and he recorded the Library's thanks to him.

He noted that the year to March 2021 had been an extraordinarily difficult one for everyone and he wished to begin by thanking all the members for their support. He also thanked Trustees for their understanding and guidance through a challenging year, and staff for going above and beyond their normal duties in keeping the Library open and the collections available as much as possible. He felt that this showed what a special community there was at the Library and how important it is to continue the work that it done here.

This was third year of what is now a six-year Strategic Plan with the twin goals of increasing awareness and use of the Library and removing the annual operating deficit by the end of March 2024. In the Annual Report, these overall aims are broken down into eight strategic objectives with a summary report of performance against each of them. However, due to time constraints, three key areas of activity will be grouped together and reported on here: Raising Awareness of and Access to the Library, Managing the Collection and Increasing Fundraising.

1. Raising awareness and access to the Library

The public profile of the Library had been raised through a number of print and radio interviews, including a large profile piece in *The Daily Telegraph* and an interview on BBC Radio London for National Libraries Week.

Outside of the year, the Library celebrated its 180th birthday with an online literary festival, picked up by various outlets. A story on Charles Darwin's borrowing records was picked up by *The Times* and the BBC.

Social media remained an important platform during the year and the follower base across Twitter, Facebook and Instagram grew by 10% from 49k at the end of the previous year to 54k at the end of March 2021.

Despite Covid, the Library put on a regular and varied speaker event and panel discussion programme. There were 24 events and highlights included speakers such as Kamila Shamsie, Mark Gevisser, Rachel Holmes and Philippe Sands.

Efforts were to make the Library more accessible and affordable with the extension of the discounted Young Persons' Membership and membership in this category increased by 12%. The Director reminded members about the Library's Supported Membership scheme which provides discounts to those on lower incomes with details available from the website.

In terms of other access and outgoing activities, the Library was delighted with the ongoing success of the Emerging Writers Programme. The third cohort of 40 participants had been launched. The Library is pleased to help this talent to emerge and this scheme is something that the Library is uniquely positioned to do. Thanks were given to Sara Wheeler for chairing the judging panel for the latest cohort. There had been some 1,000 participants, demonstrating the demand for new writers. The Library is keen to continue the programme, which is dependent on fundraising, and the Director thanked everyone who had donated to the programme during the year.

The Library's *Impact Report*, published in February, demonstrated how the Library inspires and supports writers at all stages in their career. It showed that Library

members produced an estimated 700 books, 400 plays and screen plays and 14,000 published articles each year. It is estimated that the Library's role in that contributes over £21m to the UK economy and was a real testament to the value of the Library, not only to those that use it, but to the wider public who enjoy and benefit from the work produced by members.

Use of the Library was, as expected, lower than the year before, but the Library had managed to increase its membership numbers by 105 during the year, with many making use of the remote access membership.

2. Managing the Collection

In terms of managing the collection, the Library managed to keep postal loans running during the year and posted out some 22,00 books, five times as many books than during a normal year. This represented an enormous effort on behalf of the Library team, and the Director reiterated his thanks to them.

Use of digital resources increased as might be expected during the Covid year, with some 190,00 articles accessed through JSTOR, an increase of some 40k from the previous year. The Library also released an e-book platform with 3,000 titles with good use by members. It also purchased 525 Oxford Scholarship online titles, with some 273 of these being used in the first six months of the year. Spending on digital publications had almost doubled from £68k to £134k.

The Library continued, of course, to acquire books in paper form. However, due to space constraints, the Library continued with its collection management strategy, under which items are carefully selected for storage offsite alongside selective reductions in the holdings. This year, some 700 linear metres of periodicals were moved to offsite storage, which remain retrievable upon request by members.

3. Increasing Fundraising

In the year to March 2021, the Library Fund Appeal was in support of the Library's Covid measures, helping to cover the unexpected costs arising the pandemic. The Library was delighted with the response, raising over £200k, and thanks were given to everyone who donated.

This year's Library Fund Appeal focuses on lighting in the stacks and hopes to introduce energy inefficient lighting which will improve both the Library's financial sustainability and help reduce its carbon foot print.

The Library has benefited from generous legacies in the past, a vital source of income for the Library, and the Director thanked everyone who had made a provision for the Library in their Will. If members were happy to let the Library team know they had done so, they would be pleased to invite them to events for legacy pledgers.

