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If calling please ask for
Mary Anderson
Direct Dial: 01595 744992

Our Ref: EMA/TA1/1
Your Ref:

Date: 25 June 2009

Dear Sir/Madam

You are invited to the following meeting:

**Shetland Charitable Trust
Multi Use Studio, Clickimin Leisure Complex, Lerwick
Thursday 2 July 2009 at 10.00am**

Apologies for absence should be notified to Lynne Geddes on 01595 744592, or to Jenna Johnson on 01595 744544.

Please note the venue for this meeting

Yours faithfully

(signed) Dr Ann Black
General Manager

AGENDA

- (a) Hold circular calling the meeting as read.
- (b) Apologies for absence, if any.
- (c) Declarations of Interest.
- (d) Confirm minute of meeting held on 28 May 2009, enclosed.

For Decision

1. Christmas Grant to Pensioner/Disabled Persons – Additional Information. Report enclosed.
2. Trustees' Remuneration. Report enclosed.
3. Amendment to Reserves Policy. Report enclosed.
4. Request for Funding – CLAN 123 Appeal. Report enclosed.

For Information

5. Rent of Land for Sullom Voe Terminal. Report enclosed.
6. Review of Subsidies to Public Sector Eateries. Report enclosed.
7. Governance of Shetland Charitable Trust. Report enclosed.
8. SLAP: Progress Report. Report enclosed.
9. Recommended Disbursements - Approvals. Report enclosed.
10. Recommended Disbursements – Social Care. Report enclosed.
11. Fund Manager Transactions. Report enclosed.

The following items contain **confidential** information

For Information

12. List of Deeds Executed. Report enclosed.
13. Sums Due But Unpaid Over One Month Old as at 31 May 2009. Report enclosed.

REPORT

To: Shetland Charitable Trust

2 July 2009

From: General Manager

Report: CT0907047

Christmas Grant to Pensioner/Disabled Persons Additional Information

1. Introduction

1.1 This report is presented in response to a request by Trustees for costings for certain proposed modifications to the Christmas Grant Scheme.

2. Present Position

2.1 At their meeting on 28 May 2009, Trustees approved recommendations by the Christmas Grant Scheme Review Group (Min Ref CT/35/09). The 2009 grant of £300 will be paid to individuals over the age of 60 in receipt of Pension Credit. The criteria for disabled applicants are unchanged, except to remove the restriction of only two grants per household.

2.2 Trustees asked that the Shetland Islands Council be asked to administer the scheme, and a response is awaited.

2.3 Trustees also asked for an estimate of the additional cost of :-

- Including those in receipt of Housing Benefit and/or Council Tax Benefit; and
- Awarding the grant to all households where one or more pensioner was over 70, irrespective of whether that person was in receipt of Pension Credit.

This is shown in a table below.

	Category	Est. Number	Cost £	Tax £	Total £
	Approved Scheme	1,838	551,400	33,150	584,550
2.	Housing/Council tax benefit	51	15,300	Nil	15,300
3.	Over 70 not on pension credit	1,450	435,000	108,750	543,750

Table 1

- 2.4 Trust staff has been in consultation with Shetland Islands Citizens Advice Bureau and the Lerwick office of the Department of Work and Pensions. It is proposed that Trust staff co-operate with these agencies to facilitate a campaign to encourage the take up of benefits in advance of the qualifying date for the Christmas Grant. This will ensure that the maximum number of people will qualify for the grant, as well as hopefully bringing additional external funding to the people of Shetland.
- 2.5 Finally, Trustees asked whether any savings could be ring-fenced and spent on the same client group. Depending on the decision on whether to include categories 1 and 2 above:-
- a) it is possible that there will be no savings to ring-fence (see paragraph 3.1 below);
 - b) it is not normal practice to ring-fence budgets for a particular client group, although Trustees should be mindful that there will be consideration given to extending our care homes when resources are available, in order to provide more places. Furthermore the Trust is already spending an additional £902,000 on upgrading its care homes to comply with current fire regulations;
 - c) the Trust spends some 37.4% of its resources on the elderly, and Trustees may take the view that there are other sectors of the community who are equally or even more disadvantaged, and more deserving of assistance; and
 - d) given the Trust's need to reduce its overall spending in order to balance its budget, it may not be appropriate to allocate any savings to be spent elsewhere.

3. Financial Implications

3.1 The present approved Scheme is likely to cost some £589,550, including an allowance of £5,000 for administration. The effect of adding either category 1 or 2 from Table 1 is shown in Table 2 below.

	£	Saving
Present approved budget	1,147,500	0
Present approved Scheme	589,550	557,950
Add Housing/Council Tax Benefit	604,850	542,650
Add Housing/Council tax benefit + over 70	1,148,600	-1,100*

Table 2

**This budget was restricted to the 2008/09 budget plus 2% inflation, which does not reflect the actual anticipated spend of an unchanged scheme.*

3.2 As can be seen above, adding individuals over 60 who qualify for Housing Benefit and/or Council Tax Benefit will have minimal impact on the budget, and will result in a saving of over £0.5 Million, whereas adding the over 70's will require an enhancement of the existing budget.

4. Recommendation

4.1 Trustees are recommended:-

- a) to note the Shetland Islands Council has been asked to take over the Scheme, and a response is awaited;
- b) to note the proposal to undertake a Benefits campaign in partnership with Shetlands Islands Citizens Advice Bureau and the Department of Work and Pensions;
- c) to agree to add individuals over 60 who qualify for Housing Benefit and/or Council Tax Benefit to the Scheme;
- d) not to approve the addition to the Christmas Grant Scheme of all households in which one or more pensioner is over 70;
- e) subject to c) and d) above, not to require any savings realised to be ring fenced for the benefit of this single client group.

Reference: EMA/DA09

Report Number CT0907047-f

REPORT

To: Shetland Charitable Trust

2 July 2009

From: Financial Controller

Report: CT0907048

Trustees' Remuneration

1. Introduction

- 1.1 This report is presented to address an overspend on the Budget Head "Trustees' Remuneration" in 2008/09, and to seek a robust solution for future years.

