

Chief Executive: Dr Ann Black

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If calling please ask for
Edna Mainland
Direct Dial: 01595 744990

Our Ref: EM/TA1/1

Date: 5 September 2013

Dear Sir/Madam

You are invited to the following:

**Shetland Charitable Trust
Room 12, Islesburgh Community Centre, Lerwick
Thursday 12 September 2013 at 10.00am**

Apologies for absence should be notified to Lynne Geddes on 01595 744592.

Yours faithfully

(signed) Dr Ann Black
Chief Executive

AGENDA

- (a) Hold circular calling the meeting as read.
- (b) Apologies for absence, if any.
- (c) Declarations of interest.
- (d) Confirm minutes of meeting held on 27 June 2013 (enclosed).

For Decision

1. Shetland Charitable Trust Annual Report and Accounts for the Year to 31 March 2013. Report enclosed

2. Health and Safety Policy. Report enclosed.
3. Risk Management – Annual Review. Report enclosed.

For Information

4. Management Accounts – Three Months Ended 30 June 2013. Report enclosed.
5. Service Performance of Funded Organisations – Year Ending 31 March 2013. Report enclosed.
6. Fund Manager Transactions. Report enclosed.
7. Recommended Disbursements - Approvals. Report enclosed.
8. Capital Works Bridging Loan Scheme. Report enclosed.
9. Viking Energy – Health Impact of Wind Farms - Independent Study. Report enclosed.

The following items contain **CONFIDENTIAL** information

For Decision

10. SCT Renewables Limited. Report enclosed.

For Information

11. Loans to Local Industry – Sums Due But Unpaid Over One Month Old as at 31 August 2013. Report enclosed.
12. Update on Shetland Arts. Verbal Update.
13. Update on Sale of Springfield. Verbal Update.

REPORT

To: Shetland Charitable Trust

12 September 2013

From: Chief Executive

Report: CT1309043

Shetland Charitable Trust

Annual Report and Accounts for the year to 31 March 2013

1. Introduction

- 1.1 The Annual Report and Accounts for the year to 31 March 2013, which follow as Appendix A, are prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006.
- 1.2 The Trust has seen an increase in funds of £15.9 million this financial year, mainly due to the gain on investments of £17.5 million. This has resulted in a strengthening of the Trust's net asset position, which now stands at £219.6 million (2012: £203.7 million).
- 1.3 Total incoming resources were £12.3 million and total resources expended were £13.6 million. This loss of £1.3 million was offset by gains on investments of £17.5 million, as shown in table form on page seven of Appendix B.

2. Commentary

- 2.1 Appendix B is a report from KPMG LLP, which summarises the work by the auditors along with a summary of the Trust's financial position as at 31 March 2013. David Watt of KPMG reported at the Audit and Governance Committee meeting on Friday 30 August that the subsidiary companies have now taken responsibility for their own management and financial accounting functions but there has been no loss of control on the part of the Trust.
- 2.2 The letter of representation to KPMG from Trustees, required to complete the audit, is attached as Appendix 2 of Appendix B.
- 2.3 Total charitable expenditure for the year was £10.7 million (2012: £11.1 million), which is within the target level of £11 million. Further information on charitable activities is provided in the Annual Report.
- 2.4 Due to the significantly improved financial performance of the Trust's managed funds in the global market, gains on Investments for the year is £17.5 million (2012: £2.1 million) which is an increase of

£15.4 million in the year. Investment management costs of £668,000 (2012: £701,000) have reduced in the year by £33,000.

- 2.5 Gift Aid in the year totalled £6.4 million, £6 million of which is from SLAP (2012: £3.0 million) and £0.4 million from SHEAP (2012: £0.4 million). This shows an increase of £3.0 million, mainly due to two years' gift aid payments made by SLAP. The new directors of SLAP have redefined arrangements, which allows for the payment of Gift Aid in the year the profits were made rather than the previous arrangement of one year in arrears.
- 2.6 Programme related investments have increased in the year due to the approval on 28/06/12 of a £6.3 million investment in the VE project (Min Ref: CT27/12), £1.8 million of which was drawn down in the year. Also an additional investment of £400,000 was made in SHEAP to give the company working capital to support the expansion of the District Heating Scheme, (Min Ref: CT04/12) .

3. Financial Implications

- 3.1 The Trust's net movement in funds for the year was a £15.9 million inflow (2012: £16 million outflow). The Trust continues to maintain a strong cash balance and has net assets at 31 March 2013 of £219.6 million (2012: £203.7 million).

4. Recommendations

- 4.1 Trustees are asked to:-
 - a) approve the Annual Report and Accounts for the year to 31 March 2013 attached as Appendix A;
 - b) authorise the Chairman and Vice Chairman to sign the accounts;
 - c) authorise the Chairman to sign the Letter of Representation reproduced as Appendix B (2), and
 - d) note the summary report from KPMG LLP, the Trust's auditors, attached as Appendix B.

Reference: EMI/TA2
Date: 28 August 2013

Report Number CT1309043

Shetland Charitable Trust

**Trustees' report and consolidated
financial statements**

Charity number SC027025

DRAFT 31 March 2013

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Chair's introduction

I was appointed to the Chair of the newly constituted Shetland Charitable Trust on 21 February 2013 and I serve as the first non-councillor Chair of the Trust. The new Trust has been created with a majority of independent Trustees and this has been made possible by the adoption of a new constitution by the previous Trust. This I believe has led to a new dynamic within the Trust.

As a result of the new constitution the special measures imposed on the Trust by OSCR have now been lifted, thus freeing up staff time for the day to day activities of the Trust.

We have created a new committee structure which is made up of Audit, Investment and General Purpose. These committees will not be decision making, but will make recommendations to the full Trust for consideration.

We are, with the appointment of independent Directors in SLAP, SHEAP and VE, continuing the process of making these companies operate as independent businesses under policies and targets laid down by the Trust. This will hopefully lead to a better return to the Trust in the long term.

It is inevitable that the Trust will have to face challenges in the future which will predominantly focus on maximising income to enable the maximum amount to be disbursed to the local community. We are mid way through a three year budgetary period and it is inevitable that changes will have to be made at the end of this period.

I would like to take this opportunity to thank all the Trust staff for their help and professionalism in this time of change for the organisation. I am also very grateful for the help and support received from all Trustees since my appointment.

I would finally offer my thanks to the outgoing Chair, Drew Ratter, for his work in steering the Trust through the difficult period of reorganisation, and for his help to me as the new Chair.

