
MINUTE

**Shetland Charitable Trust
Council Chamber, Town Hall, Lerwick
Tuesday 21 February 2012 at 10.00am**

Present:

W H Manson	L Angus
L F Baisley	A T J Cooper
E L Fullerton	F B Grains
R S Henderson	J H Henry
C H J Miller	R C Nickerson
F A Robertson	G Robinson
D A Sandison	J G Simpson
C L Smith	

Apologies:

J Budge	A T Doull
A G L Duncan	A J Hughson
R W Hunter	V Nicolson
E L Fullerton (Lateness)	

In Attendance (Officers):

J Goddard, Financial Controller – SCT
M Anderson, Principal Officer – SCT
L Fraser, Accountant
A Johnston, Senior Assistant Accountant
M Duncan, Grants Co-ordinator – SIC
A Taylor, Heritage Manager - SIC
L Geddes, Committee Officer - SIC

Chairman:

W H Manson, Chairman of the Trust, presided.

Circular:

The circular calling the meeting was held as read.

The Chairman advised that he was required to inform Trustees that Mr A J Cluness and Dr J W G Wills resigned as Trustees immediately after the Trust meeting on 15 December 2011, and requested that their resignations be recorded in the minutes.

He also extended a welcome to Mr D A Sandison to his first meeting of the Trust.

Declarations of Interest:

Mr W H Manson declared an interest in Agenda Item 5 - Viking Energy: Underlying Structures – as Chair of Viking Energy Limited. He advised that he intended to remain in the meeting as he had no personal pecuniary interest and as the discussion related to a reorganisation to be carried out in the interests of the Trust, he was confident that he could remain in the meeting and take part in the discussion.

Mr A T J Cooper and Mrs C H J Miller declared an interest in Agenda Item 5 – Viking Energy: Underlying Structures – as Directors of Viking Energy. Mr Cooper advised that he would leave the meeting during the discussion.

Mrs C H J Miller also declared an interest in Agenda Item 4 – Expansion of the District Heating Scheme – as a Trustee of Lerwick Port Authority, and advised that she would take part in the discussion.

Mr J H Henry declared an interest in Agenda Item 4 – Expansion of the District Heating Scheme – as a Trustee of Lerwick Port Authority and a Director of SHEAP.

Mr R C Nickerson, Mr R S Henderson and Mr G Robinson also declared an interest in Agenda Item 4 as Directors of SHEAP.

Mr L Angus declared an interest in Agenda Item 3 – Budget 2012/13-2014/15 – as Chair of Voluntary Action Shetland, and also as a member of Shetland Accordion and Fiddle Club. He advised that he would not take part in discussions relating to any of these organisations.

Mr G Robinson also declared a pecuniary interest in Agenda Item 3 as an employee of Shetland Recreational Trust, but advised that he intended to stay in the meeting unless there was any debate relating to this organisation. He also advised that he intended to leave the meeting during discussion of Agenda Item 5 – Viking Energy: Underlying Structures.

Mr F Robertson and Mrs F B Grains declared an interest in Agenda Item 3 as Trustees of Shetland Amenity Trust.

Mr C L Smith declared an interest in Agenda Item 5 – Viking Energy: Underlying Structures – and advised that he would not take part in the discussion.

Minutes:

The minutes of the meeting held on 15 December 2011 were confirmed on the motion of Mr L Angus, seconded by Mrs L F Baisley.

(Mrs E L Fullerton attended the meeting during the following discussion)

01/12 Presentation by Shetland Churches Council Trust

The Chairman welcomed Ms V Turner and Mr S Hughes who gave a presentation to Trustees on behalf of the Shetland Churches Council Trust (SCCT). The presentation outlined the responsibilities of the SCCT, and how the funding received from the Trust was spent.

Trustees noted that more than 90% of the funding was used to assist churches to maintain the fabric of their buildings and put in disabled

access/toilets, with a maximum of 10% used for other purposes such as travel grants, insurance, administration, auditing and miscellaneous activities which fall within the Trust Deed.

Trustees complimented SCCT on their work in helping to maintain church buildings, which were often an essential part of the built heritage of communities.

It was asked if conditions were attached to grants given for the upkeep of church buildings whereby funding could be returned to the SCCT in the event of church buildings being sold due to declining attendances.

Ms Turner advised that there was no payback period, but questions relating to church attendances etc were explored before grants were awarded, and grants were given to the local churches and not the parent body.

The Chairman thanked SCCT for their presentation.

(Mr R C Nickerson and Mr C L Smith left and returned to the meeting during the following item)

02/12

Shetland Arts Development Agency (SADA) – Budget Deficit

The Trust considered a report by the General Manager (Appendix 1).