2. Present Position

- 2.1 The Shetland Charitable Trust's Trust Deed provides for Trustees to be "reimbursed out of the Trust Fund for all expenses reasonably incurred by them in connection with the administration of the Trust...". There is no provision in the Trust Deed for payment of remuneration to Trustees for acting as such, but no prohibition either.
- 2.2 Remuneration is presently paid to the Chair and Vice Chair of the Trust, at £5,000 and £2,500 respectively. This was formalised in a written agreement with the Chair and Vice Chair on 2 July 2008 (Min Ref CT/49/08), and paragraph 7.2 of the Trust's Administrative Regulations was added to reflect this.
- 2.3 When the management accounts were produced, it was realised that the budget had been exceeded. On investigation, it has been found that the remuneration for the Chair and Vice Chair has been treated as pensionable, and an employer's contribution of some 14.5% has been added to the cost. National Insurance is also payable by law, which adds just over 9% to the cost to the Trust.
- 2.4 Advice has been taken from the Council's Payroll and Pensions Manager, with whom we have a Service Level Agreement for this service, who has reviewed the relevant legislation and concluded that the remuneration should not have been treated as pensionable, and the contributions from both the employer and the employee will be refunded. This will be adjusted in the budget, thus bringing the overspend down from £1,821 to £685.

3. Options

3.1 Trustees have two options when considering this matter:-

Option 1

to accept that the cost of paying the Chair and Vice Chair's remuneration will be more than the present budget and increase the budget accordingly; or

Option 2

to cap the budget at the present £7,500, and revise the amount paid to the Chair and Vice Chair to stay within the total budget available. This will involve doing a calculation and paying the net amount to the Chair and Vice Chair.

4. Financial Implications

4.1 If Trustees decide on Option 1, this will result in the budget having to be increased by some £685 in the current year and beyond. This could be met by virement from the Trust's operational budgets. Option 2 would have no effect on the Trust's budget, but would require a change to the Trust's Administrative Regulations to reflect the lesser amount being paid to the Chair and Vice Chair.

5. Recommendation

5.1 Trustees are recommended to approve Option 1, as set out in paragraph 3.1 above.

Reference: EMA/TA21/2

Report Number CT0907048-d

REPORT

To: Shetland Charitable Trust

2 July 2009

From: General Manager

Report: CT0907059

Amendment to Reserves Policy

1. Introduction

- 1.1 This report requests approval for an amendment to the Trust's reserves policy, which was approved by Trustees on 2 November 2006 (Report No. CT82-F, Min.Ref. 81/06).

2. Present Position

- 2.1 The reserves policy requires organisations to repay surpluses from Trust funded activities, less a permitted retention. The retention amount is based on one twelfth of the Trust's annual contribution for that year, and is retained in the organisation's general reserve.
- 2.2 Several of the organisations also receive external funding, which in line with current policy, results in a lower permitted level of retained reserves, compared to organisations that are solely funded by the Trust.
- 2.3 The reserves policy report (Para.6.4) recognised that there could be some anomalies, which would be reported back to Trustees for clarification as they occurred.

3. Proposal

- 3.1 I would propose that the reserves policy be amended to allow Trust funded organisations to retain one twelfth of all other funding, as opposed to the current policy which allows one twelfth of the Trust 's funding only.

4. Financial Implications

- 4.1 Shetland Charitable Trust does not assume any repayment of running costs grants when preparing its long-term projections. There will be no financial impact therefore, on the budget strategy set by the Trust.



5. Recommendation

5.1 Trustees are recommended to approve the amendment to the reserves policy as stated in paragraph 3.1.

Reference: AB/AW/DA4

Report Number CT0907059-F

REPORT

To: Shetland Charitable Trust

2 July 2009

From: General Manager

Report: CT0907060

Request for Funding – CLAN 123 Appeal

1. Introduction

- 1.1 This report is presented in response to a request from the CLAN 123 Committee for a contribution of up to £365,000 towards their appeal to raise £3 million to replace the facility for cancer patients and their relatives in Aberdeen. The facility provides support to many patients and relatives from Shetland who require specialist treatment at hospitals or clinics in Aberdeen.

2. Background

- 2.1 The Charity CLAN (Cancer Link Aberdeen and North) was initially established 25 years ago to offer support to anyone affected by cancer, from diagnosis onwards, living in Aberdeen and the outlying areas. Their holistic range of services is available to anyone at any age, whether affected personally or through the diagnosis of a relative, carer or close friend. CLAN has had to relocate several times and their services have grown to meet demand.
- 2.2 Of particular value to Shetlanders has been the accommodation and support provided at CLAN Haven. This unique facility offers bed and breakfast accommodation in a calm, relaxed and supportive atmosphere to those living in the outlying areas whilst they, or their family members or friends, are attending Aberdeen Royal Infirmary for cancer treatment.

3. Present Position

- 3.1 CLAN has once again outgrown its present site, and in March 2008 launched an appeal (CLAN 123) which aimed to raise £3 million in two years. The appeal was launched locally on 28 July 2008, and expects to raise in excess of £365,000 by the time it closes on 27 July 2009. CLAN has approached the Trust for a matching contribution to the appeal. The letter from the Chair of the local committee is attached as Appendix A.

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- 3.2 The campaign has so far raised a total of £365,311.70 (of which £25,000 has been committed by NHS) and is confident of reaching its target by March 2010.
- 3.3 CLAN House, and more particularly CLAN Haven, is extensively used by Shetland patients, their relatives and friends. In the last four years, an average of over 40% of the paying guests using the CLAN Haven came from Shetland.
- 3.4 Trustees are asked to decide whether this is sufficient justification to award a grant to this project.
- 3.5 Should Trustees decide to support the project, it is suggested that conditions are imposed, as set out in Appendix 2.

4. Legal Implications

- 4.1 Shetland Charitable Trust funds, according to its Trust Deed, are "for the benefit of Shetland and its inhabitants....in improving the medical service to the community by such means as the Trustees may consider desirable....declaring further that no act of the Trustees shall be deemed ultra vires by reason only that individuals or bodies who do not form part of the community may or will benefit indirectly by such an act".
- 4.2 When the Trust was approached in 2002 to contribute to the new Royal Aberdeen Childrens Hospital, it was decided that the overnight stay facilities for relatives were sufficiently used by inhabitants of Shetland to justify a donation to that appeal, designated for the purpose of paying for one overnight stay room.
- 4.3 It is suggested that if Trustees wish to support this project, the grant is towards a clearly identified component of the project which can be demonstrated to be mainly for the use of people normally resident in Shetland.