R W Hunter
Chair

12 September 2013

Trustees' Report

Section 1: Reference and Administrative Details

Name Shetland Charitable Trust
Scottish Charity Number SC027025
Address 22-24 North Road, Lerwick, Shetland, ZE1 0NQ

Trustees to 20 February 2013

W A Ratter, Chair (appointed 10 May 2012)	J W G Wills, Vice Chair (appointed 9 May 2012)
L Angus (resigned 2 May 2012)	L F Baisley (resigned 2 May 2012)
M J Bell (appointed 10 May 2012)	J Budge (resigned 2 May 2012)
M R Burgess (appointed 21 May 2012)	P J Campbell (appointed 10 May 2012)
G K Cleaver (appointed 15 May 2012; resigned 11 November 2012)	A T J Cooper
S W Coutts (appointed 14 May 2012)	A T Doull (resigned 2 May 2012)
A G L Duncan	W Fox (appointed 21 May 2012; resigned 3 July 2012)
E L Fullerton (resigned 2 May 2012)	F B Grains (resigned 2 May 2012)
R S Henderson	J H Henry (resigned 2 May 2012)
A J Hughson (resigned 2 May 2012)	R W Hunter
A I Manson (appointed 11 May 2012)	W H Manson (Chair, resigned 2 May 2012)
C H J Miller (resigned 2 May 2012)	R C Nickerson (resigned 2 May 2012)
V M L Nicolson	F A Robertson
G Robinson	D A Sandison
J G Simpson, (resigned 2 May 2012)	C L Smith (resigned 28 June 2012)
M G Smith, (appointed 9 May 2012)	T G C Smith (appointed 10 May 2012)
M W Stout, (appointed 21 May 2012)	A J Westlake (appointed 9 May 2012)
A S Wishart, (appointed 11 May 2012)	V Wishart (appointed 11 May 2012)

From 21 February 2013, the Trustees of the re-constituted Trust were as follows:

Selected

R W Hunter, Chair
E L Fullerton
C Hughson
I Kinniburgh
K Massey
S Morgan
I Napier
J L B Smith

Appointed by Shetland Islands Council

J W G Wills, Vice Chair
M J Bell
P J Campbell (resigned 8 April 2013)
A G L Duncan (appointed 12 June 2013)
R S Henderson
A I Manson
W A Ratter
M G Smith (resigned 9 April 2013)
A J Westlake (appointed 12 June 2013)

Trustees' Report *(continued)*

Chief Executive	Dr Ann Black		
Financial Controller	Jeff Goddard CA, PhD, BSc		
Bankers	Bank of Scotland 117 Commercial Street Lerwick ZE1 0DL		
Auditor	KPMG LLP 37 Albyn Place Aberdeen AB10 1JB		
Solicitors - Governance and Charity Law	Turcan Connell Princes Exchange 1 Earl Grey Street Edinburgh EH3 9EE	Commercial	Maclay Murray & Spens LLP Quartermile One 15 Lauriston Place Edinburgh EH3 9EP
Investment Managers	Insight Investment Management (Global) Limited 160 Queen Victoria Street, London, EC4V 4LA BlackRock Global Investors Limited Drapers Gardens 12 Throgmorton Avenue London EC2N 2DL Schroders Property Managers 31 Gresham Street London EC2V 7QA		
Custodian	The Northern Trust Company 50 Bank Street Canary Wharf London E14 5NT		
Investment Consultant	Hymans Robertson LLP 20 Waterloo Street Glasgow G2 6DB		
Investment Monitor	The WM Company PLC 525 Ferry Road Edinburgh EH5 2AW		

Trustees' Report *(continued)*

Section 2: Structure, Governance and Management

Governing Document

The re-constituted Shetland Charitable Trust was established by a Deed of Trust which was registered in the Books of Council and Session on 27 September 2012.

The Trust Deed and its schedules appoints Trustees, states the charitable purposes of the Trust and also sets out the powers of the Trustees.

Charitable Status

The Trust appears in the Scottish Charity Register, number SC027025, maintained by the Office of the Scottish Charity Regulator (OSCR). In addition, any tax reliefs received by the Trust are overseen by HM Revenue and Customs (HMRC). The Trust has to demonstrate to both these regulators, on an ongoing basis, that its activities remain charitable, and in the case of OSCR, generate public benefit.

Trustees – Appointment, Induction and Training

The re-constituted Trust is made up of eight appointed Trustees recommended by a selection panel and appointed by the Trustees, and seven Councillor Trustees who are elected members of, and appointed by, Shetland Islands Council.

Trustee training is provided as appropriate. New Trustees receive induction training. From time to time, Trustees receive reports on their roles and responsibilities, in line with guidance from OSCR.

Management and Administration

The Trust is managed and administered by a team of seven directly employed staff. The Chief Executive's role is to ensure that the charitable activities carried out by the Trust are carried out in furtherance of its purposes, represent value for money and complement the needs and aspirations of the community, as the primary beneficiaries of the Trust, all in accordance with the Trust Deed and the law. The Financial Controller is responsible for the effective management of the Trust's liquid resources. This includes ensuring that charitable status is retained and putting in place effective investment policies. Some specialist services are purchased from other providers, under various service level agreements.

The Trust's procedures are governed by a set of Administrative Regulations. This public document has been updated to reflect the changes in administration and is available through the Trust's website, www.shetlandcharitabletrust.co.uk.

Minutes

The public minutes of all meetings of the Trustees, together with the relevant reports, may be inspected during office hours, at the Trust's office at 22-24 North Road, Lerwick. The public minutes are also available electronically through the Trust's website.

Subsidiary Companies

The Trust has four wholly owned subsidiary companies. On 13 September 2012, the Trustees decided to change the composition of the boards of these companies. After a selection process, the following independent Non-Executive Directors were appointed with effect from 1 December 2012.

Shetland Leasing and Property Developments Limited (SLAP)	Susan Groat - Chair Bryan Leask William Manson
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Shetland Heat Energy and Power Limited (SHEAP)	Andrew Blackadder - Chair Martin Tregonning Paul Clelland
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CT Shetland (TM) Limited is a dormant company whose present purpose is to register and own certification trademarks, for example knitwear trademarks. It has been decided that meantime it only requires one director.

C. T. Shetland (T. M.) Limited	Keith Massey (appointed 23 May 2013)
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Trustees' Report *(continued)*

Viking Energy Limited (VEL) has a 90% interest in Viking Energy Shetland LLP 'the Shetland Partner' in the Viking Energy partnership. As VEL is not a direct participant in the Viking Energy project, and to help clarity of understanding, Trustees decided on 13 December 2012 to change the company's name to SCT Renewables Limited, and to appoint one director.

SCT Renewables Limited James Smith (appointed 21 February 2013)

Risk Management

Trustees regularly review the major risks to which the charity is exposed, and believe that the steps taken to mitigate these risks are suitable and reasonable.

On 28 March 2013 Trustees reviewed the 33 risks which were previously identified as possibly impacting on the business of the Trust. In this review, one was classified as "red", 13 as "amber" and 19 as "green", depending on the likelihood of occurrence and the severity of the impact should it occur. Only one "red" risk was identified, which concerns the loss of charitable status. The chance of this happening is almost nil, however, the consequence for the Trust would be catastrophic so it has been retained on the Register. It is seen as even less likely with the governance changes, which have brought the Trust into line with the requirements of current Scottish charity law.

Disclosure of information to auditor

The Trustees who held office at the date of approval of this Trustees' report confirm that, so far as they are each aware, there is no relevant audit information of which the Trust's auditor is unaware; and each Trustee has taken all steps that he/she ought to have taken as a Trustee to make himself/herself aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

Section 3: Objectives and Activities

Priorities

Trustees have identified a number of priorities which link to the objects, which are set out in the Trust Deed, which is on the Trust's website. Priority will be given to supporting projects and activities which:

- contribute to a balanced provision of public services within Shetland
- support services to people in need
- support services for the elderly
- support services for children and young people
- contribute to maintaining and developing Shetland's environment
- contribute to diversifying Shetland's economic base
- contribute to the removal of the so-called "dependency culture"
- support employment in rural areas

Strategic Partnerships

The Trust is a key partner in the Shetland Community Planning Partnership, which sets strategic direction for the community of Shetland. The role of the Partnership is to support and enhance community planning with particular regard for community engagement and partnership working. The Partnership also brings together those involved in working towards the outcomes of the Shetland Community Plan, to provide an effective link between strategic direction and coordinated planning.

