

General Manager: Dr Ann Black

22-24 North Road  
Lerwick  
Shetland  
ZE1 0NQ

Telephone: 01595 744994  
Fax: 01595 744999  
mail@shetlandcharitabletrust.co.uk  
www.shetlandcharitabletrust.co.uk

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

Our Ref: EMA/TA1/1  
Your Ref:

Date: 18 March 2009

Dear Sir/Madam

You are invited to the following meeting:

**Shetland Charitable Trust  
Council Chamber, Town Hall, Lerwick  
Thursday 26 March 2009 at 10am.**

Apologies for absence should be notified to Leisel Gair on 01595 744599, or to Jenna Johnson on 01595 744544.

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 minutes of meetings held on 19 February 2009. Enclosed.

***For Decision***

1. Risk Management Assessment. Report enclosed.
2. Christmas Grant to Pensioner/Disabled Persons Households. Review – Terms of Reference. Report enclosed.
3. Governance of Shetland Charitable Trust. Review - Terms of Reference. Report enclosed.
4. Bodies Funded by Shetland Charitable Trust . Review - Terms of Reference. Report enclosed.
5. Initial Approach – Investing in the New Anderson High School. Report enclosed.
6. Shetland Recreational Trust. Clickimin Centre Catering Deficit. Report enclosed.

***For Information***

7. Recommended Disbursements – Approvals. Report enclosed.
8. Recommended Disbursements – Social Care. Report enclosed.
9. Recommendations by Fund Managers. Report enclosed.
10. Chair and Vice Chair of SLAP. Report enclosed.

The following items contain **exempt** information

***For Decision***

11. Investment Opportunities. Report enclosed.
12. Group or Consolidated Accounts. Report enclosed.

***For Information***

13. Loans to Local Industry. Agricultural Loan Scheme. Update on Loan Application No. LA2/0212(3). Report enclosed.
14. Loans to Local Industry. Sums Due but Unpaid over one month old as at 28 February 2009. Report enclosed.
15. List of Deeds Executed. Report enclosed.
16. Press Release. Enclosed.

## REPORT

To: Shetland Charitable Trust

26 March 2009

From: General Manager

Report: CT0903017

### Risk Management Assessment

#### 1 Introduction and Key Decisions

- 1.1 Trustees are asked to consider the Risk Management Assessment, recently considered by a short-life working group of trustees, and agree the potential risks which have been identified, the likelihood of them occurring, the severity of impact (should they occur) and the Action List which identifies the steps which need to be taken to mitigate those risks.

#### 2 Background

- 2.1 The most recent Statement of Recommended Practice (SORP) for the preparation of the Trust's Annual Report and Accounts requires the Trust to make a statement confirming that:

"...the major risks to which the charity is exposed, as identified by the trustees, have been reviewed and systems have been established to mitigate those risks."

- 2.2 Although many aspects of Risk Management are already imbedded in the management of the Trust's business, it is considered good practice to adopt a formal, systematic evaluation of risk on a regular basis.
- 2.3 In order to undertake a review to update the Trust's Risk Management Assessment, a short-life Working Group was appointed. (Min Ref CT/46/08). Appointed to the Working Group were Bill Manson, Jim Henry, Laura Baisley, Gary Robinson, Allan Wishart, Allison Duncan and John Scott. Sandra Pearson, the Council's Safety and Risk Manager, provided advice and assistance. The Working Group met several times, and the Risk Management Assessment has been prepared from their deliberations.

### 3 Risk Management Framework

3.1 The Risk Management Assessment for the Trust is included at Appendix 1. The potential risks facing the Trust, as identified by the Trustees on the short life working group, are considered under the following headings:

- Governance and Management
- Operational Risks
- Financial Risks
- Environmental or External Factors and
- Compliance Risks (laws and regulations)

3.2 Appendix 1 also explains the potential impact of each of the risks identified, should that event occur.

3.3 The next step is to consider the likelihood of that potential risk occurring. The definitions used are:

Descriptor	Description
Almost certain	I would not be at all surprised if this happened within the next few months
Likely	I think this could occur sometime in the coming year or so
Possible	I think this could maybe occur at some point, but not necessarily in the immediate future
Unlikely	I would be mildly surprised if this occurred, but cannot entirely rule out the possibility
Rare	I would be very surprised to see this happen, but cannot entirely rule out the possibility

3.4 It is also then necessary to think about how severe the impact will be on the business of the Trust, should the event occur. The severity of impact has been categorised from "insignificant" to "catastrophic" using the following classifications:

- Insignificant
- Minor
- Significant
- Major
- Catastrophic

for their potential impact on: personal safety; property loss or damage; failure to provide statutory service or breach of legal

requirements; financial loss or increased cost of working; disruption in service; personal privacy infringement; environmental; community and embarrassment.

- 3.5 The Risks are then plotted on a Residual Risk Rating Matrix and, for simplicity, the matrix classifies risks as either red, amber or green. The degree of urgency and importance increases as you move along the matrix from a "rare and insignificant" risk to an "almost certain catastrophic" risk. This is the scoring system that was used.

**Residual Risk Rating Matrix: Framework**

**FREQUENCY**

S  
E  
V  
E  
R  
I  
T  
Y

	Rare	Unlikely	Possible	Likely	Almost Certain
Insignificant	1	2	3	4	5
Minor	2	4	6	8	10
Significant	3	6	9	12	15
Major	4	8	12	16	20
Catastrophic	5	10	15	20	25

- 3.6 This is the number of Risks which the Working Group identified for the Trust in each category, based on the severity of impact and the likelihood of occurrence.

**Residual Risk Rating Matrix: Shetland Charitable Trust**

**FREQUENCY**

E  
V  
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T  
Y

	Rare	Unlikely	Possible	Likely	Almost Certain
Insignificant	4	0	0	1	1
Minor	3	6	1	0	1
Significant	1	6	3	1	1
Major	2	0	2	0	1
Catastrophic	0	0	0	0	0

- 3.7 The Working Group identified 34 potential risks, which may impact on the business of the Trust. Of those, 7 were classified as Red, 13 as Amber and 14 as Green.

- 3.8 Priority will be given to tackling the issues which have a High likelihood of occurring and a major impact on service delivery should

they occur. Of the seven RED risks identified, none were in the most severe category "catastrophic".

#### **4 Financial Implications**

4.1 There are no financial implications associated with this report.

#### **5 Recommendations**

5.1 I recommend that Trustees

- (a) Agree the Risk Management Assessment set out in Appendix 1;
- (b) note that progress on the actions will be reported to Trustees, from time to time; and
- (c) agree that the major risks to which the charity is exposed, as identified by the trustees, have been reviewed and systems have been established to mitigate those risks.