Mr G Robinson moved that the recommendation be approved, but that the funding should come from the £100,000 already approved by the Trust for the first year operating costs for Mareel.

The Financial Controller advised that these funds had already been disbursed, explaining that Trustees had agreed that this sum would be a contribution towards running costs in its first year of operation and that expenditure had already been incurred.

Some Trustees expressed concern that this funding had already been made available, as they were of the understanding that this funding would only be made available in the first year following Mareel opening for business.

The Financial Controller went on to explain that the shortfall in funding in part related to the transfer of the Garrison Theatre from the Islesburgh Trust. Annual running costs had been underestimated, as the figures passed to SADA had not included items such as electricity costs, as this had previously been calculated as a central cost. The additional funding requested would be a one-off contribution that would enable SADA to meet their budgeted deficit in the current year, and would consequently assist them to remain within the three-year cash standstill budget going forward.

On the motion of Mrs L F Baisley, seconded by Mrs C H J Miller, Trustees approved the recommendation in the report.

(Mr G Robinson left and returned to the meeting during the following item)

03/12

Budget 2012/13-14/15

The Trust considered a report by the General Manager (Appendix 2).

It was asked if the Trust had dealt with the request from Shetland Islands Council to extend the Christmas Grant Scheme to include those who did not qualify on income, but who could demonstrate that they were in fuel poverty.

The official said that this matter would be looked into.

It was asked if the Trust would be in a position to deal with additional requests for funding from bodies that may see demands on their services increase as a result of Council cutbacks.

The Financial Controller advised that Trustees had agreed to set its budget at £11million per annum so that is what would be available unless Trustees agreed to change this. The Chairman also advised that there could be no automatic assumption that funding withdrawn by the public sector would be replaced by Trust funding.

It was commented that it would have been useful to have included in the report an indication if the organisations funded had managed to achieve the targets they had set.

On the motion of Mr L Angus, seconded by Mrs E L Fullerton, Trustees approved the recommendations in the report.

(Mr R S Henderson and Mr J H Henry left the meeting during discussion of the following item)

04/12

Expansion of the District Heating Scheme

The Trust considered a report by the Financial Controller (Appendix 3).

The Financial Controller advised that the Trust's solicitors, Turcan Connell, had advised that if the recommendations in the report were approved by Trustees, it would be necessary to apply to HMRC for confirmation that any further investment on a commercial basis be regarded as a qualifying investment. In response to queries, he said that construction of the new thermal store would immediately make savings by reducing oil required at peak times, and that projections were based on current tariffs.

Trustees noted that there had been widespread interest in the District Heating Scheme, and that Shetland was regarded as being at the forefront in this sector of renewables.

On the motion of Mr L Angus, seconded by Mrs C H J Miller, Trustees approved the recommendations in the report.

(Mr R S Henderson and Mr J H Henry returned to the meeting)

(Mr A T J Cooper and Mr G Robinson left the meeting during discussion of the following item)

Viking Energy: Underlying Structures

The Trust considered a report by the Financial Controller (Appendix 4).

The Financial Controller advised that it had been proposed that the existing structure of the Project is revised to allow gift aid relief to be available in respect of donations made by Viking Energy Limited (VEL) to the Trust, and to better facilitate the possibility of future debt financing by widening the form of security over which the Project is able to grant to lenders to include floating charges.

Trustees considered the existing structure of the Project, and it was noted that the Trust holds 90% of the issued share capital of VEL and that Viking Wind Limited (VWL) holds 10% of the issued share capital of VEL (the "VWL Shareholding").

Trustees noted the structural legal advice VEL had received from Maclay Murray and Spens LLP (MMS), pursuant to which they had been advised to initially consider restructuring the Project in accordance with the following two steps:

- The acquisition by the Trust of the VWL Shareholding for market value consideration payable in cash ("Step One");
- The incorporation by the Trust, VEL and VWL of a new interposed limited liability partnership called Viking Energy Shetland LLP (VES LLP). It is proposed that VEL would contribute its 50% partnership interest in the Viking Energy general partnership (VEP) to acquire a 90% membership interest in VES LLP, and that VWL would contribute market value cash funds to acquire a 10% membership interest in VES LLP ("Step Two").

Trustees noted that various documents needed to effect the above restructuring have been drafted by MMS. Trustees agreed that they should be signed as required on behalf of the Trust by any three Trustees from amongst those designated in the 2007 Power of Attorney.

Trustees further considered and discussed the project, and it was noted that the next stage in the proposed restructuring of the Project will involve VEP being converted from being constituted as a general partnership under Scots law to being a limited liability partnership between VES LLP and SSE ("VE LLP"), and therefore being able to grant security by way of floating charge to lenders.