5. Financial Implications

- 5.1 At the moment, the Trust is attempting to re-establish financial stability. The 2009/10 budget was set on the basis that no new burdens were recommended. The approved budget was an increase of 2.24% on the previous year.
- 5.2 A review group is currently meeting to try to identify ongoing savings which will bring the Trust's annual expenditure down to £11 million plus inflation per year. Approving a grant of up to £365,000 would breach the Trust's policy.
- 5.3 Recent management accounts show that there is an underspend on the Trust's 2008/09 budget of some £495,347. A total of £250,343 has been brought forward for expenditure in 2009/10, leaving an available balance of some £245,000. Funding up to this level could be allocated to this project without breaching the Trust's policy. However, Trustees may wish to use any savings to help towards the long-term financial stability of the Trust.

6. Recommendation

6.1 Trustees are asked to decide

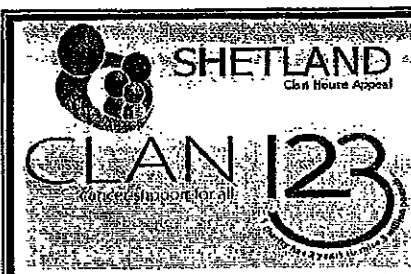
a) whether to award a grant to the Shetland CLAN House Appeal

b) subject to a) above, to decide how much to award; and

6.2 It is recommended that any funding should be approved subject to the conditions set out in Appendix B

Reference: EMA/DA2

Report Number CTCT0907060



Chairperson:

**Elaine Jamieson
Lochaven
15a Westerloch Drive
Lerwick
Shetland, ZE1 0GD
Tel: 01595 694750**

Cllr Bill Manson
Chairman
Shetland Charitable Trust
22-26 North Road
Lerwick
Shetland

APPENDIX A

10 June 2009

Dear Cllr Manson

I am writing to you as Chairperson of the Shetland CLAN House Appeal to explore the possibility of support from the Shetland Charitable Trust for our charity, and specifically for the building of a new cancer support centre in Aberdeen.

For a range of reasons, and particularly because CLAN were having to turn away guests as demand had outgrown capacity, the Board of Directors reached the conclusion that a new CLAN centre was required, and the CLAN 123 appeal was launched in Aberdeen in March 2008: 1 charity with 2 years to raise 3 million pounds. The plans for the new build (attached), which includes more guest rooms and family rooms, are progressing well and are on target for completion during 2010.

As you will be aware we have had a very successful appeal locally, receiving overwhelming support from the Shetland community who have generously donated on average £1000 per day since we launched on 28 July 2008. Taking into consideration the money already raised and the commitments for the forthcoming weeks, I am confident that our appeal will raise at least £365,000 by the time we close on 27 July 2009. I firmly believe that one of the successful factors of the local campaign has been the deep sense of appreciation locally for the support provided by CLAN, and the strong desire to see their services develop to help more Shetlanders in the future.

To give you some information about the charity, CLAN (Cancer Link Aberdeen and North) was initially established 25 years ago to offer support to anyone affected by cancer, from diagnosis onwards, living in the Aberdeen and outlying areas. Their holistic range of services is available to anyone at any age, whether affected personally or through the diagnosis of a relative, carer or close friend.

CLAN has had to relocate on a few occasions and their services have grown to meet demand. Particularly valuable to Shetlanders has been the accommodation and support provided at CLAN Haven. This unique facility offers bed and breakfast accommodation in a calm, relaxed and supportive atmosphere to those living in the outlying areas whilst they, or their family members or friends, are attending Aberdeen Royal Infirmary for cancer treatment. For Shetlanders this 'home from home' accommodation is readily available to them at a difficult time when they have to spend long periods away from their homes to undergo medical treatment not available locally.

The increased space in the new building will have improved accommodation and facilities for all guests, and particularly for families, promoting family cohesion throughout a time of upheaval. Furthermore, for guests the cost of staying at CLAN is minimal. Statistical information detailing the usage of CLAN Haven by Shetlanders is attached for your information (appendix 1).

Dealing with cancer is a testing emotional journey as well as a very demanding physical one. The supportive and caring services provided by CLAN promotes emotional well-being to aid physical recovery. As well as a wide range of holistic services, CLAN has staff who are experienced in supporting cancer patients, including children; they have a library full of a range of helpful materials and perhaps most importantly, they have highly valued professional staff, who are on hand to provide support and information. Personal statements, collated by CLAN from guests, are attached for your information (appendix 2).

I am aware of the very worthy causes which are supported in Shetland by the Charitable Trust and that this is an unusual request because the facilities are based in Aberdeen; however, it is very clearly the case that this is a vital resource which we cannot provide locally and is heavily used by Shetlanders who are receiving treatment, as well as their families and friends who travel to Aberdeen in order to provide support.

I write to ask if you, and the Trustees of the Shetland Charitable Trust, would give consideration to offering financial support to our appeal, which would specifically contribute towards the new cancer support centre, to the benefit of members of the Shetland community attending Aberdeen Royal Infirmary, for treatments which are not available locally.

If you require any further information in considering my request please do not hesitate to contact me.

Yours sincerely

Elaine Jamieson
Chairperson - Shetland CLAN House Appeal

SHETLAND CHARITABLE TRUST - APPENDIX 1

CLAN Haven - SHETLAND GUESTS

Jan 2003 - May 2009

Year	PLAYING GUESTS	NO. GUESTS	STAYS	DAYS	AVERAGE	RADIO THERAPY GUESTS	NO. GUESTS	STAYS	DAYS	AVERAGE	TOTAL	NO. GUESTS	STAYS	DAYS	AVERAGE
2003	53	195	3.7	9	234	26.0	62	429	6.9						
2004	106	478	4.5	12	339	28.3	118	817	6.9						
2005	97	470	4.8	12	274	22.8	109	744	6.8						
2006	167	629	3.8	18	547	30.4	185	1176	6.4						
2007	150	684	4.6	11	338	30.7	161	1022	6.3						
2008	306	1072	3.5	25	445	17.8	331	1517	4.6						
2009 (Jan-May)	144	362	2.5	3	84	28	147	446	3.0						
Total	1023	3890	3.91	90	2261	26.29	1113	6157	5.86						