General Manager  
Shetland Charitable Trust  
16 March 2009

Report No CT0903017-f  
File: TA20

Potential risk	Potential impact	Likelihood of occurrence	Severity of Impact	Steps to mitigate risk
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**Governance and Management**

<p>The charity lacks direction, strategy and forward planning [RED]</p>	<ul style="list-style-type: none"> <li>The charity drifts with no clear objectives, priorities or plans.</li> <li>The relationship between what should be provided as core services and what the Trust should support as valued added services remains unclear.</li> <li>Issues are addressed piecemeal with no strategic reference.</li> <li>Needs of beneficiaries not fully addressed.</li> <li>Financial management difficulties.</li> <li>Loss of reputation</li> </ul>	Possible	Major	<ul style="list-style-type: none"> <li><b>Review Corporate Plan [ACTION]</b></li> <li>The Trust has a long term approach to financial planning, which feeds a 3-Year Budget Strategy</li> <li>Regular Management Accounts and Invested Reports are presented to Trustees</li> <li>A system of service performance monitoring has been established</li> <li>Trust staff is working on a “news letter” to supplement the Annual Report</li> <li><b>Investigate the possibility of signing up to Investors in People, or similar [ACTION]</b></li> </ul>
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Potential risk	Potential impact	Likelihood of occurrence	Severity of Impact	Steps to mitigate risk
<p>Trustee body lacks relevant skills or commitment</p> <p>[AMBER]</p>	<p>Charity becomes moribund or fails to achieve its purpose</p> <p>Decisions are made by-passing the Board</p> <p>Resentment of apathy amongst staff</p> <p>Poor value for money on service delivery</p>	<p>Unlikely</p>	<p>Significant</p>	<ul style="list-style-type: none"> <li>• Skills Review</li> <li>• Competence Framework and Job Descriptions</li> <li>• Trustee Training – induction and ongoing</li> <li>• Trustees to be encouraged to access national organisations/websites etc. [ACTION - research suitable sources]</li> </ul>
<p>Board of Trustees dominated by one or two individuals or by connected individuals</p> <p>[AMBER]</p>	<ul style="list-style-type: none"> <li>• Decisions may be taken outside of Trustee body</li> <li>• External political interference</li> <li>• Conflicts of interest may arise</li> <li>• Pursuit of personal agendas</li> <li>• Culture of secrecy and</li> </ul>	<p>Unlikely</p>	<p>Significant</p>	<ul style="list-style-type: none"> <li>• Understanding of trust law.</li> <li>• Protocol for disclosure of potential conflicts of interest in place.</li> <li>• Procedures for not participating in certain decisions in place.</li> </ul>

Potential risk	Potential impact	Likelihood of occurrence	Severity of Impact	Steps to mitigate risk
Trustees are benefiting from charity (eg remuneration) [GREEN]	deference <ul style="list-style-type: none"> <li>Arbitrary over-riding of control mechanisms</li> </ul> Reputation, moral and ethos Impact on overall control environment Conflicts of interest Regulatory action	Rare	Minor	<ul style="list-style-type: none"> <li>Procedural framework for meetings and recording decisions</li> <li>Ensure legal authority for payment or benefit</li> </ul>
Conflicts of Interest [AMBER]	From all SIC councillors being Trustees of the SCT. From Trustees of the SCT being appointed by the Council as Trustees / Directors on Council created Trusts/Companies. Charity unable to pursue its own interests and agenda Decisions may not be based on relevant considerations Impact on reputation	Unlikely	significant	<ul style="list-style-type: none"> <li>Understanding of Trust Law</li> <li>Protocol for disclosure of potential conflicts of interest</li> <li>Procedures for standing down on certain decisions.</li> </ul>

Potential risk	Potential impact	Likelihood of occurrence	Severity of Impact	Steps to mitigate risk
<p>Organisational structure [GREEN]</p>	<ul style="list-style-type: none"> <li>Lack of information flow and poor decision making</li> <li>Remoteness from operational activities</li> <li>Uncertainty as to roles and duties.</li> <li>Decisions made at inappropriate level or excessive bureaucracy</li> </ul>	<p>Rare</p>	<p>Insignificant</p>	<ul style="list-style-type: none"> <li>Organisational chart and clear understanding of roles and duties</li> <li>Delegation and monitoring consistent with good practice and constitutional or legal requirements</li> <li>Review of structure and constitutional change</li> </ul>
<p>Activities potentially outside objects, powers or terms of gift (restricted funds) [AMBER]</p>	<ul style="list-style-type: none"> <li>Loss of funds available for beneficiary class</li> <li>Potential for breach of trust and regulatory action</li> <li>Taxation implications (if non-qualifying expenditure eg on Christmas Grant Scheme)</li> </ul>	<p>Rare</p>	<p>Major</p>	<ul style="list-style-type: none"> <li>Protocol for reviewing new projects to ensure consistency with objects, powers and Budget Strategy [ACTION]</li> <li>Legal adviser</li> </ul>

Potential risk	Potential impact	Likelihood of occurrence	Severity of Impact	Steps to mitigate risk
<p>Loss of key staff [AMBER]</p>	<ul style="list-style-type: none"> <li>• Experience or skills lost.</li> <li>• Operational impact on key projects and priorities.</li> <li>• Loss of contact base and corporate knowledge.</li> </ul>	Possible	Significant	<ul style="list-style-type: none"> <li>• Documentation of systems, plans and projects. [ACTION]</li> <li>• Training programmes.</li> <li>• Notice periods and handovers.</li> <li>• Recruitment processes</li> </ul>
<p>Reporting to trustees (accuracy, timeliness and relevance) [GREEN]</p>	<ul style="list-style-type: none"> <li>• Inadequate information resulting in poor quality decision making.</li> <li>• Failure of Board to fulfil its control functions.</li> <li>• Board becomes remote and ill informed.</li> </ul>	Rare	Minor	<ul style="list-style-type: none"> <li>• Proper strategic planning, objective setting and budgeting processes.</li> <li>• Timely and accurate service performance reporting.</li> <li>• Timely and accurate financial reporting.</li> <li>• Proper project assessment and authorisation procedures.</li> <li>• Regular contact between trustees and their manager</li> </ul>

Potential risk	Potential impact	Likelihood of occurrence	Severity of Impact	Steps to mitigate risk
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**Operational Risk**

Contract risk [GREEN]	<ul style="list-style-type: none"> <li>Unclear contractual / partnership relationship with funded organisations</li> <li>Potential indirect subsidy of public provision.</li> </ul>	Unlikely	Minor	<ul style="list-style-type: none"> <li>Application Form / Service Level Agreement with funded organisations.</li> <li>Performance Monitoring arrangements</li> </ul>
Service provision – Customer satisfaction [GREEN]	<ul style="list-style-type: none"> <li>Beneficiary complaints.</li> <li>Negligence claims.</li> <li>Reputational risks.</li> </ul>	Unlikely	Minor	<ul style="list-style-type: none"> <li>Service performance monitoring procedures.</li> <li>Complaints procedures. [ACTION]</li> </ul>
Project or service delivery and development [GREEN]	<ul style="list-style-type: none"> <li>Compatibility with SCT objects, plans and priorities.</li> <li>Inadequate assessment of need</li> <li>Funding and financial viability and sustainability</li> </ul>	Unlikely	Minor	<ul style="list-style-type: none"> <li>Application Forms / Service Level Agreements</li> <li>Role of Service Co-ordinator</li> <li>Performance monitoring procedures.</li> </ul>