In furtherance of its charitable activities set out in the Trust Deed, the Trust endeavours to "top up" public services, in line with the community's needs, which are complementary to those provided by national and local taxation.

The Trust wishes to ensure that the charitable activities it carries out are appropriate and complementary to those activities carried out by other community and public bodies. Rather than employ people who are experts in particular fields, the Trust seeks advice from senior managers in the Shetland Islands Council as to what activities it might carry out for the public benefit of the inhabitants of Shetland. The Service Co-ordinators provide professional advice, with the final decision to support a project or activity lying with the Trustees. Any grant recipient is subject to "Performance Monitoring", which is carried out with the expert help of the Service Co-ordinators.

Trustees' Report *(continued)*

Grant Making Policy

The Trust is generally a strategic funding body providing funding for other organisations to carry out their charitable activities and only undertakes a small amount of "direct" charitable activity in the Shetland community itself. The Trust can only give grants or loans in furtherance of its charitable purposes narrated in the Trust Deed and where a benefit to the Shetland community is clearly demonstrable.

Financial Objectives

In the three year period ending on 31 March 2012, Trustees agreed that annual expenditure needed to be reduced by £1.2 million to £11 million to comply with the Trust's long term strategy of 'self sustainability', ie only spending the (average) growth in the fund after inflation, and so preserving the real value of the capital sum.

Trustees have agreed to continue with the long-term financial strategy of passing the "pot" on to future generations, and so limiting annual expenditure to the average growth on the investments above inflation. Trustees agreed to set budgets of no more than £11 million for each of the next three years, 2012/13, 2013/14 and 2014/15. Many of the organisations funded have been granted three year funding packages, comprising "standstill" grants for the three years to 31 March 2015.

Budgets

Each year the Trustees adopt a budget for the incoming financial year. Details of the budget approved by Trustees are given in column one of the tables on pages 7 and 8, with details of the actual spend in column two, and a comparison with the previous year in column three.

Section 4: Achievements and Performance

During the year to 31 March 2013, the Trust provided grant assistance to the following organisations towards the cost of providing a range of social, leisure, cultural, heritage and environmental activities:

- | | |
|-------------------------------|--------------------------------------|
| • Citizens Advice Bureau | • Shetland Arts |
| • COPE Ltd | • Shetland Befriending Scheme |
| • Couple Counselling Shetland | • Shetland Churches Council Trust |
| • Disability Shetland | • Festivals: Fiddle and Accordion |
| • Festivals: Folk Festival | • Voluntary Action Shetland |
| • Shetland Link-up | • Shetland Recreational Trust |
| • Shetland Amenity Trust | • Shetland Youth Information Service |
| • The Swan Trust | |

The Trust allows organisations which it funds to hold small reserves for unforeseen items and to help with cash flow issues, rather than them having to return all unspent balances to the Trust.

The Trust has worked with the organisations funded to develop a system of service performance reporting. Trustees considered a progress report on service performance in November 2012, which set out, in detail, how the Trust's money makes a difference to people and communities. In the main, Trustees were satisfied that most organisations were performing satisfactorily against their stated targets, and there were no significant areas of concern.

The Trust also supports a range of charitable projects and schemes, as set out below:

- | | |
|--|-------------------------------------|
| • Christmas Grant to Pensioners and Disabled Persons | • Supported employment |
| • Development Grant Aid Scheme | • Rural Care Model |
| • Community Support Grant Aid Scheme | • Local Charitable Organisations |
| • Arts Grant Aid Scheme | • Social Assistance Grants |
| • Sheltered Housing Heating | • Bus Services Elderly and Disabled |
| • Senior Citizen's Clubs | |

Trustees' Report *(continued)*

Over the years, the Trust has invested in a range of community facilities and equipment and has in place a planned maintenance programme to ensure that the buildings, equipment and other assets are well maintained and in good condition. The facilities and assets include:

- leisure facilities in Unst, Yell, Brae, Aith, Whalsay, Scalloway and Sandwick
- the Clickimin Complex in Lerwick
- care centres in Unst, Yell, Whalsay, Brae, Walls and Levenwick
- the Garrison Theatre in Lerwick
- the new Museum and Archives in Lerwick
- Market House, the Voluntary Resource Centre in Lerwick
- various offices and other buildings for local charities
- The Swan, heritage sailing vessel

Details of the activities and performance of the Trust's subsidiary companies are provided in Section 5 of this report. In summary, SLAP and SHEAP have generated profits for the Trust in 2012/13. The rentals from the land at the Sullom Voe terminal also made a useful contribution.

The Trust continues to review its own management and administration costs. These have fallen from over £900,000 in 2002/03 to under £600,000 in 2012/13 partly due to the introduction of service level agreements with the Shetland Islands Council for the provision of agreed, specific, expert work, as negotiated by the Trust's independent management. Furthermore, the Trust staff has gradually reduced from 11 in 2005/06 to 6.6 full time equivalents in 2012/13.

Charitable Expenditure

	2012/13 budget £	Actual spend to 31 March 2013 £	2012 spend £
<u>Trusts over £0.5m</u>			
Shetland Amenity Trust	1,052,728	1,052,728	1,052,728
Shetland Arts Development Agency	696,038	696,038	732,218
Shetland Recreational Trust	2,518,550	2,518,550	2,583,392
<u>Other Charitable Organisations</u>			
Disability Shetland Recreation Club	12,641	12,641	12,641
The Swan Trust	44,650	44,650	44,650
VAS - New Shetlander	670	670	670
Shetland Churches Council Trust	54,055	54,055	54,075
Shetland Youth Information Service	188,840	188,840	188,840
Shetland Befriending Scheme	54,418	54,418	54,418
Citizens Advice Bureau	147,383	147,383	147,383
COPE Limited	154,967	154,967	154,967
Couple Counselling Shetland	12,000	12,000	12,000
Shetland Link Up	47,994	47,994	47,994
Voluntary Action Shetland	144,367	144,367	144,367
Festival Grants	30,000	30,000	30,000
Local Charitable Organisations	14,000	10,552	7,552
Women's Royal Voluntary Service	47,622	47,622	47,622
Alternative Psychological Therapies	26,212	-	-
Sub Total Organisations	5,247,135	5,217,475	5,315,517