SHETLAND CHARITABLE TRUST APPENDIX 2

CLAN HAVEN - GUEST TESTIMONIALS – MAY 2009

- ♥ “I found CLAN provided a relaxing and restful setting. It really is an oasis where cancer patients can experience both warmth and friendship of staff and fellow residents.”
 - ♥ “CLAN has a warm strong caring atmosphere and I found the wider holistic approach relaxing and therapeutic.”
 - ♥ “I found CLAN to be a very special place where cancer patients can share and encourage one another in a relaxed and comfortable atmosphere. The staff were always sensitive to our needs and took time to listen to our concerns about our cancer. Their kindness has left me with lasting memories”
 - ♥ “At CLAN or the ‘haven’ as we prefer to call it we have always been made to feel so welcome – always greeted with a smile and the girls are happy to do anything to help.”
 - ♥ “I cannot say enough in praise for this facility for those of us with cancer. Husbands and wives are also made welcome with only a small charge for their stay.”
 - ♥ “I have stayed at CLAN Haven as an escort for my husband who is being treated for cancer. At all times I have been treated with the utmost kindness and consideration by all staff, volunteers and the bus driver. **Nothing** is too much trouble for any of them. The whole atmosphere of CLAN is lovely; I hope it continues in their new premises.”
-

- ♥ What is it like for cancer patients from remote areas of Grampian Region or the Northern Islands who require to access treatment programmes in Aberdeen, often lasting many weeks? Where do you stay? What do you do for meals? How do you travel back and forward to the hospital for daily treatment sessions? Above all, how do you cope with the emotional stress at this difficult time, away from the familiar comforts of home and the company of family and friends?

I found the answer to all these questions, however, to be very simple – CLAN Haven! CLAN Haven is a wonderful facility, providing very comfortable accommodation and facilities, delivered by very caring and supportive staff. Above all, it provides the opportunity for mutual support among fellow CLAN guests as they each deal with their own cancer and range of treatment. The good humour, banter and friendship lifted the spirits on a daily basis.

Thank you all at CLAN, and my fellow guests, for all the support in helping me along the way on this most challenging of life's journeys.

APPENDIX B

Grant Conditions for Clan House Appeal Grant

- a) that the Grantee provides evidence that it maintains charitable status;
- b) that the grant offer letter is accepted and returned within six weeks of the letter date;
- c) that the Grantee undertakes to spend the grant for the purpose specified;
- d) that the Grantee accounts for the application of the grant in statements to the Charitable Trust, the statements to be in a format and frequency to be agreed by the Financial Controller;
- e) that any unused Charitable Trust grant at the end of the project be repayable to the Charitable Trust
- f) that should at any time the Grantee decide to sell any item of equipment, etc. purchased by means of this grant, the Grantee must inform the Charitable Trust who will be entitled to seek reimbursement of a proportion of the grant at its discretion;
- g) that should the facility for which the grant was given cease to be used for the purpose specified, or be sold or transferred to another body, the grantee must inform the Charitable Trust, who will be entitled to seek reimbursement of a proportion of the grant at its discretion;
- h) that the Grantee shall acknowledge the assistance from the Charitable Trust by way of a placque to be displayed at an appropriate place in recognition of the grant.

REPORT

To: Shetland Charitable Trust

2 July 2009

From: General Manager

Report: CT0907049

Rent of Land for Sullom Voe Terminal

1. Introduction

- 1.1 This report is presented in response to a request by Trustees for the General Manager to open discussions with the Tenant and Sub-tenant of the Sullom Voe Terminal with a view to getting the best deal for the Trust (Min Ref CT/86/08).

2. Background

- 2.1 The Shetland Charitable Trust owns the land on which the Sullom Voe Terminal is built. The Trust leases the land to the Shetland Islands Council, who in turn lease the land to the oil industry.
- 2.2 The quarterly rent is based on a formula which depends on the General Index of Retail Prices (RPI) and the total volume of incoming fluids (both through pipelines and over the jetties).
- 2.3 Due to the reduction in throughput, this amount has fallen from over £0.9 million per quarter in 2000 to £0.3 million per quarter in 2008/09.

3. Present Position

- 3.1 I met with the previous Chief Executive of Shetland Islands Council to discuss the matter, and have made an approach to open discussions with the new Chief Executive to continue these discussions. I shall report progress as appropriate.

4. Financial Implications

- 4.1 There are no financial implications arising directly from this report, but it is hoped that additional income will be receivable in due course.

5. Recommendation

- 5.1 This report is for noting.

Reference: EMA/TA34

Report Number CT0907-049

2

REPORT

To: Shetland Charitable Trust

2 July 2009

From: General Manager

Report: CT0907050

Review of Subsidies to Public Sector Eateries

1. Introduction

- 1.1 This report is presented to update Trustees on the review of public sector eateries, carried out by the Shetland Islands Council's Economic Development Unit, with the support of the Shetland Charitable Trust.

2. Background

- 2.1 At the Trust Meeting on 26 March 2009, Trustees discussed the deficit on the Clickimin Centre Café (Min Ref CT/22/09). Trustees were told that a review was ongoing of public sector eateries supported by the Shetland Islands Council, and Trustees asked that Trust-supported facilities should be included in the review.
- 2.2 A copy of the report which went to the Council's Development Committee meeting on 11 June 2009 is attached as Appendix 1.

3. Present Position

- 3.1 Since the review was carried out, Shetland Recreational Trust has announced that the Clickimin Centre café is to close, and the Shetland Arts Development Agency's Mill Café at the Bonhoga Art Gallery has been advertised for franchise. This means that the Trust no longer directly subsidises any café facility.

4. Financial Implications

- 4.1 There are no financial implications arising from this report.

5. Recommendation

- 5.1 This report is for noting.



Reference: EMA/TA38

Report Number CT0907050



REPORT

Appendix 1

To: Development Committee

11 June 2009

From: Head of Economic Development

Report: DV064-F
Review into Potential Public Subsidies of Catering Facilities
Discussion Paper

1.0 Introduction

1.1 The purpose of this report is to update Members on the progress which has been made with the review of the subsidy of catering facilities.