The Director ended by thanking members again for their support of the Library. He hoped that the Library continues to inspire members in whatever their reading or writing pursuits might be in the coming year. He then handed over to the Treasurer, Philip Broadley.

The Treasurer began by saying he was pleased to report on the Library's financial position to 31 March 2021. Throughout the year, the Library had been dealing with the pandemic, in one form or other, either closed or open with restrictions. As he had written in the *Library Magazine*, he noted this was a year without parallel, and the third year into the strategic plan.

The Library's five-year plan to eliminate the operating deficit is based on a combination of increasing membership, trading and annual fundraising income, preserving investment

income, and containing costs. Good progress had been made during the year; the operating deficit was at £361k, a reduction of some £200k, and less than half the level it was in 2018 when the plan was adopted. He congratulated all the staff for their efforts in achieving this result while maintaining services throughout the year. Whilst he felt that many arts organisations would be envious of the Library's position, he cautioned that the pandemic had left some headwinds.

He then referred to the one page financial summary, showing movements in the key funds, which is illustrated on page 11 of the Annual Report, available from the Library's website and also in the online edition of the *Library Magazine*.

The Library's funds overall increased by nearly £2.4 million compared to a reduction of £1.3 million in the previous year. The Treasurer noted that this apparent reversal of fortune was largely due to a significant legacy and the strong recovery in the market value of investments.

Income from membership, events and trading at £2.7m was 5% less the prior year. Membership income fell during the year as the mix of members shifted towards the remote access categories. Income from events inevitably saw a significant decline.

Fundraising income, at £1.9m, was £1.2m higher than the prior year. Members responded generously to the Annual Appeal. The Library received £118k from the Government's Job Retention Scheme, which the Library is required to be accounted for as a grant. Whilst yet to receive the funds, the Library was required to recognise £1.1m in the accounts in respect of Mr Smith's legacy. Mr Smith had asked that the money be used for the care and preservation of books. The wording does not create an endowment and after taking legal advice, the Trustees had considered how best to apply the legacy to its specified purpose. Around £300k is spent annually on collection care and the Trustees have decided to invest the proceeds when received and take income and capital from the Fund over about 20 years. This will allow £70k to be applied annually to collection care, whilst recognising Mr Smith's enduring contribution to the Library.

The total costs of operating the Library, £3.9m relating to operations and £300k relating to fundraising, rose by 1%. Costs were carefully controlled but additional unbudgeted expenditure was required to keep the Library open in a Covid world.

While keeping a close eye on expenditure the Library continued to add to the collection. During the year, c3,900 printed items were added to the catalogue at a cost of £150k. This was less than recent years, due to a subdued publishing world, and the Library was expected to return to more normal levels of acquisition in future.

Investment income declined by a third, partly due to a decline in dividends paid by public companies, but largely because the Trustees had decided to hold our required reserves in cash for the time being.

There were two unrealised gains in the year. Firstly, an unrealised gain in the market value of the Library's financial investments (representing endowed and restricted funds) of £1m, a 24% return and reflecting the rapid rebound in the value of underlying stock markets in the year.

Secondly, in relation to the net liabilities of the Staff Superannuation Fund (the Library's pension scheme), which represents the estimate of the present value of the series of cash payments the scheme will make to pensioners over thirty or more years compared to the market value of the Fund's Assets, an increase of £711k was recognised in the accounts. The Fund's assets are nearly £12m and the liability is £11.6m. The Fund is now in surplus by £378k.

The Treasurer explained that as in previous years these two non-cash movements can move from large positive to large negative numbers and was simply a reflection of the volatility in the underlying markets. By way of reassurance, the annual average of these amounts over time should be positive. The five-year average annual investment gain is £352k and the five-year annual average reduction in the pension deficit is £187k. He felt confident that if the market values of shares and bonds at the end of March 2022 are similar to their current values that he would be also be reporting further, more modest, unrealised gains next year.

On the Library's financial resilience, the charity's total funds are over £30m, including its endowed and restricted funds of just less than £7m. Overall, there were free reserves of £2.3m at the end of March, more than sufficient to cover all of the Library's obligations, including future expected deficits for a further four years. He judged the level of reserves to be prudent.