Trustees' Report *(continued)*

	2012/13 budget £	Actual spend to 31 March 2013 £	2012 spend £
<u>Schemes</u>			
Community Development Grants	10,172	5,250	10,539
Community Support Grants	76,421	76,349	73,571
Arts Grant Scheme	35,000	28,893	34,380
Sheltered Housing Heating	25,500	25,500	25,500
Senior Citizens Clubs	20,000	18,515	14,974
Support to Rural Care Model	2,491,000	2,491,000	2,491,000
Social Assistance Grants	35,000	5,497	14,588
Buses for Elderly and Disabled	49,980	49,980	49,980
Supported Employment	8,000	8,000	7,469
Sub Total Schemes	2,751,073	2,708,984	2,722,001
<u>Direct Schemes</u>			
Springfield	1,500	1,746	2,085
Christmas grant Scheme	487,000	415,936	453,768
Planned Maintenance	1,711,549	1,711,988	1,604,605
Sub Total Direct Schemes	2,200,049	2,129,670	2,060,458
<u>One-Off Projects</u>			
Scalloway Swimming Pool Roof	200,000	181,690	
Sandwick Swimming Pool Roof	29,366	-	170,634
COPE Limited	-	-	288,000
Shetland Arts Development Agency	-	-	100,000
Joint Legal advice	-	-	7,980
Sub Total One-Off Projects	229,366	181,690	566,614
Surplus Grants Refunded	-	(10,787)	(38,735)
Sub-total charitable expenditure	10,427,623	10,227,032	10,625,855
Trust Administration, including governance costs	539,760	527,399	567,567
Total	10,967,383	10,754,431	11,193,422

Total charitable expenditure and administration costs are shown before adjustment for pension adjustments under FRS 17 totalling £58,000, and reallocation of governance costs, as detailed in Note 2 to the financial statements.

Trustees' Report *(continued)*

Section 5: Financial Review

Growth and Unrestricted Funds

The Trust relies chiefly on funds generated by investments on the world's markets. Around £20.9 million was generated in 2012/13. In addition, in 2012/13, around £3.5 million income was derived from investments in Shetland, valued at around £40 million, in SLAP, the land at Sullom Voe Terminal and the District Heating Scheme infrastructure.

The Trust Deed does not require the Trust to distinguish between revenue and capital (income or expenditure), and all of the Trust's funds are 'unrestricted' (see below). These two things together mean that although the general funds are shown as being in deficit in the financial statements, there are no practical consequences flowing from this.

Reserves Policy

The policy of the Trustees is to invest the reserves of the Trust to generate income to support charitable expenditure and to maintain the real value of the reserves in the long term. The current value (as at 31 March 2013) of the Trust's reserves that are invested to generate income (ie not the 'Donated Properties') is around £222 million, which covers current levels of expenditure for around 21 years. Trustees seek to control risk through proper diversification and take advice, as appropriate, in determining the mix of asset types in its investments. None of the Trust's funds are for restricted purposes. Trustees are free to determine how to apply their Unrestricted Reserves in a manner consistent with the Trust objectives and in line with its Budget Strategy.

Investments

The Trust's capital has been invested by the Trustees in three main areas:

- Shares and other securities quoted on the world's Stock Exchanges
- Cash on deposit
- Subsidiary companies

2012/13 was a good year for investment returns, achieving £24.4 million (about 10.4%). The Trust's target is to be self-sustaining with net investable assets of £220 million (in March 2015 money). The good performance of all the investments meant that at 31 March 2013, the Trust was above that target.

Stock Exchanges

As at 31 March 2013, three fund managers managed the Trust's Stock Exchanges portfolio. BlackRock Global Investors manage around £113 million invested in equities (shares), Insight Investment manage around £52 million in bonds, and Schroders Property Managers manage around £22 million in commercial property.

Cash on Deposit

The Trust has entered into a Service Level Agreement with Shetland Islands Council whereby the Trust has access to the money markets at a level which it may not have been able to achieve on its own. Surplus cash has achieved at least base rate by this mechanism.

Subsidiary Companies

Shetland Leasing and Property Developments Limited (SLAP) is a wholly owned subsidiary of the Trust. Its main activity is the purchasing, developing and letting of about 30 properties throughout Shetland. SLAP gift aids its profits to the Trust. The property portfolio is valued at £20 million and it generated rental income of over £2.8 million in 2012/13. The Board of Directors resolved to make a gift aid payment of £2.9 million to the Trust in the financial year 2012/13. This mechanism means that neither body pays tax on the profits.

Shetland Heat Energy and Power Limited (SHEAP) is a wholly owned subsidiary of the Trust, set up to operate the Lerwick District Heating Scheme. SHEAP has over 1,100 customers receiving heat. The Board of Directors resolved to make a gift aid payment of £0.447 million to the Trust in the financial year 2012/13.

SCT Renewables Limited is a 100% owned subsidiary of the Trust. The Trust has invested £5.22 million at 31 March 2013. It participates in the Viking Energy project which is investigating a very large wind farm project in central Shetland.

C.T. Shetland (T.M.) Limited does not trade. The purpose of the company is to register and own certification trademarks, for example, the knitwear trademark known as *the Shetland Lady*.

Trustees' Report *(continued)*

Decisions about Investments

When the Trustees make decisions about investing the Trust's capital, the law requires them to seek appropriate advice and act as reasonably prudently as commercial investors would. An investor is concerned with various criteria when investing money; these include rate of return (dividends / income / rent / interest earned), capital growth, and just how safe the money is. This applies whether the investments are on a Stock Exchange, or when they involve local assets. Investment, wherever it is made, involves using Trust funds wisely so as to produce income and to increase the value of those funds. To do this properly the Trust has to act commercially. It cannot "act charitably" towards its investments. Trustees reviewed their long term investment strategy in 2011.

Trustees have to balance the higher average return but higher variation in annual returns of shares with the lower but more consistent average annual returns of other assets suitable for an institutional investor. After considering appropriate advice, Trustees have continued with an investment strategy based on a 50% shares:50% non-shares approach. Trustees have considered the legal, financial and ethical aspects of various possible socially responsible investment mechanisms. Trustees have agreed to a policy of engagement on these issues with investee companies, through the fund managers.

Section 6: Plans For The Future

Committee Structure

The newly constituted Trustee Board have agreed a committee structure, which will assist the Trust to function more efficiently and effectively. The committee structure consists of three committees, Audit and Governance, Investment and General Purposes. Each committee consists of a chair and up to four Trustees. The committees would be non-decision making and will make recommendations to the Trustee Board.

Financial Position

The newly constituted Trustee Board agreed to continue with the current financial plan and set "standstill" budgets for 2013/14.

Strategic Reviews

The Trustees intend to review the investment and disbursements strategy during the course of 2013/14.

R W Hunter
Chair

12 September 2013

Statement of trustees' responsibilities in respect of the Trustees' report and the financial statements

Under charity law, the trustees are responsible for preparing the Trustees' Annual Report and the financial statements for each financial year which show a true and fair view of the state of affairs of the group and the charity and of the group's and the charity's excess of expenditure over income for that period.

In preparing these financial statements, generally accepted accounting practice entails that the trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the Trust Deed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the charity will continue its activities.