2.0 Links to Corporate Priorities

2.1 This report links to the Council's Corporate Plan 2008-2011 which sets out a range of priorities to more effectively and efficiently organise the Council's business.

3.0 Background

3.1 Last year, MSP Tavish Scott wrote to the Council on behalf of certain constituents, who had raised concerns about the potential negative impact on the private sector from Council subsidised catering, and requested that the Council consider increased private sector involvement in the provision of these services. In response the Chief Executive of the Council agreed to undertake a policy review and instructed the Head of Economic Development to conduct the review.

3.2 At a meeting of the Charitable Trust on 26 March 2009 a similar issue was raised regarding funding of public sector café facilities and it was agreed that the Trust would work together with the Council's Services Committee and Development Committee to review policy.

3.3 The overall aim of the policy review is to:

- Understand and apply the legal framework, particularly with regard to state aid and EU procurement compliance.

- Map the current provision
 - Calculate the level of subsidy for each of the catering establishments providing services to the general public. If any.
 - Understand the level of potential displacement from the private sector.
 - Justify an appropriate level of subsidy, in support of the core service provision.
 - Develop a transparent and justifiable policy framework for instances where it will be appropriate to provide a level of public subsidy to catering establishments.
- 3.4 The following establishments were contacted and have provided the information which forms the basis of this review:
- Clickimin Café and Loch Bar (Shetland Recreational Trust)
 - Hay's Dock (operated by Shetland Amenity Trust)
 - Blue Rock Café (operated by Islesburgh)
 - Bonhoga Gallery Café (operated by Shetland Arts)
 - Da Haaf Restaurant (operated by NAFC Marine Centre)
 - External catering provided by COPE Ltd

4.0 Activity/Progress

- 4.1 The Financial Controller of the Shetland Development Trust, has worked with the establishments noted above to gain a detailed understanding of how each of the establishments are financed. The total combined figures for 2008/9 are tabulated in appendix 1 attached.
- 4.2 Total combined turnover of the establishments is £1.306m. None of the establishments are profit making although some are close to being so. The combined annual subsidy after taking account of all overheads is £429k.
- 4.3 The establishments together employ almost 50 Full Time Equivalent (FTE) people. The average wage rate of £7.87 is thought to be above the private sector rate.
- 4.4 In comparison the turnover for the whole of the private sector catering in Shetland is £2.688m, which includes pubs and clubs. It is however difficult to ascertain how much displacement there is of the private sector by the public sector operations.

- 4.5 In considering possible options another and important third sector which is financed by the Council is the provision of catering for schools and care homes, which costs £2.55m and employs 109 FTE people
- 4.6 Benchmarking – We asked other Scottish local authorities if they provided any kind of subsidy to catering facilities within leisure centres, art galleries, community centres, museums. Twelve local authorities responded including Orkney and Highland Councils. The larger authorities indicated that catering facilities were money generators. However amongst the smaller authorities there was very little if any subsidy or underwriting. Most of the authorities used franchising or arms length arrangements.
- 4.7 State aid advice – The Scottish Government State Aid Unit have been contacted and asked whether the existing financing arrangements are state aid compliant. The advice which the State Aid Unit has provided is that there is not deemed to be an aid so long as the catering service provided is intrinsically linked with the operation of the public facility which it serves. Further that if any of these catering services are contracted out that this must be tendered for on an open and competitive market.

5. Proposal

- 5.1 The financial and operational models of the six establishments in the review are all quite different as are the target markets. It is therefore not a straightforward task to set a policy across all of the establishments that provides effective use of Council funds, along with the best service outcomes.

- 5.2 Possible options include:

Removal of subsidy – in most if not all cases this would result in the catering facilities shutting down, with the resulting loss of jobs and loss of the service. The impact of this has to be considered for each case.

Reduction of subsidy – in most cases this would have a direct impact on service unless the reduction was achieved through efficiency savings.

Franchising out, or other private sector involvement – this option should be further evaluated, as it may provide a win/win for both the private sector, and also a reduction of public subsidy required.

Sharing of common services – for example provision of pre-cooked food or common staff service.

- 5.3 It is likely that the best solution will involve a mixture of these options, and will be different in each case, and will require further discussion with the organisations involved.

6.0 Financial Implications

6.1 There are no direct financial implications arising from this report.

7.0 Policy and Delegated Authority

7.1 The proposal that forms the basis of this report satisfies a number of policies, contained in the Economic Development Policy Statement 2007-2011 which was approved by Development Committee on 24 April 2008 (Min Ref 01/087 and by the Council on 14 May 2008 (Min Ref 55/08). This report has been prepared based on the following policies:

- 5. "Continue to develop Shetland as a tourist destination, through development of high quality products and services."
- 27. "Enable individuals to achieve their full economic potential."

7.2 In accordance with section 11 of the Council's Scheme of Delegations, the Development Committee has delegated authority to implement decisions within its remit for which the overall objectives have been approved by the Council, in addition to appropriate budget provision, including:

- Economic Strategy
- Europe

As the subject of this report is covered by existing policy the Development Committee does have the delegated authority to make a decision.

7.3 The Council itself can make policy choices on how it procures food. However, for funded organisations, we can only influence through the grant aid/service level agreement payments.

8.0 Conclusions

8.1 The total annual subsidy of £429k is a significant amount of public funds and we need to be able to clearly demonstrate the need for each of these services and whether the public purse is getting best value for money. There would appear to be a significant opportunity to explore further the provision of at least some of the service by the private sector.

9.0 Recommendations

9.1 I recommend that the Development Committee consider the options contained in this report and give direction to the Head of Economic Development as to how to proceed.