Potential risk	Potential impact	Likelihood of occurrence	Severity of Impact	Steps to mitigate risk
Capacity and Use of Resources, including tangible fixed assets [GREEN]	<ul style="list-style-type: none"> <li>Under-utilised or lack of building / office space</li> <li>Spare capacity not being utilised</li> <li>Buildings not properly maintained</li> </ul>	Unlikely	Minor	<ul style="list-style-type: none"> <li>Building and Plan Inspection Programme</li> <li>Repairs and Maintenance Programme</li> </ul>
Replacement of Isleshavn [RED]	<ul style="list-style-type: none"> <li>Asset, plant and equipment obsolescence impacting on operational performance</li> </ul>	Almost certain	Significant	<ul style="list-style-type: none"> <li>Feasibility Study</li> </ul>
Security of assets [GREEN]	<ul style="list-style-type: none"> <li>Loss or damage.</li> <li>Theft of assets.</li> <li>Infringements of intellectual property rights.</li> </ul>	Unlikely	Minor	<ul style="list-style-type: none"> <li>Review of security.</li> <li>Asset Register</li> <li>Facilities Management arrangements</li> <li>Safe custody arrangements for title documents.</li> <li>Insurance Reviews</li> </ul>

Potential risk	Potential impact	Likelihood of occurrence	Severity of Impact	Steps to mitigate risk
<p>Employment issues [GREEN]</p>	<ul style="list-style-type: none"> <li>• Employment disputes</li> <li>• Health and Safety issues</li> <li>• Claims for injury, stress, harassment, unfair dismissal</li> <li>• Equal opportunities issues</li> <li>• Adequacy of staff training</li> <li>• Child protection issues</li> </ul> <p>Low Morale</p>	<p>Unlikely</p>	<p>Minor</p>	<ul style="list-style-type: none"> <li>• Recruitment processes</li> <li>• Job training and development</li> <li>• Job descriptions / tasks</li> <li>• Reviews [ACTION]</li> <li>• Health and safety training</li> </ul>
<p>Health, Safety and Environment [AMBER]</p>	<ul style="list-style-type: none"> <li>• Staff injury</li> <li>• Product or service liability</li> <li>• Ability to operate</li> </ul>	<p>Possible</p>	<p>Minor</p>	<ul style="list-style-type: none"> <li>• Compliance with law and regulation</li> <li>• Training</li> <li>• Risk Assessments and Reporting procedures</li> <li>• Safety inspection [ACTION]</li> </ul>

Potential risk	Potential impact	Likelihood of occurrence	Severity of Impact	Steps to mitigate risk
Disaster recovery and planning – business continuity [AMBER]	<ul style="list-style-type: none"> <li>• Computer system failures or loss of data.</li> <li>• Destruction of property, equipment, records through fire, flood or similar damage.</li> </ul>	Likely	Insignificant	<ul style="list-style-type: none"> <li>• IS recovery plan.</li> <li>• Data back up procedures and precautions.</li> <li>• Disaster recovery plan for alternative accommodation.</li> <li>• Insurance Cover</li> </ul>
Procedural and systems documentation [GREEN]	<ul style="list-style-type: none"> <li>• Lack of awareness of procedures and policies.</li> <li>• Actions taken without proper authority.</li> </ul>	Rare	Insignificant	<ul style="list-style-type: none"> <li>• Proper documentation of policies and procedures.</li> <li>• Audit and review systems.</li> </ul>
Information Technology [GREEN]	<ul style="list-style-type: none"> <li>• Systems fail to meet operational need.</li> <li>• Failure to innovate or update systems.</li> <li>• Loss/corruption of data</li> <li>• Lack of technical support.</li> </ul>	Rare	Insignificant	<ul style="list-style-type: none"> <li>• Use of service level agreements and support contracts.</li> <li>• Disaster recovery procedures.</li> </ul>

Potential risk	Potential impact	Likelihood of occurrence	Severity of Impact	Steps to mitigate risk
Insurance Cover Inadequate [GREEN]	<ul style="list-style-type: none"> <li>Financial loss</li> </ul>	Rare	Insignificant	<ul style="list-style-type: none"> <li>Service Level Agreement (Insurance and Risk)</li> <li>Annual Insurance Review</li> </ul>

**Financial Risks**

Budgetary control and financial reporting [GREEN]	<ul style="list-style-type: none"> <li>The current spending programme is not affordable or sustainable</li> <li>Budget does not match key objectives and priorities.</li> <li>Decisions made based on unreliable data.</li> </ul>	Possible	Significant	<ul style="list-style-type: none"> <li>Achieve targets for spending reduction set out in 3 year Budget Strategy.</li> <li>Budgets linked to business planning and objectives.</li> <li>Timely and accurate monitoring and reporting for all aspects of the Trust's business.</li> </ul>
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Potential risk	Potential impact	Likelihood of occurrence	Severity of Impact	Steps to mitigate risk
<p>Protection of Reserves / Endowment and Dependency on income sources [RED]</p>	<ul style="list-style-type: none"> <li>• The current spending programme is not affordable or sustainable</li> <li>• Inability to meet commitments or planned objectives.</li> <li>• Financial loss through inappropriate or speculative investments</li> <li>• Financial loss through lack of investment advice or lack of diversity</li> <li>• Cash flow difficulties through lack of liquidity</li> <li>• Inability to meet commitments or key objectives.</li> <li>• Ability to function as going concern.</li> </ul>	<p>Possible</p>	<p>Major</p>	<ul style="list-style-type: none"> <li>• Reserves / Investment Strategy</li> <li>• Investment Adviser / Fund Management contracts</li> <li>• 3 Year Budget Strategy</li> <li>• Regular Reporting of Investment Performance</li> <li>• Financial health checks of beneficiaries</li> <li>• Service plan review</li> </ul>

Potential risk	Potential impact	Likelihood of occurrence	Severity of Impact	Steps to mitigate risk
Inappropriate or loss-making non-charitable trading activities [AMBER]	<ul style="list-style-type: none"> <li>Resources and energy diverted from core activities.</li> <li>Regulatory action, and accountability.</li> <li>Reputational risk if publicised.</li> </ul>	Possible	Significant	<ul style="list-style-type: none"> <li>Adequate authorisation procedures for any funding provided by charity (prudence, proper advice, investment criteria)</li> <li>Legal Adviser</li> </ul>
Fraud or error [AMBER]	<ul style="list-style-type: none"> <li>Financial loss.</li> <li>Reputational risk.</li> <li>Regulatory action</li> </ul>	Rare	Major	<ul style="list-style-type: none"> <li>Financial control procedures.</li> <li>Segregation of duties.</li> <li>Authorisation limits.</li> <li>Security of Assets</li> <li>Insurable Risks</li> </ul>