The trustees are required to act in accordance with the Trust Deed of the charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the group and charity at that time, and to enable the trustees to ensure that, where any statements of accounts are prepared by them under section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006 and the Trust Deed, those statements of accounts comply with the requirements of regulations under that provision. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and charity and to prevent and detect fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the financial and other information included on the charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

ABCD

37 Albyn Place
Aberdeen
AB10 1JB
United Kingdom

Independent auditor's report to the trustees of Shetland Charitable Trust

We have audited the group and charity financial statements ("the financial statements") of Shetland Charitable Trust for the year ended 31 March 2013 set out on pages 13 to 34. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees as a body, in accordance with Section 44 (1) (c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities set out on page 11, the trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report to you in accordance with the regulations made under that Act. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charity's affairs as at 31 March 2013 and of the group's and charity's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if in our opinion:

- the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements; or
- the charity has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

David Watt

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

XX September 2013

Consolidated statement of financial activities

for the year ended 31 March 2013

		Unrestricted funds		2013	2012
		General funds	Expendable endowment	Total	Total
		£000	£000	£000	£000
Incoming resources	<i>Note</i>				
Incoming resources from generated funds					
Activities for generating funds – trading subsidiaries	6	5,221	-	5,221	4,535
Investment income		4,470	-	4,470	4,790
Other incoming resources					
Rental income		1,307	-	1,307	1,220
Other income		28	-	28	73
Total incoming resources		11,026	-	11,026	10,618
Resources expended					
Cost of generating funds					
Expenditure of trading subsidiaries	6	(6,511)	-	(6,511)	(2,274)
Investment management costs		(668)	-	(668)	(701)
Charitable activities	2	(10,722)	(1,264)	(11,986)	(12,457)
Governance costs	2	(90)		(90)	(79)
Total resources expended		(17,991)	(1,264)	(19,255)	(15,511)
Net (outgoing) resources before transfers		(6,965)	(1,264)	(8,229)	(4,893)
Transfers					
Gross transfers between funds	12,13	-	-	-	-
Net (outgoing) resources before other recognised gains and losses		(6,965)	(1,264)	(8,229)	(4,893)
Other recognised gains and losses					
Gains on managed fund investments	5	-	17,559	17,559	2,140
Other losses on investments		-	-	-	(168)
Actuarial (losses) in defined benefit pension scheme	13	(292)	-	(292)	(94)
Realised gain on revaluation of investment properties		20	-	20	117
Net movement in funds		(7,237)	16,295	9,058	(2,898)
Fund balances brought forward		7,756	209,122	216,878	219,776
Fund balances carried forward		519	225,417	225,936	216,878

All funds are unrestricted income funds. The incoming resources and resulting net movement in funds all arose from continuing operations. All gains and losses recognised in the year are included above.

The notes on pages 19 to 34 form a part of the financial statements.

Trust statement of financial activities
for the year ended 31 March 2013

		Unrestricted funds			
	<i>Note</i>	General funds £000	Expendable endowment £000	2013 Total £000	2012 Total £000
Incoming resources					
<i>Incoming resources from generated funds</i>					
Investment income		4,470	-	4,470	4,790
Gift aid receipts from subsidiary undertakings	6	6,458	-	6,458	3,481
<i>Other incoming resources</i>					
Rental income		1,307	-	1,307	1,220
Other income		28	-	27	41
Total incoming resources		12,263	-	12,263	9,532
Resources expended					
<i>Cost of generating funds</i>					
Investment management costs		(668)	-	(668)	(701)
Capital reduction in investment		-	-	-	(35,000)
Provision (made) / realised against equity investment	6	(438)	-	(438)	21,146
Charitable activities	2	(10,722)	(1,264)	(11,986)	(12,457)
Governance costs	2	(90)		(90)	(79)
<i>Other resources expended</i>					
Interest payable on loan from subsidiary		(474)		(474)	(525)
Total resources expended		(12,392)	(1,264)	(13,656)	(27,616)
Net (outgoing) / incoming resources before other recognised gains and losses		(129)	(1,264)	(1,393)	(18,084)
Other recognised gains and losses					
Gains on managed fund investments	5	-	17,559	17,559	2,140
Actuarial (losses)/gains in defined benefit pension scheme	13	(292)	-	(292)	(94)
Net movement in funds		(421)	16,295	15,874	(16,038)
Total funds brought forward		(5,410)	209,122	203,712	219,750
Fund balances carried forward		(5,831)	225,417	219,586	203,712

All funds are unrestricted income funds. The incoming resources and resulting net movement in funds all arose from continuing operations. All gains and losses recognised in the year are included above.

The notes on pages 19 to 34 form a part of the financial statements.

Consolidated balance sheet

at 31 March 2013

	Note	2013 £000	2013 £000	2012 £000	2012 £000
Fixed assets					
Tangible assets	4		29,458		33,198
Investments:					
Investments	5	187,923		174,097	
Programme-related investments	6, 7	4,062		2,917	
			191,985		177,014
Total fixed assets			221,443		210,212
Current assets					
Stocks		48		53	
Debtors	8	2,305		2,797	
Cash at bank and in hand		7,337		8,254	
Total current assets		9,690		11,104	
Creditors: amounts falling due within one year	9	(3,234)		(2,191)	
Net current assets			6,456		8,913
Total assets less current liabilities			227,899		219,125
Provisions for liabilities and charges	10		(282)		(1,004)
Creditors: amounts falling due outwith one year			(88)		-
Net assets excluding pension liability			227,529		218,121
Pension liability	13		(1,593)		(1,243)
Net assets including pension liability			225,936		216,878
Represented by:					
Expendable endowment	11		225,417		209,122
Unrestricted income funds:	12				
General funds			(3,882)		(4,167)
Trading funds			5,793		12,985
Revaluation reserve			201		181
Unrestricted income funds excluding pension reserve			2,112		8,999
Pension reserve	13		(1,593)		(1,243)
Total unrestricted income funds			519		7,756
Total group funds			225,936		216,878

These financial statements were approved by the trustees on 12 September 2013 and were signed on their behalf by:

R W Hunter
Chairman

J W G Wills
Vice-Chairman

The notes on pages 19 to 34 form a part of these financial statements.

Trust balance sheet

at 31 March 2013

	Note	2013 £000	2013 £000	2012 £000	2012 £000
Fixed assets					
Tangible assets	4		8,405		9,549
Investments:					
Investments	5	187,923		174,097	
Programme-related investments	6, 7	39,793		38,306	
			227,716		212,403
Total fixed assets			236,121		221,952
Current assets					
Debtors	8	4,203		2,014	
Cash at bank and in hand		3,968		4,075	
Total current assets		8,171		6,089	
Creditors: amounts falling due within one year	9	(23,113)		(586)	
Net current assets			(14,942)		5,503
Total assets less current liabilities			221,179		227,455
Creditors: amounts falling due after one year	9		-		(22,500)
Net assets excluding pension liability			221,179		204,955
Pension liability	13		(1,593)		(1,243)
Net assets including pension liability			219,586		203,712
Represented by:					
Expendable endowment	11		225,417		209,122
Unrestricted income funds					
General funds	12		(4,238)		(4,167)
Pension reserve	13		(1,593)		(1,243)
Total unrestricted income funds			(5,831)		(5,410)
			219,586		203,712

These financial statements were approved by the trustees on 12 September 2013 and were signed on their behalf by:

R W Hunter
Chairman

J W G Wills
Vice-Chairman

The notes on pages 19 to 34 form a part of these financial statements.