Our Ref: NRJG/JJ
Date: 08 June 2009

Report No: DV064-F

Publicly Funded Catering Facilities

Trading Statements for Year Ended 31 March 2008/09, Adjusted to a "Private Sector" Basis

Trading Income	£'000	£'000	%
Food and Drink Sales	1,148.1		
Events	40.2		
Other Trading Income	118.0		
Donations			
Total		1,306.30	100.0
Direct Cost of Sales			
Food and Drink	578.6		
Packaging Costs	5.8		
Other Direct Purchasing Costs	54.2		
Total		638.60	
		667.70	51.1
Overheads	£'000		
Total Staffing Costs	861.4		65.9
Rent and Rates	81.8		6.3
Professional/Management Charge	15.3		1.2
Heat and Light	22.0		1.7
Cleaning Costs	12.9		1.0
Training Costs	1.1		0.1
Protective Clothing and First Aid	2.0		0.1
Plant and Equipment Hire/Purchase	6.3		0.5
Repairs and Maintenance	18.9		1.5
Insurance Lease and Capital Costs	19.7		1.5
Depreciation	33.2		2.5
Advertising and Promotional	1.9		0.1
Other Overheads	16.6		1.3
Net Bank Interest and Charges	4.0		0.3
Total		1,097.10	84.0
Trading Loss or Subsidy, Against Commercial Criteria		-429.40	-32.9%
Number of Full Time Equivalent Employees (FTEs)		49.5	
Average Wage rate per hour		£ 7.87	
Average Cost per FTE		17,395.00	1.3%
Average Subsidy per FTE		8,671.00	0.7%
NB percentages relate to turnover			

REPORT**To:** Shetland Charitable Trust

2 July 2009

From: General Manager

Report: CT0907051

Governance of Shetland Charitable Trust**1. Background**

- 1.1 SCT was asked to submit an action plan to OSCR by 1st July 2009, as a result of a meeting held at the request of SCT, with the charities regulator on 14th November 2008.
- 1.2 It would appear that the key challenge that SCT has been set by OSCR is to demonstrate transparency, accountability and operational independence. In particular OSCR has concerns that the current structure and arrangements, make it difficult to evidence independence and compliance with section 66 of the 2005 Act.

2. Present Position

- 2.1 The Review Group has met six times, and has had wide ranging discussions on the future composition of the Trust. The current proposal is to submit a progress report rather than an action plan to OSCR. However the group is mindful that an Action Plan will be required to be submitted in the very near future.

3. Financial Implication

- 3.1 This report has no financial implications.

4. Recommendation

- 4.1 This report is for noting.

Reference: AB/EMA/TA38

Report Number CT0907-051

7

REPORT**To:** Shetland Charitable Trust

2 July 2009

From: Financial Controller

Report: CT0907053

SLAP: Progress Report**1. Introduction**

- 1.1 This report is presented to inform Trustees on progress and activity by its property company Shetland Leasing and Property Developments Limited (SLAP).
- 1.2 The Trust's investment in SLAP has been accepted as a "qualifying" investment by HMRC, provided that SLAP acts commercially. Trustees have required Board of SLAP to fulfil this requirement by ensuring that each individual investment made by SLAP is commercial. I am content that the current returns made by SLAP on it's property and leasing portfolio are commercial.
- 1.3 SLAP has more than 30 leased properties with a total value of £12.3 million. They are listed in Appendix A

2. Purchases and Sales in 2008/09

- 2.1 All the sales and purchases activity in 2008/09 has been previously reported to Trustees.
- 2.2 The purchase of various properties at 66-72 Commercial Road was completed on 24 April 2008. The electrical wholesale premises and the workshops at the rear are subject to continuing leases.
- 2.3 SLAP purchased the Biosolar Office, 3 North Ness Industrial Estate, on 19 September 2008. It has been leased to Shetland Islands Council with HIE Shetland as a sub-tenant.
- 2.4 SLAP purchased the Gutters' Hut, 7 North Ness Industrial Estate, from HIE on 23 October 2008. The property has four tenants on continuing leases.
- 2.5 SLAP has sold the Brown's Road site to Shetland Arts at valuation on 26 March 2009.

3. Current Activity

- 3.1 SLAP is the oil industry's landlord at Scatsta Airport (except for the runway). SLAP has agreed an investment budget of £8 million to build a new hangar and to redevelop the terminal buildings. SLAP will recover its outlays through an increased rent. The hangar is built and in use (from 1 June 2009). The terminal refurbishment project is at the design phase.
- 3.2 SLAP has let a contract to a design and build team, headed by Hunter and Morrisons, to provide new offices on the ex-WAG site at the North Ness. Shetland Islands Council has agreed to lease the offices, once built, for its Social Care Service to use. This will bring that Service together (from 7 sites at present) and most of the existing offices are likely to be released to the Housing Service for residential purposes.
- 3.3 There are nearly always some projects under discussion, most of which do not result in a purchase, development or a sale. Trustees have accepted that premature disclosure of such discussions will usually not be possible without breaching confidentiality, and will also make SLAP's role as a developer difficult to maintain.

4. Financial Implications

- 4.1 There are no financial implications arising directly from this report.

5. Recommendation

- 5.1 This report is for noting

Reference: JPG/CAL

Report Number CT0907-053

SLAP Properties

19-Jun-09

Property	Description	Tenant
Blacksness Industrial Estate	Two Industrial Units	Trou Acquaculture Scalloway Handling
66 Commercial Road	Office	Occupied by CLAN 123
68 Commercial Road	Engineering Wholesaler	L.E.S.S
Commercial Road	Warehouse Workshop	HNP
72 Commercial Road	Land & Redundant Buildings	In poor Condition
Fetlar Camp Site	Camp Site	Shetland Islands Council
Firth Community Centre	Redundant Building	Advertised for sale
Graven Oil Deposit	Industrial Estate	Total Waste Management Alliance plc
Greenhead Base Lerwick	Port/Industrial facility	SBS, SIC and Scomi Oil Tools
FE College Phase 1 Gremista	College Building	Shetland Islands Council
FE College Phase 2 Gremista	College Building	Shetland Islands Council
Gremista Industrial Estate, Lerwick, Site 1	Retail unit site	G & S Flooring
Heylor Fish Factory, Heylor, Ronas Voe, North Mavine	Fish Factory	Vacant
Kanterstead Road, Lerwick Rosies Takeaway	Shop Site	Mr & Mrs A J T Watt
Laxfirth Slaughter House Laxfirth, nr Gott	Slaughter House	Shetland Abattoir Co-operative Ltd