**Environmental / External factors**

Contaminated Land [AMBER]	<ul style="list-style-type: none"> <li>Potential financial and other liabilities</li> </ul>	Unlikely	Significant	<ul style="list-style-type: none"> <li>Restoration clauses</li> </ul>
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Potential risk	Potential impact	Likelihood of occurrence	Severity of Impact	Steps to mitigate risk
Adverse publicity / Public Perception [AMBER]	<ul style="list-style-type: none"> <li>Impact on beneficiaries</li> <li>Impact on moral of staff.</li> </ul>	Unlikely	Significant	<ul style="list-style-type: none"> <li>Complaints Procedure</li> <li>Crisis management strategy for handling adverse publicity – key messages, etc [ACTION]</li> </ul>
Demographic consideration (eg on Christmas Grants) [RED]	<ul style="list-style-type: none"> <li>Impact of demographic distribution of beneficiaries.</li> <li>Increasing beneficiary class – older people and people in need</li> </ul>	Almost Certain	Minor	<ul style="list-style-type: none"> <li>Profiling and understanding of beneficiary needs</li> <li>Use of actuarial analysis to establish future funding requirements</li> </ul>
Role of the Voluntary Sector [RED]	<ul style="list-style-type: none"> <li>Failure to secure value for money from current arrangements</li> </ul>	Almost Certain	Insignificant	<ul style="list-style-type: none"> <li>Application Forms</li> <li>Performance Monitoring</li> <li><b>Organisational Health Checks [ACTION]</b></li> <li>Financial and Management Reports and Information</li> </ul>

Potential risk	Potential impact	Likelihood of occurrence	Severity of Impact	Steps to mitigate risk
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**Compliance Risk (law and regulation)**

<p>Compliance with legislation and regulations</p> <ul style="list-style-type: none"> <li>• Trust Law</li> <li>• Data Protection</li> <li>• Employment Law</li> <li>• Human Rights</li> <li>• Disability Discrimination</li> <li>• EU State Aid</li> </ul> <p>[AMBER]</p>	<ul style="list-style-type: none"> <li>• Fines or penalties.</li> <li>• Action for negligence.</li> <li>• Reputational risks</li> </ul>	Unlikely	Significant	<ul style="list-style-type: none"> <li>• Identify key legal and regulatory requirements.</li> <li>• Allocate responsibility for key compliance procedures.</li> <li>• Service Level Agreements</li> <li>• Legal Adviser</li> </ul>
<ul style="list-style-type: none"> <li>• Compliance with Charity Law</li> </ul> <p>[RED]</p>	<ul style="list-style-type: none"> <li>• Action for negligence.</li> <li>• Reputational risks</li> </ul>	Likely	Significant	<ul style="list-style-type: none"> <li>• Identify key legal and regulatory requirements</li> <li>• Legal Adviser</li> </ul>
<ul style="list-style-type: none"> <li>• Regulatory reporting requirements</li> </ul> <p>[GREEN]</p>	<ul style="list-style-type: none"> <li>• Regulatory action.</li> <li>• Reputational risks.</li> </ul>	Rare	Minor	<ul style="list-style-type: none"> <li>• Compliance procedures and allocation of staff responsibilities.</li> </ul>

Potential risk	Potential impact	Likelihood of occurrence	Severity of Impact	Steps to mitigate risk
Taxation [RED]	<ul style="list-style-type: none"> <li>Penalties or interest and “back duty” assessments</li> <li>Failure to utilise tax exemptions and reliefs.</li> </ul>	Almost certain	Major	<ul style="list-style-type: none"> <li>PAYE compliance</li> <li>Understanding of exemptions and reliefs available (direct tax and VAT).</li> <li><b>Taxation Review [ongoing action]</b></li> </ul>
Professional advice [GREEN]	<ul style="list-style-type: none"> <li>Errors or omissions</li> <li>Failure to meet deadlines</li> <li>Failure to address local service needs or compliance risks.</li> </ul>	Rare	Significant	<ul style="list-style-type: none"> <li>Service Level Agreements</li> <li>Contracts</li> <li>Legal Adviser / External Audit arrangements.</li> <li>Insurance provision</li> </ul>

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**REPORT**

To: Shetland Charitable Trust

26 March 2009

From: General Manager

Report: CT0903018

**Christmas Grant to Pensioner/Disabled Persons Households  
Review – Terms of Reference****1. Introduction**

- 1.1 This report is presented to seek Trustee approval for the terms of reference drawn up by the Christmas Grant Review Group to review the Christmas Grant to Pensioner/Disabled Persons Households Grant Scheme (the Christmas Grant Scheme)

**2. Present Position**

- 2.1 At their Meeting on 19 February 2009, Trustees agreed to review the Christmas Grant Scheme. Recent changes in legislation have resulted in the Trust being presented with a tax bill totalling £210,000 in respect of payments made under the Christmas Grant Scheme in 2006. A similar calculation will be applied to the grants for 2007. This will put considerable pressure on the Trust's budgets at a time when savings are being sought. Furthermore, the Charities and Trustees Investment (Scotland) Act 2005 (the 2005 Charities Act) has changed the definition of what may be considered charitable, and there is some doubt whether the Scheme in its present form meets any of the criteria. (Min Ref CT/07/09)
- 2.2 Trustees appointed a short-life working group of nine Trustees, W Manson, J Henry, J Scott, F Robertson, F Grains, A Wishart, V Nicolson, J Simpson and A Duncan (the Group).

**3. Terms of Reference**

- 3.1 The Group met on 10 March 2009, and considered draft Terms of Reference. The following were agreed by the Group:-
- 1. Review the scheme.** Consider the purpose of the grant and whether it is still "fit for purpose". Consider whether SCT should still be funding this grant scheme. Consider, in light of a background of a very different economic and social background in Shetland, as well as changes in legislation, whether the scheme is still required.

2. **Reduce the burden on Trust resources.** Consider whether there are alternative, and more cost effective ways to distribute Trust resources to benefit the target group. Identify how much support, through other means the Trust already gives to this group. Ensuring Shetland is maximising all the external sources of funding for the target group. Consider whether the grant scheme could be transferred to another body to fund and/or administer.
3. **Address the tax burden issue.** Consider options to minimise the historic and future tax burden placed on the Trust, as a result of the Finance Act 2006. Consider the financial implications of the Trust of this tax burden, and if it is the best use of funds.
4. **Consider whether in light of new legislation (Charities Act 2005) the payments can be considered charitable.**
5. **Consider the implications of any change.** Consider the implications of reducing and/or targeting the grant payments, or finding alternative methods of supporting this group. Consider the implications of finding another body to administer / fund it.

3.2 The group plans to report to the Trustee Meeting on 2 July 2009.

#### **4. Financial Implications**

4.1 It is too early to quantify the financial implications of any change, as this will depend on which option is preferred.