Consolidated cash flow statement

for the year ended 31 March 2013

	2013 £000	2013 £000	2012 £000	2012 £000
Net cash (outflow) from operating activities		(2,942)		(7,846)
Returns on investment and servicing of finance				
Investment income and interest received		4,379		4,790
Capital expenditure and financial investment				
Purchase of managed funds investments	(52,445)		(119,487)	
Purchase of tangible fixed assets	(2,326)		(4,184)	
Purchase of shares within joint venture	(1,220)		(720)	
Sale of managed funds investments	55,578		127,250	
	<hr/>		<hr/>	
Net cash inflow from capital expenditure and financial investment		(413)		2,859
Management of liquid resources				
Net movement in cash flows attributable to managed fund investments		250		1,477
Funds (deposited) withdrawn from short term deposit (net)		(2,191)		(1,828)
		<hr/>		<hr/>
(Decrease) in cash in the year		(917)		(548)
		<hr/>		<hr/>

Notes to the consolidated cash flow statement

for the year ended 31 March 2013

Reconciliation of net (outgoing) resources to net cash outflow from operating activities	2013 £000	2012 £000
Net (outgoing) resources	(8,229)	(4,893)
Investment income and interest receivable	4,470	(4,790)
Depreciation and impairment of tangible fixed assets	1,305	1,442
Movement in pension liability, excluding actuarial gains and losses	58	(36)
Decrease (increase) in stock	5	(11)
Decrease (increase) in debtors	492	702
(Decrease) in creditors	(1,043)	(126)
Decrease in provisions	-	(134)
Net cash outflow from operating activities	(2,942)	(7,846)
Reconciliation of net cash flow to movement in net funds	2013 £000	2012 £000
(Decrease) in cash in the year	(917)	(548)
Cash outflow (inflow) from increase (decrease) in liquid resources	2,823	1,477
 Change in net funds resulting from cash flows	 1,906	 929
Net funds at the start of the year	11,164	10,235
 Net funds at the end of the year	 13,070	 11,164
Net funds comprise:		
Cash in hand held by investment managers	5,733	2,910
Cash at bank and in hand	7,337	8,254
	13,070	11,164

Notes to the financial statements

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Trust's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost accounting rules, as modified by the revaluation of investments and in accordance with applicable accounting standards and the provisions of the Trust Deed, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and the Statement of Recommended Practice "Accounting and Reporting by Charities" issued in March 2005.

Shetland Charitable Trust has three 100% owned subsidiary companies which are trading. The Trust and its subsidiaries have taken advantage of the exemption contained in FRS 8 *Related parties* and have therefore not disclosed transactions or balances between the parent or entities which form part of the group (or investees of the group qualifying as related parties).

Basis of consolidation

These financial statements consolidate the assets and liabilities of the charity and its subsidiaries, Shetland Leasing and Property Developments Limited, Shetland Heat Energy and Power Limited, and SCT Renewables Limited (formerly known as Viking Energy Limited), on a line by line basis. The income and expenditure of these subsidiaries are also consolidated on a line by line basis, where appropriate.

In accordance with FRS 21 *Events after the balance sheet date*, gift aid payments are accounted for in the subsidiary undertakings in the year in which an irrevocable commitment to make a payment has been made.

Fund accounting

All funds of the Trust are unrestricted, to be used in accordance with the charitable objectives of the Trust at the discretion of the trustees. The expendable endowment represents the long-term investment funds of the Trust. The unrestricted income funds include the Trust's general funds, which represent the annual operating funds of the Trust, and the trading funds.

The trading funds represent the accumulated results of Shetland Leasing and Property Developments Limited, Shetland Heat Energy and Power Limited, and SCT Renewables Limited, adjusted to remove interest payable by the Trust to those companies and gift aid payments to the Trust by those companies.

Incoming resources

Activities for generating funds

Turnover in Shetland Leasing and Property Development Limited comprises rental income from the leasing of investment properties, the leasing of an aeroplane and the chartering of a vessel and arises entirely in the United Kingdom. Rental income from the operating lease of investment properties is recognised on a straight line basis over the period of the lease. Certain of the group's property developments and lease agreements provide for a notional rate of interest to be charged on development costs for the purpose of calculating the rental due. Such notional interest is not reflected in these financial statements, but will effectively be credited to the statement of financial activities over the lives of the relevant assets as a component of rental income.

Turnover in Shetland Heat Energy and Power Limited represents the amounts (excluding value added tax) derived from the supply of hot water for heating systems and arises entirely in the United Kingdom.

Turnover in SCT Renewables Limited represents miscellaneous income only as the company is not yet trading fully.

Investment income

Dividends are included within incoming resources when they are receivable. Loan interest is included in the statement of financial activities on an accruals basis.

Notes (continued)

1 Accounting policies (continued)

Other incoming resources

Rental income included within accruals and deferred income in the balance sheet is credited to incoming resources over the period of the lease to which it relates.

Donated assets

Tangible fixed assets donated to the Trust are accounted for as incoming resources within the expendable endowment at valuation or cost. The assets are depreciated in accordance with the Trust's depreciation policy.

Resources expended

Charitable expenditure is recognised when it is payable. The Trust has given commitments to certain charitable bodies to provide ongoing revenue funding and to finance various capital projects. In view of the long-term nature of these commitments which are subject to review, combined with the uncertainty as to the amounts involved, these commitments are accounted for only when irreversible decisions on funding are communicated to the charitable bodies.

Support costs are directly attributable to the Trust's charitable activities and are recorded within the "charitable activities" section of resources expended in the statement of financial activities.

Cost of generating funds

The cost of generating funds represents fund managers' fees.

Governance costs

Governance costs comprise the costs associated with the Trust's compliance with charity regulation and good practice and include related professional fees.

Grants

Capital based grants received by the Trust's subsidiary undertakings are included within accruals and deferred income in the balance sheet and credited to activities for generating funds over the estimated useful economic lives of the assets to which they relate.

Investments

Managed funds investments are stated at market value. Realised and unrealised gains and losses arising on these investments are taken to the expendable endowment and are included within other recognised gains and losses in the statement of financial activities. Where investments are transferred between investment managers, an amount equal to the unrealised gains or losses on the investments as at the time of transfer is taken to the expendable endowment.

Investments in subsidiary undertakings are stated at cost less provisions. Any provisions made against these investments are charged to the expendable endowment.

Tangible fixed assets and depreciation

All expenditure incurred on tangible fixed assets is capitalised irrespective of its value (ie there is no minimum level above which assets purchased are capitalised). Tangible fixed assets are capitalised at cost, with the exception of investment properties.

Depreciation is charged to the expendable endowment to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Buildings	-	7 to 10 years
Fixtures and fittings	-	3 to 5 years
Plant and machinery	-	10 years
Vessel and aircraft	-	10 years or 20 years

Notes (continued)

1 Accounting policies (continued)

The asset value of the Sullom Voe site is being depreciated over its estimated remaining economic life of ten years commencing 1 April 2012, and the district heating scheme infrastructure is depreciated over a period of 30 years commencing on 1 April 2004. The depreciation is charged to the expendable endowment. No depreciation is provided in respect of freehold land.

Where the recoverable amount of a tangible fixed asset is found to be below its net book value, the asset is written down to its recoverable amount and the loss on impairment is charged to the relevant resources expended category in the statement of financial activities.

Investment properties

In accordance with Statement of Standard Accounting Practice No. 19 *Investment properties*, properties (including properties held under leases with more than 20 years' unexpired lease term) are not depreciated or amortised but are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve. Where a deficit arising on revaluation is expected to be permanent, the deficit is charged to resources expended in the period of revaluation. Reversals of deficits previously treated as permanent are credited to net incoming resources to the extent that the carrying value remains below cost.