Property	Description	Tenant
Lochside Stores Lochside, Lerwick	Shop	Mr M Johnson
North Atlantic Fisheries College College, Scalloway	College	Shetland Islands Council
NE Farmers, Staney Hill Lerwick	Wholesale Warehouse	Harbro Ltd
3 North Ness BioSolar Office	Office	Shetland Islands Council HIE Shetland as Sub-Tenant
7 North Ness Gutters' Hut	Offices	Garrick Accountancy, Shaw Marketing, Viking Energy Ltd, Shetland Islands Council
Sandness Spinning Mill, Sandness	Factory Unit	Jamieson Spinning Ltd
Sandwick Woolen Mill, Hoswick, Sandwick	Factory Unit	Laurence Odie (Knitwear) Ltd
Scatsta Airport	Leased Land Buildings	Intergrated Aviation Consortium (BP)
Scalloway Woolen Mill Park	Land (only)	Sale agreed to Scalloway Museum
Sellaness Industrial Buildings Factory (Fromer Crabs Factory)	Industrial Building	Mr A Mckimm
Shetland Business Innovation Centre, Gremista	Business Units	SIC Train Shetland
Staney Hill Mart, Staney Hill, Lerwick	Agricultural Mart	Shetland Marts Co-operative Ltd
Tourist Information Office 107 Commercial Street	Tourist Information Office	Visit Scotland
Walls Bakery and tea rooms, Walls	Bakery	C & A Hodge
Walls Shop, Walls	Shop	Mr & Mrs Smith
Weathersta Industrial Complex, Weathersta, Brae	3 workshops plus a substantial yard area	Hjattland seafarms Ltd
Whalsay Fish Factory, Whalsay	Fish Factory	Whalsay Fish Processor Ltd
WAG Site	Development Site	Intended: SIC Social Care

REPORT

To: Shetland Charitable Trust

2 July 2009

From: General Manager

Report No. CT0907054

RECOMMENDED DISBURSEMENTS – APPROVALS

1. Background

- 1.1 On 30 March 2000, Trustees approved a report which authorised the then Director of Education and Community Services to act on behalf of the Trust and approve applications for community development and community support grants to organisations operating within Shetland. (Min. Ref. CT/19/00)
- 1.2 On 8 February 2006, Trustees approved a report which authorised the then Head of Service – Community Development to act on behalf of the Trust and approve applications for community arts grants to organisations and individuals operating within Shetland. (Min. Ref. CT/02/06)
- 1.3 It is a requirement that all approvals are reported to subsequent Trust Meetings.

2. Community Development Grants - £991

- 2.1 The following community development grants were approved by the Head of Service, Community Development in the period from 9 May to 12 June 2009: -

Name of Organisation
North Roe and Lochend Hall

**Grant
Approved
(£)**
991

3. Community Support Grants - £1,699

3.1 The following community support grants were approved by the Head of Service, Community Development in the period from 9 May to 12 June 2009: -

Name of Organisation	Grant Approved (£)
Whitedale Youth Club	1,699

4. Community Arts Grants - £1,107

4.1 The following community arts grants were approved by the Head of Service, Community Development in the period from 9 May to 12 June 2009: -

Name of Organisation	Grant Approved (£)
Yell Youth Café	652
Mrs Fiona Adamson (on behalf Maggie Adamson)	455

5. Recommendation

5.1 Trustees are asked to note the approvals listed in paragraphs 2.1, 3.1 and 4.1.

Shetland Charitable Trust
Date: 15 June 2009
Our Ref: AW/DA1

Report Number CT0907054

REPORT

To Shetland Charitable Trust

2 July 2009

From: General Manager

Report No. CT0907055

RECOMMENDED DISBURSEMENTS – SOCIAL CARE

1. Background

- 1.1 This report concerns approvals by the Council's Head of Community Care in the period to 12 June 2009, in terms of Report Number CT/030/94, which was approved by the Trustees on 8 April 1994.

2. Social Assistance Grant Scheme - £1,581.34

- 2.1 The Head of Community Care approved the following:-

	(£)
4 Social Assistance Grants of up to £2,000 (Appendix A)	1,581.34

- 2.2 The grants would be allocated from the Social Assistance Grant Scheme budget head.

3. Recommendations

- 3.1 Trustees are asked to note the following approvals by the Head of Community Care: -

- a) the Social Assistance Grants
referred to in paragraph 2.1, totalling £1,581.34

Shetland Charitable Trust

Date: 12 June 2009

Ref: AW/DS1

Report No: CT0907055-f

01

SOCIAL ASSISTANCE GRANT SCHEME at 12.06/09

Funds available in 2009/2010	£ 35,000.00
Add enhancements from 2008/09	£ 7,987.00
Less previously allocated	£ 6,974.17

Less the following:-

<u>Reference</u>	<u>Amount</u>
09/10 13	£ 69.99
09/10 14	£ 894.45
09/10 15	£ 308.50
09/10 16	£ 308.40

(4) Approvals by Executive Director, Education and Social Care £
1,581.34

Balance of Funds remaining **£34,431.49**

I confirm the above grants have been approved, for the relief of vulnerable persons in need by reason of age, ill health, disability or financial hardship.

Executive Director, Education and Social Care
Agent for the Trustees of Shetland Charitable Trust

REPORT

To: Shetland Charitable Trust

2 July 2009

From: Financial Controller

Report: CT0907058

FUND MANAGER TRANSACTIONS

1. Introduction

- 1.1 Shetland Islands Council provides Treasury support to Shetland Charitable Trust under the terms of a Service Level Agreement (SLA).

2. Investment Decisions

- 2.1 Appendices A i) and A ii), attached, list the investment decisions made by Insight Investment Management Limited during the period from 1 April 2009 to 31 May 2009.
- 2.2 These appendices list purchases in order of transaction size and sales in order of the size of the gain or loss made on the transaction.
- 2.3 The Fund Managers make investment decisions based on the terms of Investment Management Agreements.

3. Movement on Charitable Trust Funds

- 3.1 The following table shows the movement on the Charitable Trust funds for the current financial year to date:

2009/10 to 12 Jun 2009

	£ million
Market Value at start	143.1
Market Movement	13.3
Injection/(Withdrawal)	(2.6)
Market Value at close	<u>153.8</u>

(These are unaudited figures and are for guidance only.)

4. Recommendation

- 4.1 The Trustees are asked to note this report.