#### **5. Recommendation**

5.1 Trustees are asked to agree the terms of reference set out in paragraph 3.1 above.

Reference: EMA/DA9

Report Number CT0903018-d

## REPORT

To: Shetland Charitable Trust

26 March 2009

From: General Manager

Report: CT0903019

### **Governance of Shetland Charitable Trust Review – Terms of Reference**

#### **1. Introduction**

- 1.1 This report is presented to seek Trustee approval for the terms of reference drawn up by the short life working group appointed by Trustees to review the governance arrangements of the Shetland Charitable Trust (SCT).

#### **2. Present Position**

- 2.1 At their Meeting on 19 February 2009, Trustees agreed to review the governance arrangements of SCT in light of current regulatory and legislative framework.
- 2.2 Trustees appointed a short-life working group of eight Trustees, W Manson, J Henry, J Scott, F Robertson, F Grains, A Wishart, V Nicolson and J Simpson (the Group).

#### **3. Terms of Reference**

- 3.1 The Group met on 10 March 2009, and considered draft terms of reference. The following were agreed by the Group:-
  1. **Agree how SCT should be governed.** Consider the most appropriate way in which to govern the community's funds on behalf of the people of Shetland, in light of the current regulatory and legislative framework. Ensure options encompass "future proofing", as far as is practical.
  2. **Community Requirements.** Ensure that the funds are protected, enhanced and used in the best interests of the people of Shetland. Ensure that strategic alliances are maintained in the best interests of Shetland. Ensure the Trust is governed in an open and transparent manner.
  3. **Legislative and Regulatory Requirements.** Consider how best to evidence the effective operational independence of the Trust within the Shetland context. It is essential to illustrate the unique

strategic partnership that exists between SCT and Shetland Islands Council (SIC), and the shared common interest of the two bodies who are both accountable to and work on behalf of the people of Shetland. Demonstrate that the two organisations remain strategically linked but operationally independent, in order to ensure that the Trust meets the regulatory requirements and retain charitable status.

4. **Consider how best to demonstrate compliance with Section 66 of the Charities and Trustees Investment (Scotland) Act 2005.** Consider how best to guard against potential or perceived "conflict of interest" issues. Consider the constitutional arrangements and operational procedures to ensure that decisions involving a possible conflict of the interests (between the charity and any other body to which such charity trustees owe a duty) are taken in the best interests of the charity itself. For example, how best to deal with financial transactions between SCT and SIC.
5. **SCT to consider amending its purposes.** Consider a review of the purposes of SCT, and hence review the Trust Deed. (As per the 14 defined charitable purposes outlined in the Charities and Trustee Investment (Scotland) Act 2005).
6. **Consider the implications of any change.** Consider the implications of "doing nothing". Consider the implications of a slightly amended Trustee body, which seeks to persuade OSCR of the unique features of Shetland, and requests a more flexible approach to complying with the requirements of the regulatory body. Consider the implications of a different body.

3.2 The group plans to report to the Trustee Meeting on 28 May 2009, and to be in a position to send a draft submission to OSCR in June 2009. The final submission will be presented to Trustees on 2 July 2009, and thereafter to OSCR.

#### **4. Financial Implications**

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

#### **5. Recommendation**

5.1 Trustees are asked to agree the terms of reference set out in paragraph 3.1 above.

Reference: EMA/TA1

Report Number CT0903019-F

## REPORT

To: Shetland Charitable Trust

26 March 2009

From: General Manager

Report: CT0903020

### **Bodies Funded by Shetland Charitable Trust Review – Terms of Reference**

#### **1. Introduction**

- 1.1 This report is presented to seek Trustee approval for the terms of reference drawn up by the short-life working group ("the Group") appointed by Trustees to review organisations funded by Shetland Charitable Trust (SCT).

#### **2. Present Position**

- 2.1 At their Meeting on 2 July 2008, Trustees agreed to appoint a working group to review organisations funded by SCT, with a view to identifying possible savings. Two appointments were made at that meeting (Min Ref CT/50/08), and the other five appointments were made at the meeting on 17 September 2008 (Min Ref CT/63/08)
- 2.2 Trustees appointed a short-life working group of seven Trustees, W Manson, J Henry, J Scott, S Cluness, F Robertson, B Fullerton, and I Hawkins (the Group). The Trust also invited nominees from Shetland Islands Council to join the Group, and the chairs of the three council committees were appointed, J Simpson, L Angus and A Wishart. The Council nominees were appointed to first develop the terms of reference for the Group. A report on the terms of reference of the review group is to be presented to the meeting of Shetland Islands Council on 25 March 2009.

#### **3. Terms of Reference**

- 3.1 The Group met on 26 February 2009, and considered draft terms of reference. The following were agreed by the Group:-

##### **1 Review all the functions and activities that SCT funds.**

Consider the functions, activities and services that SCT funds. Look to identify and remove duplication and overlap, ensure "value for money" and the provision of "added value" services.

This will be in consultation with the organisations and activities under review, as well as any other appropriate body.

**2 Ensure the most effective and efficient model of service delivery.**

Identify ways in which the bodies funded by the Trust can work together, and with other organisations, in order to reduce and share overheads. This would include a review of "back office" functions including administration, finance, building and maintenance, procurement and governance arrangements. Innovative solutions to service delivery may be required.

**3 Review the funding arrangements to support the most appropriate delivery models.**

Review existing activities and services in line with available public funds and SCT policy of "self sustainability".

**4 Consider the implications of any change.**

Where possible, consideration will be given to protect service delivery. There may be a requirement to cut services, or cease funding certain activities. Where possible other potential funding sources or bodies will be sought.

**5 Organisations to be reviewed:**

- Shetland Amenity Trust
- Shetland Arts
- Shetland Recreational Trust
- Shetland Churches Trust
- The Swan Trust
- Shetland Charitable Trust

**6 Charitable Companies**

- Shetland Youth Information Service
- COPE Ltd

**7 Activities SCT funds to be reviewed:**

- Disability Shetland (Recreation Club)
- Development Grant Aid Scheme
- Arts Grant Aid Scheme
- Support Grant Aid Scheme
- Festivals: Folk Festival and Accordion and Fiddle Festival
- The New Shetlander
- Sheltered Housing Heating (SIC)
- SIC Education-Field Studies Service
- Citizens Advice Bureau
- Shetland Befriending Scheme
- Couple Counselling Shetland

- Senior Citizens' Clubs
- Shetland Art Therapy
- Shetland Link-up
- Shetland Council of Social Service
- WRVS
- Equalisation Residential Care Charges
- Local Charitable Organisations
- Social Assistance Grants
- Bus Services: Elderly and Disabled
- Springfield Chalet
- Christmas Grant Scheme (By a separate working group)

3.2 The Group proposes the following workplan

	Task	Timescale
1	First Meeting – appoint a Chair, agree terms of reference, agree work plan.	By end of February 2009.
	Report Terms of Reference to SCT and SIC.	By 25 <sup>th</sup> March to SIC. By 26 <sup>th</sup> March to SCT.
2	Review functions and activities that SCT funds.	May 2009.
3	Identify potential savings and service delivery models.	June 2009.
4	Review options and implications.  Report to Shetland Charitable Trust and Shetland Islands Council.	July 2009.  By 1 <sup>st</sup> July to SIC. By 2 <sup>nd</sup> July to SCT.
5	Report to Shetland Charitable Trust and Shetland Islands Council.	By 16 <sup>th</sup> September to SIC. By 17 <sup>th</sup> September to SCT.