Trustees noted that as part of such further restructuring, both partners of VE, being VEL (now VES LLP subject to Step Two) and SSE, holding 50% each of the interests in VEP, will become members of VE LLP with the same respective interests in the underlying assets.

In response to further queries, the Financial Controller advised that there would be a small cost attached to setting up and running these additional bodies, as well as a cost for the legal advice received. He went on to say that Trustees are asked to approve the recommendations in principle, as there was a further piece of

information to make Trustees aware of that he would speak about during the confidential part of the meeting.

On the motion of Mrs L F Baisley, seconded by Mrs E L Fullerton, Trustees approved the recommendations in the report.

(Mr G Robinson and Mr A T J Cooper returned to the meeting)

06/12 **Amendment to Administrative Regulations: Electronic Attendance at Meetings**

The Trust considered a report by the General Manager (Appendix 5). It was noted that the Trust's solicitors, Turcan Connell, had been consulted in the preparation of the report.

Mrs L F Baisley moved that Trustees approve the recommendation in the report, and Mrs E L Fullerton seconded.

Whilst it was felt that this would allow people to participate in meetings on occasions where they would not have been able to in the past, concern was expressed regarding the meeting quorum, particularly in situations where technology may fail resulting in meetings becoming inquorate. It was also noted that the quality of equipment available could vary, and that training would be required to ensure that those not attending in person could participate effectively.

Mr R C Nickerson moved that the report be deferred in order to ask for more information in terms of how it was intended to deal with situations whereby the meeting may become inquorate if technology failed and there were not enough Trustees at the meeting in person to make up the quorum.

Mrs L F Baisley advised that she would be happy to incorporate into her motion that the quorum of the meeting should relate to those physically present at the meeting only, and Mr R C Nickerson agreed to withdraw his motion.

Mr A T J Cooper requested that Mrs Baisley also include in her motion that the Trust should approach the Council to see if the Council would consider introducing webcasting facilities into the Chamber. He felt this would assist in widening out meetings to the community and bring a higher degree of accountability.

After being advised by the Financial Controller that this would negate the terms of the recommendation in the report, Trustees agreed to defer this report so that a further report could be presented to Trustees which would outline the procedure to be followed with regard to the concerns expressed about the quorum, and which would include reference to the question of approaching the Council on webcasting.

(Mr A T J Cooper left the meeting)

07/12 **Future Governance Arrangements - Update**

The Trust noted a report by the General Manager (Appendix 6).

It was noted that the new Chief Executive of OSCR, Mr David Robb, would be meeting with Trustees on 28 February at 10.30am in Islesburgh.

08/12 **SLAP – Progress Report**

The Trust noted a report by the Financial Controller (Appendix 7).

Mrs C H J Miller, Mr R S Henderson, Mr J H Henry and Mr W H Manson declared interests as Directors of SLAP.

In response to a query regarding whether any economic assessment had been made regarding the value of SLAP's investments to the local economy, the Financial Controller advised that he would discuss this with officials in the Council's Economic Development Section to see if any such work had been done.

09/12 **Recommended Disbursements - Approvals**

The Trust noted a report by the General Manager (Appendix 8).

10/12 **Recommended Disbursements – Social Care**

The Trust noted a report by the General Manager (Appendix 9).

11/12 **Management Accounts – Nine Months Ended 31 December 2011**

The Trust noted a report by the Financial Controller (Appendix 10).

12/12 **Fund Manager Transactions**

The Trust noted a report by the Financial Controller (Appendix 11).

The Financial Controller advised that the market value as at 10 February 2012 was £176.5million.

In order to prevent the disclosure of exempt information, Mr W H Manson moved, Mr C L Smith seconded, and the Trust resolved, in terms of the relevant Regulations, to exclude the public during consideration of the remaining items of business.

(The media and public left the meeting)

(Mr G Robinson left the meeting during the following discussion)

Viking Energy: Underlying Structures – 05/12

The Financial Controller provided some further advice to Trustees, and Trustees agreed to reaffirm their earlier decision in respect of this item.

13/12 **Staffing Matters – Redesignation of General Manager**

The Trust considered a report by the Chairman.

On the motion of Mrs C H J Miller, seconded by Mrs L F Baisley, Trustees approved the recommendation in the report.

14/12 **Staffing Matters – Phased Retirement**

The Trust noted a report by the General Manager.

15/12 **Sums Due but Unpaid Over One Month Old as at 31 January 2012**

The Trust noted a report by the Financial Controller.

16/12

List of Deeds Executed

The Trust noted a report by the General Manager.

The meeting concluded at 12noon.

CHAIRMAN