Taxation

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2011 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2011 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. There is no similar exemption for VAT.

The charge or credit for taxation is based on the results of the consolidated subsidiary companies for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. The charge or credit is taken to expenditure of trading subsidiaries within the statement of financial activities. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 *Deferred tax*.

Pension costs

The Trust participates in the Local Government Pension Scheme administered by Shetland Islands Council. This scheme provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Trust in an independently administered fund.

The pension scheme assets are measured using market values. For quoted securities the mid-market price is taken as market value. The pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. Current service costs are recorded within resources expended. The net return obtained on scheme assets is recorded as investment income. Actuarial gains and losses are recognised immediately in other recognised gains and losses within the statement of financial activities.

Stock

Stocks are valued at the lower of cost and net realisable value.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year.

Notes (continued)

2 Cost of activities in furtherance of the charity's objects

Charitable expenditure

The group's charitable expenditure, which mainly comprises grants payable in respect of the year, is summarised below:

	2013 £000	2012 £000
General funds		
Payments to charitable organisations	5,217	5,316
Schemes	2,709	2,722
Direct schemes	2,130	2,060
One-off projects	182	567
Charitable grants repaid	(11)	(39)
	<hr/>	<hr/>
Total charitable grants	10,227	10,626
Support costs, excluding governance costs (below)	437	471
Pension adjustments under FRS 17	58	36
	<hr/>	<hr/>
Total charitable expenditure – general funds	10,722	11,133
	<hr/>	<hr/>
Expendable endowment		
Depreciation – see note 4	1,264	1,324
	<hr/>	<hr/>
Total resources expended on charitable activities	11,986	12,457
	<hr/>	<hr/>

Included within Direct Schemes are the Trust's Christmas grants to pensioners and Social Assistance grants, both of which are payable to individuals. All other grants are payable to organisations. Further details of the group's charitable expenditure are included in Section 4 of the Trustees' Report.

Support costs

Support costs for the year of £437,000 (2012: £471,000) principally represent administration expenses and are all deemed to be attributable to the group's charitable activities. Included within administration expenses is £588,000 (2012: £595,000) in respect of staff costs (see note 3), of which £328,378 (2012: £234,438) was charged to subsidiaries.

Governance costs

Governance costs totalling £90,000 (2012: £79,000) comprise the costs associated with the Trust's compliance with charity regulation and good practice. They include £55,000 (2012: £38,000) representing an appropriate apportionment of salary costs, together with trustees' expenses (note 3), and audit fees of £17,000 (2012: £24,000).

	Group and charity	
	Total 2013 £	Total 2012 £
Allocation of staff and support costs, including Trustees' allowance and expenses (see note 3)	55	38
Other costs	18	23
External auditor's remuneration:		
Audit of these financial statements	17	18
Audit of subsidiary undertakings (excluded from charitable governance costs)	20	26
Other services: taxation in relation to subsidiary undertakings	18	21
	<hr/>	<hr/>
Total governance costs	90	79
	<hr/>	<hr/>

Notes (continued)

3 Staff numbers and costs

The group had an average of 13 employees during the year (2012: 14). The aggregate payroll cost of these employees was as follows:

	2013 £000	2012 £000
Wages and salaries	466	465
Social security costs	39	41
Pension costs / (credit)	83	89
	<u>588</u>	<u>595</u>

Employee costs totalling £328,377 (2012: £234,438) were charged by Shetland Charitable Trust in respect of work performed by its subsidiary companies. Six employees worked wholly or mainly on Shetland Heat Energy and Powers Limited's activities during the year. Three employees worked part-time on Shetland Leasing and Property Development Limited's activities during the year and one employee worked part-time on SCT Renewables Limited's activities during the year.

One employee (2012: two employees) received an emolument totalling between £60,000 and £69,999 and one employee (2012: none) received an emolument totalling between £70,000 and £79,999. Retirement benefits are accruing to these members of staff under a defined benefit pension scheme; contributions in 2012/13 totalled £23,206. No other employees received emoluments totalling in excess of £60,000 in either the current or previous financial year.

The chair and the vice-chair received trustees' allowances totalling £622 (2012: £7,490) from the Trust and its group during the year. Expenses totalling £4,449 (2012: £4,132) were reimbursed to 14 trustees (2012: 12 trustees) during the year.

4 Tangible fixed assets

Group	Land and buildings £000	District heating scheme infrastructure £000	Investment properties £000	Vessel and aircraft £000	Other plant and machinery and AUC £000	Total £000
<i>Cost or valuation</i>						
At beginning of year	25,434	17,017	14,863	865	8,848	67,027
Additions	60	120	18	-	2,173	2,371
Disposals	-	-	(115)	-	(11)	(126)
Revaluations	-	-	(4,609)	-	-	(4,609)
Transfers	-	-	6,583	-	(6,583)	-
At end of year	<u>25,494</u>	<u>17,137</u>	<u>16,740</u>	<u>864</u>	<u>4,427</u>	<u>64,662</u>
<i>Depreciation</i>						
At beginning of year	20,821	12,081	-	388	539	33,829
Charge for year	996	275	-	34	82	1,387
Disposals	-	-	-	-	(11)	(11)
At end of year	<u>21,817</u>	<u>12,356</u>	<u>-</u>	<u>422</u>	<u>610</u>	<u>35,205</u>
<i>Net book value</i>						
At 31 March 2013	<u>3,677</u>	<u>4,781</u>	<u>16,740</u>	<u>443</u>	<u>3,817</u>	<u>29,458</u>
At 31 March 2012	<u>4,613</u>	<u>4,936</u>	<u>14,863</u>	<u>477</u>	<u>8,309</u>	<u>33,198</u>

Notes (continued)

4 Tangible fixed assets (continued)

Land and buildings primarily consist of the site at Sullom Voe, plus the six rural care homes, previously operated by Shetland Welfare Trust, and donated to the Trust in 2007. The rural care homes had been previously funded by the Trust and the capital grant conditions applied to funding to Shetland Welfare Trust required any building owned by Shetland Welfare Trust to be transferred to the Trust when Shetland Welfare Trust ceased to operate (effectively 1 April 2006). These are specialised buildings in rural locations in Shetland without comparators, which mean that it is not possible to establish a meaningful valuation for them in their present use. The trustees therefore capitalised them at original cost, in line with the Trust's accounting policy for tangible fixed assets, which they believed to be a reasonable indication of their value at the date they were donated. The buildings continue to be used as care homes, in furtherance of the Trust's charitable objects, and as such are not held for investment purposes.

The investment properties were valued on an open market value for existing use basis as at 31 March 2013 by Stephen Johnston BSc FRICS of David Adamson & Partners. These valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual Practice Statements.