#### 4. Financial Implications

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

#### 5. Recommendation

5.1 Trustees are asked to agree the terms of reference set out in paragraph 3.1 above, and note the proposed workplan set out in paragraph 3.2.

Reference: EM/TA1

Report Number CT0903020-F

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**REPORT**

To: Shetland Charitable Trust

26 March 2009

From: Financial Controller

Report: CT0903022

**INITIAL APPROACH – INVESTING IN THE NEW ANDERSON HIGH SCHOOL****1. Introduction**

- 1.1 The Trust has been approached by Shetland Islands Council (“the Council”), as to whether the Trust or SLAP would invest in the infrastructure of the new Anderson High School.
- 1.2 For the purposes of this report I will assume that the investment, if made, will be made through SLAP. SLAP is a wholly owned subsidiary of the Trust and is a property developer and a leasing company. It has over 30 leased properties in its portfolio, and has the advantage of being able to reclaim VAT on the sale/purchase invoice. However, SLAP does not have £50 million available to invest, and so could only be the investor if the Trust, in turn, decided to invest further in SLAP. A further investment in SLAP would need clearance from HMRC that it was a “qualifying” investment.
- 1.3 The total SLAP investment proposed is around £50 million. Discussions have taken place at officer level, looking at the Council financing the construction phase, with SLAP purchasing the building on completion, and immediately leasing the building to the Council on a long lease on commercial terms (a purchase and lease back).
- 1.4 The above purchase and lease back proposal is, in my opinion, attractive to the Shetland Charitable Trust Group. It is likely to result in a secure investment that generates a commercially competitive and regular return. I will be recommending that Trustees instruct me to pursue this opportunity with officers of the Council, with a view of bringing a full proposal to the next Trustee meeting on May 28th.

## **2. Background**

- 2.1 All Trustees were invited to a Council hosted seminar on this issue in May 2008 where the Council's Head of Finance gave his explanation as to why a finance lease through SLAP was a good option for the Council. I do not intend to look at the Council's reasoning here, as that is an issue for that body.
- 2.2 In May 2008 the Council agreed that finance leasing was the most promising approach to funding the new Anderson High School. The Council instructed its Head of Finance to explore that option with SLAP, the Shetland Charitable Trust, the Council's external auditors and the Scottish Government.
- 2.3 The Council's Head of Finance made it clear to the Council that this proposal includes the necessity for the Council to make lease payments to the SLAP in the future and that this will have an ongoing impact on the Council achieving sustainable use of reserves.

## **3. Impact on the Shetland Charitable Trust Group**

- 3.1 The remainder of this report concentrates on the impact that the purchase and lease back proposal would have on the Shetland Charitable Trust Group.
- 3.2 The Shetland Charitable Trust Group's current investment strategy can be summarised at the highest level as to invest in two categories of assets:  
The first category - 50% of investable assets in high return/ high volatility assets such as shares; and  
The second category - 50% of investable assets in lower return/steady income generating assets such as bonds, cash and property. The Trust's investment in SLAP is included in this category.
- 3.3 A purchase and lease back will fall into the second category. An investment of around £50 million will mean a significant restructuring of that part of the Shetland Charitable Trust Group's portfolio, but it can be accommodated within the 50% of the Group's investable assets in the second category
- 3.4 Once negotiated and signed, the risk in any lease from SLAP's viewpoint is that the counterparty will not be able to fulfil its legal obligation to pay the rent, perhaps through bankruptcy. The Council is disbarred from bankruptcy by statute (it is effectively underwritten in the last resort by Central Government). This means that the Council is a very low risk counterparty, so very attractive to the SLAP.
- 3.5 The lease, once legally binding, will not be difficult to administer. The income will follow a set, known pattern, and there will not be further significant decisions flowing from it. SLAP is experienced at administering leases.

- 3.6 The above discussion leads me to the view that such a purchase and lease back investment by SLAP would be very attractive, provided the rate of return was comparable to that which would be expected from the Shetland Charitable Trust Group's investments in bonds and property. Some of these bond and property investments would have to be sold to raise the c. £50 million needed, and it is not in the Trust's financial interest to accept a lower return. I am in discussion with the Council officers on this basis and expect to bring a proposal to the May meeting of Trustees.

#### **4. Financial Implications**

- 4.1 Although a large investment at around £50 million, this purchase and leaseback investment could be accommodated within the 50% portion of the Shetland Charitable Trust Group's assets invested in steady income generating assets.
- 4.2 There are other potential projects on the horizon, and Trustees will be aware that they may be required in the future to find funds for major asset replacement. These issues are discussed in a separate report later in today's agenda.

#### **5. Conclusions**

- 5.1 An investment of around £50 million in the infrastructure of the new Anderson High School would be a large investment for the Shetland Charitable Trust Group (undertaken by SLAP).
- 5.2 However, such an investment could be accommodated. The Council is a very safe counterparty and this makes this proposal attractive, provided the return through the rent is similar to that which can be expected by investing in bonds and property.
- 5.3 It is essential that SLAP generates a commercial return when it invests. However, I believe that given the expectation of similar returns, SLAP benefits this community more by investing in infrastructure in Shetland in preference to investing in bonds and property (elsewhere).

#### **6. Recommendation**

- 6.1 I recommend that Trustees:
- (i) agree that this is an opportunity worth investigating; and
  - (ii) instruct me to continue dialogue with Council officers with a view to presenting a worked up proposal to Trustees at the May 28<sup>th</sup> meeting.

## REPORT

To: Shetland Charitable Trust

26 March 2009

From: General Manager

Report: CT0903023

### **Shetland Recreational Trust Clickimin Centre Catering Deficit**

#### **1. Introduction**

- 1.1 This report is presented to seek trustee approval for a temporary solution to Shetland Recreational Trust's (SRT) catering deficit, whilst options for a long-term solution are explored.

#### **2. Background**

- 2.1 In 1999, Trustees of the then Shetland Islands Council Charitable Trust considered a submission from SRT regarding their café operation. Trustees accepted that the catering function of the Clickimin Centre could not continue to function without a subsidy, which at that time was £8,000. (Min Ref CT/93/99) This figure (adjusted for inflation) has been included in their budget since 1999/2000.