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APPENDIX Ai)

INSIGHT INVESTMENT MGMT REPORT - PURCHASES

NAME OF SECURITY AREA DATE NUMBER OF UNITS PURCHASE PRICE (£)

QF = quoted fixed
UF = unquoted fixed

UNITED KINGDOM

UK(GOVT OF) 1.25% I/L STK 22/11/55 GBP	QF GIL GB	27-May-09	19,000.00	24,753.89
UK(GOVT OF) 2.5% I/L STK 16/04/20 GBP	QF GIL GB	27-Apr-09	31,000.00	88,520.50
UK(GOVT OF) 2.5% I/L STK 16/04/20 GBP	QF GIL GB	08-May-09	153,000.00	424,116.00
UK(GOVT OF) 2.5% I/L STK 16/04/20 GBP	QF GIL GB	12-May-09	84,000.00	236,434.80
UK(GOVT OF) 2.5% I/L STK 17/07/24 GBP	QF GIL GB	07-Apr-09	35,000.00	85,522.50
UK(GOVT OF) 2.5% I/L STK 20/05/09 GBP	QF GIL GB	16-Apr-09	85,000.00	236,134.25
UK(GOVT OF) 4.25% STK 07/12/2055 GBP100	QF GB GB	21-Apr-09	169,247.00	163,932.64
UK(GOVT OF) 4.5% GILT 07/03/13 GBP0.01	QF GB GB	23-Apr-09	1,227,000.00	1,316,939.10
UK(GOVT OF) 4.25% STK 07/12/2055 GBP100	QF GB GB	22-Apr-09	433,786.00	418,343.22
UK(GOVT OF) 4.25% STK 07/12/2055 GBP100	QF GB GB	21-Apr-09	126,821.00	123,954.85
HOSPITAL CO DARTFO 3.003%-IDX LKD 31/10/31 GBP	QF CIL GB	01-May-09	46,595.84	47,656.82
MOYLE INTERCONNECT 2.9376% IND LNK 03/33GBP	QF CIL GB	05-May-09	18,972.70	20,881.35
UK(GOVT OF) 4.25% STK 07/12/2055 GBP100	QF GB GB	22-Apr-09	19,146.00	18,364.84
ILF GBP LIQUIDITY FD	DEP	20-May-09	250,000.00	250,000.00
ILF GBP LIQUIDITY FD	DEP	17-Apr-09	80,000.00	80,000.00
ILF GBP LIQUIDITY FD	DEP	08-May-09	60,000.00	60,000.00
ILF GBP LIQUIDITY FD	DEP	01-Apr-09	338.27	338.26
ILF GBP LIQUIDITY FD	DEP	01-May-09	332.82	332.83
TOTAL UNITED KINGDOM				<u><u>3,596,225.85</u></u>

OVERSEAS

GERMANY(FED REP) 4.25% BDS 04/07/39	QF GB DE	29-Apr-09	960,000.00	912,398.63
GERMANY(FED REP) 4.25% BDS 04/07/39	QF GB DE	27-May-09	1,000,000.00	860,876.31
TOTAL				<u><u>1,773,274.94</u></u>

INSIGHT INVESTMENT MGMT REPORT - SALES

NAME OF SECURITY	AREA	DATE	NUMBER OF UNITS	SELLING PRICE (£)	PROFIT/ (LOSS) (£)
	QF = quoted fixed UF = unquoted fixed				
UNITED KINGDOM					
UK(GOVT OF) 2.5% I/L STK 16/8/13 GBP	QF GIL GB	08-May-09	120,000.00	295,500.00	12,544.72
UK(GOVT OF) 1.875% I/L STK 22/11/22 GBP	QF GIL GB	16-Apr-09	213,000.00	234,801.67	9,427.00
UK(GOVT OF) 1.25% I/L STK 22/11/55 GBP	QF GIL GB	27-Apr-09	64,000.00	87,480.32	6,583.13
UK(GOVT OF) 1.25% I/L STK 22/11/55 GBP	QF GIL GB	07-Apr-09	65,000.00	84,761.21	2,600.01
UK(GOVT OF) 2.5% I/L STK 16/8/13 GBP	QF GIL GB	01-May-09	17,000.00	42,231.57	2,146.24
UK(GOVT OF) 4.5% GILT 07/03/13 GBP0.01	QF GB GB	27-May-09	1,026,000.00	1,101,616.20	1,940.93
UK(GOVT OF) 2.5% I/L STK 16/8/13 GBP	QF GIL GB	05-May-09	8,000.00	19,856.00	992.31
UK(GOVT OF) 1.25% I/L STK 22/11/27 GBP	QF GIL GB	27-May-09	22,000.00	24,482.15	671.14
UK(GOVT OF) 2% I/L STK 26/01/35 GBP100	QF GIL GB	08-May-09	89,000.00	127,270.00	178.00
UK(GOVT OF) 2.5% I/L STK 20/05/09 GBP	QF GIL GB	20-May-09	85,000.00	235,709.59	-424.66
UK(GOVT OF) 4.75% STK 07/12/38 GBP100	QF GB GB	22-Apr-09	17,621.00	18,577.82	-1,261.58
UK(GOVT OF) 4.75% STK 07/12/38 GBP100	QF GB GB	21-Apr-09	114,912.00	123,415.49	-5,963.36
UK(GOVT OF) 4.75% STK 07/12/38 GBP100	QF GB GB	21-Apr-09	153,215.00	163,388.48	-9,115.52
UK(GOVT OF) 4.25% STK 07/12/2055 GBP100	QF GB GB	29-Apr-09	923,000.00	911,462.50	-18,775.50
BOE ARED APP A/BKD FRN 7/2072 GBP(BR)	UF CB GB	29-May-09	59,804.96	59,804.96	-27,538.91
UK(GOVT OF) 4.75% STK 07/12/38 GBP100	QF GB GB	22-Apr-09	393,252.00	414,566.26	-28,194.20
ILF GBP LIQUIDITY FD	DEP	21-May-09	180,000.00	180,000.00	0.00
ILF GBP LIQUIDITY FD	DEP	18-May-09	20,000.00	20,000.00	0.00
TOTAL UNITED KINGDOM				4,144,924.22	-54,190.25

OVERSEAS

UNITED STATES TREAS BDS DTD 00206 4.5% DUE 05-15 QF GB US		23-Apr-09	1,692,000.00	1,345,999.16	-12,002.99
TOTAL OVERSEAS				1,345,999.16	-12,002.99