The Library owns the freehold to our buildings that is surely worth more than the historic cost value of £16.7 million in the accounts.

The collection does not appear on the balance sheet as acquisitions are charged to the revenue account when purchased but it is insured for £15m.

The Library has no debt; its only significant liability is £500k, representing a series of payments to the pension scheme for the remainder of the decade.

On the outlook, he reported that the deficit budgeted for this financial year is £418k, a deterioration of £50k on 2021. The operating costs currently remain higher than normal due to precautions which the Library continues to take. Event income is recovering but slowly. Most importantly, at the start of the year, there were fewer members than expected due to a lower than expected renewal rate during the pandemic period.

However, the first six months of this year had been very encouraging with a net gain of 313 new members, including 82 Full Annual members, and not far from the full year increase in 2020. At the end of September 2021, there were 7,368 paying members, a level not seen for over a decade. It is likely, however, that the Library will take one more year than planned to eliminate the operating deficit. 800 more members paying for full membership by annual direct debit would see it gone. He felt with the current initiatives in progress it is certainly possible to achieve.

The Treasurer concluded by saying to members, as he did each year, please renew your membership when the time comes and please talk about the Library and recommend membership, in all its various forms. It would only take one in ten members to introduce a friend in the next year to eliminate the deficit.

The Treasurer thanked members for their support of the Library and then handed the meeting back to the Chairman.

The Chairman thanked both the Director and Treasurer for their reports and then invited questions from the audience.

Jonathan Clarke asked whether the Board was fully supportive of union representation for staff if they wished to have it. The Chair responded that the Board would be guided by the views of the staff. The Director added that a number of the staff are members of Unite the Union and that the Library was, of course, happy for them to be. A formal request for union recognition has been received and formal discussions were taking place around that. Ultimately, staff will choose whether they wished the union to be recognised

for collective bargaining purposes versus the current system of all staff system of representation through the Staff Council, a model which had been in place for 17 years. He would ensure that staff make a fully informed choice in due course. Mr Clarke added that members valued the staff and the Director echoed his comment.

Daisy Goodwin asked, on behalf of her daughter, when the Library opening would return to 9.30 am? The Chair explained that the move to 10.00am opening had principally been introduced to help staff avoid congested periods on public transport during the pandemic. It is being kept under review and, as and when the situation normalises, 9.30 am opening would be resumed in discussion with staff.

Jenny Bourne Taylor asked if the Library can assure members that it does not invest in fossil fuels and, if so, can it disinvest from them? The Treasurer explained that the Library's endowment and restricted funds are invested in a collective fund, the Newton Income and Growth Fund for Charities. The Fund does presently have some investments in companies that produce fossil fuels, principally the oil majors. As part of its wider role, it does take an active role in Environmental, Social and Governance (ESG) matters, but it is not yet planning to disinvest from them entirely. The Treasurer felt it remains more appropriate for companies like Newton, as a Fund Manager of some status and size, to remain invested and shape their agenda from within, rather than to let control of such companies to pass into private hands.

There being no further questions, the Chairman moved to the formal business of the meeting.

The members approved the minutes of the 179th Annual General Meeting held on 16 November 2020.

The members approved the adoption of the 2020-2021 Annual Report and Accounts.

The members approved the reappointment of MHA MacIntyre Hudson as the Library's auditors for the financial year 2021-2022.

There were no Members put forward for trusteeship on this occasion. Sophie Murray was retiring this year and as two trustees were retiring next year, three vacancies will be recruited for next year. The Chair noted that Jocelyn Ridley, who had served as an independent recruitment professional on the Nominations Committee for two terms, was now stepping down. Jocelyn was warmly thanked for her help and expertise on the Committee. A replacement will be recruited in due course.

On Membership Fees from 1 January 2022, the Library was proposing an increase of 2.8%. The Treasurer reminded members that there had been a zero increase in fees in 2021. This year's figure represented a balance between underlying inflation that was now running ahead of the proposed figure and the pressures on members' income.

The fee increase was approved by the members.

The Chairman reiterated his thanks to members joining both in person and online and apologies for the technical difficulties at the start of the meeting. He also reiterated his thanks to members for their support of the Library.