#### **3. Present Position**

- 3.1 A letter has been received from the General Manager of SRT, in which he indicates that the level of deficit has now risen to a level which requires immediate action. His letter is attached as Appendix A. The Horizons café at Clickimin is currently losing some £5,000 a month. He believes that a review should be carried out with regard to the operation and level of funding which is required to operate all catering facilities in public sector buildings. Meanwhile, without additional funding, the café will need to be closed, with the loss of a number of jobs.
- 3.2 The Shetland Islands Council's Executive Director of Education and Social Care, who is the SCT's Service Co-ordinator for SRT has indicated that she would support any effort to keep the café open whilst a review was carried out.

#### **4. Proposal**

- 4.1 It is proposed that a grant of up to £20,000 is made available to SRT, which on the present figures would be sufficient to keep the Horizons café open for up to four months, during which time an investigation should be carried out into options for the future of all catering operations in SCT-funded facilities. It is understood that the Economic Development Unit of Shetland Islands Council has been tasked with carrying out such a review.

#### **5. Financial Implications**

- 5.1 SCT has a contingency budget of £20,000 for 2008/09, which has not been spent. The contingency was for the purpose of funding unexpected expenditure by small organisations with respect to staff costs such as long term sickness or maternity payments. The use of the contingency funds for another purpose would require the consent of Trustees. Trustees should note that some of this funding will be for expenditure in the year to 31March 2010.

#### **6. Recommendation**

- 6.1 Trustees are recommended :-
1. to note the letter from the General Manager of SRT;
  2. to support the review of the catering operation in community owned facilities referred to in paragraph 4.1, which will run parallel to the SCT funded bodies review group work; and
  3. to approve a grant of up to £20,000 to allow the Clickimin Centre café to remain open until the review has been carried out.

Reference: EMA/DT7

Report Number CT0903023-f

Appendix A – Letter from Shetland Recreational Trust

## APPENDIX A

Clickimin Leisure Complex  
Lochside  
Lerwick  
SHETLAND  
ZE1 0PJ

4 March 2009

Telephone: +44(0)1595 741026

Dr Ann Black  
General Manager  
Shetland Charitable Trust  
Toll Clock Shopping Centre  
26 North Rd  
Lerwick  
ZE1 0NQ

Dear Ann

The catering operation within Clickimin Leisure Complex has struggled to break even over the years.

A number of years ago the Shetland Charitable Trust agreed to fund a small budget deficit for this service based on the fact that the terms and conditions of staff employed by the catering department were similar to local authority rates and not necessarily competitive.

However, the level of deficit over the last two years has grown considerably to a critical level that requires immediate action. I believe that the SRT are not alone and this issue is common amongst public sector catering. Concerns have been raised in the media regarding the level of subsidy required to operate these catering facilities.

I believe the time has now come for an investigation to be carried out with regard to the operation and level of funding that is required to operate all these facilities. The SRT would fully co-operate with any investigation and be prepared to implement any findings.

Trustees have discussed this issue at length and are of the opinion that the Clickimin Café will have to be closed to meet its budgetary obligations, with the loss of a number of jobs.

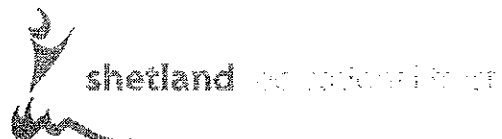
However, if we were to receive additional funding we would be able to operate during the period of any investigation.

Yours sincerely

James Johnston  
General Manager  
Shetland Recreational Trust

Phone: +44(0)1595 741000  
E-mail: mail@scotlink  
Web: www.shetland.gov.uk  
Registered Charity number: 500719

Shetland Recreational Trust  
Clickimin Leisure Complex  
Lochside, Lerwick  
Shetland, ZE1 0PJ



**REPORT**

To: Shetland Charitable Trust

26 March 2009

From: General Manager

Report No. CT0903024

**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****2008/ 2009 - £978****2009/ 2010 - £3,000**

- 2.1 The following community development grants were approved by the Head of Service, Community Development in the period from 31 January 2009 to 6 March 2009: -

<b>Name of Organisation</b>	<b>Grant Approved (£)</b>
<b><u>2008/ 2009</u></b>	
Walls Public Hall	226
Voe Pier Trust	670
Voe Under 5's	82
<b><u>2009/ 2010</u></b>	
Hjaltland Explorer Scout Unit	1,500
1sr/ 2 <sup>nd</sup> Lerwick Sea Scout Group	1,500

**3. Community Support Grants  
2008/ 2009 - £13,288**

3.1 The following community support grants were approved by the Head of Service, Community Development in the period from 31 January 2009 to 6 March 2009: -

<b>Name of Organisation 2008/ 2009</b>	<b>Grant Approved (£)</b>
Whitedale Under Fives	281
Old School Centre	13,007

**4. Community Arts Grants  
2008/ 2009 - £992  
2009/ 2010 - £1,632**

4.1 The following community arts grants were approved by the Head of Service, Community Development in the period from 31 January 2009 to 6 March 2009: -

<b>Name of Organisation 2008/ 2009</b>	<b>Grant Approved (£)</b>
Ms Amanda Pearson (on behalf Hayden Hook)	77
Unst Audio	700
Aestaewast	215
<b>2009/ 2010</b>	
Shetland Folk Society	820
Ms Amanda Pearson (on behalf Hayden Hook)	447
Miss Mary Rutherford	365

**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: 11 March 2009  
Our Ref: AW/DA1

Report Number CT0903024



## REPORT

To Shetland Charitable Trust

26 March 2009

From: General Manager

Report No. CT0903025

### RECOMMENDED DISBURSEMENTS – SOCIAL CARE

#### 1. Background

- 1.1 This report concerns approvals by the Council's Head of Community Care in the period to 6 March 2009, in terms of Report Number CT/030/94, which was approved by the Trustees on 8 April 1994.

#### 2. Social Assistance Grant Scheme - £1,482.23

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

	(£)
4 Social Assistance Grants of up to £2,000 (Appendix A)	1,226.24
Plus: Additional Funding	255.99

- 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 £1,482.23

Shetland Charitable Trust  
Date: 16 March 2009

Ref: AW/DS1

Report No: CT0903025

**SOCIAL ASSISTANCE GRANT SCHEME at 6 March 2009**

Funds available in 2008/2009	<b>£ 55,060.00</b>
Less previously allocated	<b>£ 33,020.30</b>

Less the following: -

<u>Reference</u>	<u>Amount</u>
08/09 61	£ 183.24
08/09 62	£ 180.00
08/09 63	£ 395.00
08/09 64	£ 468.00

<b>(4) Approvals by Executive Director, Education and Social Care</b>	<b>£ 1,226.24</b>
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Plus: Additional Funding	08/09 57	£ 255.90
	08/09 59	£ 0.09

Balance of Funds remaining	<b>£ 20,557.47</b>
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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

26 March 2009

From: Head of Finance

### RECOMMENDATIONS BY FUND MANAGERS

Report No: F-010-F

#### 1. Background

- 1.1 The investment transactions listed in the attached Appendices A i) and ii) were recommended by Insight Investment Management Limited during the period from 1 January 2009 to 31 January 2009.
- 1.2 The investment transactions listed in the attached Appendices B i) and ii) were recommended by Barclays Global Investors during the period from 1 January 2009 to 31 January 2009.
- 1.3 The Appendices list purchases in order of transaction size and sales in order of the size of the gain or loss made on the transaction.
- 1.4 In terms of the mandate for Investment Advice, which was approved by the Trustees on 7th February 1979, the Fund Managers have implemented these recommendations.

#### 2. Movement on Charitable Trust Funds

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

**2008/09 to 27 Feb 2009**

	£ million
Market Value at start	193.4
Market Movement	(47.5)
Injection/(Withdrawal)	(9.6)
Market Value at close	<u>136.3</u>

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

#### 3. Recommendation

- 3.1 The Trustees are asked to note this report.

Date: 10 March 2009

Our Ref: AWM/IA7

Report No: F-010-F/ CT0903026

## INSIGHT INVESTMENT MGMT REPORT - PURCHASES

NAME OF SECURITY	AREA	DATE	NUMBER OF UNITS	PURCHASE PRICE (£)
UNITED KINGDOM				
UK(GOVT OF) 4.5% GILT 07/03/13 GBP0.01	QF GB GB	29-Jan-09	1,019,000.00	1,098,583.90
UK(GOVT OF) 2.5% I/L STK 20/05/09 GBP	QF GIL GB	29-Jan-09	106,000.00	295,104.00
UK(GOVT OF) 2.5% I/L STK 20/05/09 GBP	QF GIL GB	14-Jan-09	70,000.00	194,845.00
UK(GOVT OF) 1.125% I/L STK 22/11/37 GBP100	QF GIL GB	26-Jan-09	99,000.00	107,869.54
UK(GOVT OF) 1.25% I/L STK 22/11/55 GBP	QF GIL GB	26-Jan-09	70,000.00	89,496.43
ILF GBP LIQUIDITY FD	DEP	14-Jan-09	40,000.00	40,000.00
ARTESIAN FINANCE 3.625% NOTES 30/9/32 GBP100	QF CIL GB	28-Jan-09	12,000.00	14,529.60
ARTESIAN FINANCE 3.625% NOTES 30/9/32 GBP100	QF CIL GB	27-Jan-09	10,000.00	11,869.00
ARTESIAN FINANCE 3.625% NOTES 30/9/32 GBP100	QF CIL GB	26-Jan-09	4,000.00	4,603.88
ILF GBP LIQUIDITY FD	DEP	02-Jan-09	688.39	688.39
TOTAL UNITED KINGDOM				<u>1,857,589.74</u>
OVERSEAS				
) OVERSEAS INVESTMENTS PURCHASED				
TOTAL				<u>0.00</u>

## INSIGHT INVESTMENT MGMT REPORT - SALES

NAME OF SECURITY	AREA	DATE	NUMBER OF UNITS	SELLING PRICE (£)	PROFIT/ (LOSS) (£)
	QF = quoted fixed UF = unquoted fixed				
<b>UNITED KINGDOM</b>					
UK(GOVT OF) 2.5% I/L STK 16/8/13 GBP	QF GIL GB	29-Jan-09	118,000.00	293,702.00	19,919.88
UK(GOVT OF) 2.5% I/L STK 23/08/11 GBP	QF GIL GB	26-Jan-09	67,000.00	194,132.50	3,466.75
UK(GOVT OF) 2.5% I/L STK 23/08/11 GBP	QF GIL GB	14-Jan-09	67,000.00	193,094.00	2,428.25
ILF GBP LIQUIDITY FD	DEP	29-Jan-09	100,000.00	100,000.00	0.00
ILF GBP LIQUIDITY FD	DEP	20-Jan-09	50,000.00	50,000.00	0.00
ILF GBP LIQUIDITY FD	DEP	15-Jan-09	20,000.00	20,000.00	0.00
UK(GOVT OF) 4.25% STK 07/12/2055 GBP100	QF GB GB	29-Jan-09	1,127,000.00	1,109,080.70	-26,489.72
TOTAL UNITED KINGDOM				<u>1,960,009.20</u>	<u>-674.84</u>
<b>OVERSEAS</b>					
NO OVERSEAS INVESTMENTS SOLD					
TOTAL OVERSEAS				<u>0.00</u>	<u>0.00</u>

**BGI REPORT – PURCHASES**

NAME OF SECURITY	AREA	DATE	NUMBER OF SHARES	PURCHASE PRICE (£)
<small>QE = quoted equity UE = unquoted equity</small>				

**UNITED KINGDOM**

NO UK INVESTMENTS PURCHASED

TOTAL UNITED KINGDOM

0.00**OVERSEAS**

NO OVERSEAS INVESTMENTS PURCHASED

TOTAL OVERSEAS

0.00

**BGI REPORT - SALES**

NAME OF SECURITY	AREA	DATE	NUMBER OF SHARES	SELLING PRICE (£)	PROFIT/ (LOSS) (£)
	<small>QE = quoted equity UE = unquoted equity</small>				
<b>UNITED KINGDOM</b>					
NO UK INVESTMENTS SOLD					
TOTAL UNITED KINGDOM				<u>0.00</u>	<u>0.00</u>

**OVERSEAS**

NO OVERSEAS INVESTMENTS SOLD

TOTAL

0.000.00

## REPORT

To: Shetland Charitable Trust

26 March 2009

From: Financial Controller

Report: CT0903027

### Chair and Vice Chair of SLAP

#### 1. Introduction

1.1 This report is presented to seek permission from the Trust to swap the incumbents of the roles of Chair and Vice Chair of Shetland Leasing and Property Developments Limited ("SLAP"). Trustee permission is needed as under the Memorandum and Articles of Association of SLAP, the Chair and Vice Chair are appointed by the Trust.

#### 2. Present Position

2.1 Shetland Charitable Trust and its subsidiary companies (the Trust Group) is going through a time of great challenges and opportunities, resulting in a very heavy workload for its trustees, directors and officers. The present Chair and Vice Chair of the Trust are also respectively Chair and Vice Chair ex officio of SLAP. These appointments were made by the Trust on 30 May 2007 (Min Ref CT/25/07).

2.2 One of the challenges facing the Trust Group at present is to demonstrate greater clarity of role and responsibility when there could be a perceived conflict of interest.

#### 3. Proposal

3.1 For the reasons outlined above, it is proposed that Trustees agree to the Chair and Vice Chair of SLAP reversing their roles, with the Vice Chair of the Trust becoming the Chair of SLAP and the Chair of the Trust becoming the Vice Chair of SLAP.

#### 4. Financial Implications

4.1 There are no financial implications arising from this report.

## **5. Recommendation**

- 5.1 Trustees are recommended to agree to appoint the Vice Chair of the Trust as Chair of SLAP, ex-officio, and to appoint the Chair of the Trust as Vice Chair of SLAP, also ex-officio.

Reference: JPG/EMA/SLA1

Report Number CT0903027