The net book value of other tangible fixed assets is analysed as follows:

	2013 £000	2012 £000
Plant and machinery, fixtures and fittings held by Shetland Heat Energy and Power Limited	415	450
Assets under construction held by Shetland Leasing and Property Development Limited	3,402	7,857

Charity	Land and buildings £000	Donated Assets £000	District heating scheme infra- structure £000	Total £000
Cost				
At beginning of year	16,275	9,159	17,017	42,451
Additions	-	-	120	120
At end of year	16,275	9,159	17,137	42,571
Depreciation				
At beginning of year	15,525	5,296	12,081	32,902
Charge for year	75	914	275	1,264
At end of year	15,600	6,210	12,356	34,166
Net book value				
At 31 March 2013	675	2,949	4,781	8,405
At 31 March 2012	750	3,863	4,936	9,549

Notes (continued)

5 Managed funds

Group and Charity	2013 Market Value £000	2013 Cost £000	2012 Market Value £000	2012 Cost £000
Listed investments:				
UK Government securities	21,524	20,356	19,572	18,595
Other UK fixed interest	19,799	17,623	19,455	18,718
Other Overseas fixed interest	6,509	4,166	10,710	8,545
	<u>47,832</u>	<u>42,145</u>	<u>49,737</u>	<u>45,858</u>
UK equities	56,372	45,255	50,119	45,251
Overseas equities	57,151	39,909	51,061	42,081
Property units	20,801	20,402	20,148	19,261
	<u>134,323</u>	<u>105,566</u>	<u>121,328</u>	<u>106,593</u>
Total investments	182,155	147,670	171,065	152,451
Cash on deposit and in hand	5,768	5,733	3,032	2,911
	<u>187,923</u>	<u>153,403</u>	<u>174,097</u>	<u>155,362</u>

	2013 £000	2012 £000
<i>Reconciliation of market value of investments</i>		
Market value at beginning of year	174,097	178,793
Investments purchased	53,445	119,487
Investments sold	(55,578)	(127,250)
Total realised gains on managed fund investments	15,709	2,140
Movement in investment managers' accrued income and expenses	250	927
	<u>187,923</u>	<u>174,097</u>

As at 31 March 2013, the Trust's funds other than programme-related investments are managed by Insight Investment Management, BlackRock Global Investors and Schroders Property Managers. The split of the portfolio between the investment managers is as follows:

	2013 Market value £000	2013 Cost £000	2012 Market value £000	2012 Cost £000
Insight Investment Management	52,242	46,520	51,866	47,866
BlackRock Global Investors	113,525	85,167	101,190	87,342
Schroders Property Managers	22,156	21,756	21,041	20,154
	<u>187,923</u>	<u>153,443</u>	<u>174,097</u>	<u>155,362</u>

Notes (continued)

6 Programme-related investments

	Group		Charity	
	2013 £000	2012 £000	2013 £000	2012 £000
Equity (below)	3,676	2,257	39,407	37,646
Loans (note 7)	386	660	386	660
	<u>4,062</u>	<u>2,917</u>	<u>39,793</u>	<u>38,306</u>
Equity - Group				
		Shares in subsidiary undertakings £000	Unlisted investments £000	Total £000
<i>Cost</i>				
At beginning of year		2,232	626	2,858
Additions		1,800	-	1,800
Disposals		-		
Cost at end of year		<u>4,032</u>	<u>626</u>	<u>4,658</u>
<i>Provisions</i>				
At beginning of year		-	601	601
Provided in year		356	25	381
Provisions at end of year		<u>356</u>	<u>626</u>	<u>982</u>
<i>Net book value</i>				
At 31 March 2013		<u>3,676</u>	<u>-</u>	<u>3,676</u>
At 31 March 2012		<u>2,232</u>	<u>25</u>	<u>2,257</u>
Equity - Charity			Shares in subsidiary undertakings £000	
<i>Cost</i>				
At beginning of year				39,020
Additions				2,200
Cost at end of year				<u>41,220</u>
<i>Provisions</i>				
At beginning of year				1,374
Provided in year				439
Provisions at end of year				<u>1,813</u>
<i>Net book value</i>				
At 31 March 2013				<u>39,407</u>
At 31 March 2012				<u>37,646</u>

Notes (continued)

6 Programme-related investments (continued)

As stated in note 1, these consolidated financial statements include the results of the charity's wholly owned trading subsidiaries, Shetland Leasing and Property Developments Limited (SLAP), Shetland Heat Energy and Power Limited (SHEAP) and SCT Renewables Limited (SCT R). The trading results of these companies are summarised below:

	2013 SLAP £000	2013 SHEAP £000	2013 SCT R £000	2013 Total £000	2012 Total £000
Turnover	2,887	2,334	-	5,221	4,535
Cost of sales	(117)	(1,103)	-	(1,220)	(1,072)
Gross profit	2,770	1,231	-	4,001	3,463
Administration expenses	(230)	(720)	(88)	(1,038)	(1,334)
Gift aid payment to Shetland Charitable Trust	(6,011)	(447)	-	(6,458)	(3,481)
Deficit on revaluation of investment properties	(4,639)	-	(356)	(4,995)	-
Other operating income	-	-	-	-	19
Operating (loss) profit	(8,110)	64	(444)	(8,490)	(1,333)
(Loss) on disposal of investment properties	(28)	-	-	(28)	-
Interest receivable and similar income	483	3	6	492	538
(Loss) on ordinary activities before taxation	(7,655)	67	(438)	(8,026)	(795)
Tax on (loss) on ordinary activities	722	-	-	722	132
(Loss) on ordinary activities after taxation being loss for the financial year	(6,933)	67	(438)	(7,304)	(663)

Notes (continued)

6 Programme-related investments (continued)

The expenditure of the companies, as recorded in the consolidated statement of financial activities, is analysed as follows:

	2013 Total £000	2012 Total £000
Cost of sales	1,220	1,072
Administration expenses	1,392	1,334
Investment property valuation deficit	4,639	-
Tax (credit) charge on profit on ordinary activities	(722)	(132)
Interest receivable and similar income	(18)	(13)
	<u>6,511</u>	<u>2,261</u>

Included within the companies' profit (loss) for the year is a total of £6,458,005 (2012: £3,481,149) payable to the Trust by way of gift aid from SLAP and SHEAP which has been eliminated within the consolidated statement of financial activities.

The assets and liabilities of the subsidiaries were:

	2013 SLAP £000	2013 SHEAP £000	2013 SCT R £000	2013 Total £000	2012 Total £000
Tangible fixed assets	20,639	414	-	21,053	23,649
Investments	-	-	3,676	3,676	2,094
Current assets	24,518	1,409	1,465	27,392	27,535
Current liabilities	(3,551)	(709)	(1,734)	(5,994)	(1,590)
Creditors: amounts due after one year	(343)	(27)	-	(370)	(1,004)
Total net assets	<u>41,263</u>	<u>1,087</u>	<u>3,407</u>	<u>45,757</u>	<u>50,684</u>
Called up share capital	35,000	1,000	5,220	41,220	39,020
Profit and loss account	6,062	87	(1,939)	4,210	11,483
Revaluation reserve	201	-	126	327	181
Total reserves	<u>41,263</u>	<u>1,087</u>	<u>3,407</u>	<u>45,757</u>	<u>50,684</u>

Further details of the subsidiary companies and of their tax charge (credit) for the year are included in their financial statements, copies of which may be obtained from Companies House, 139 Fountainbridge, Edinburgh EH3 9FF.

7 Programme-related investments – Loans

	2013 £000	2012 £000
Group and charity		
Agricultural Ten Year Loan Scheme	439	719
Provisions for doubtful debts	(53)	(59)
	<u>386</u>	<u>660</u>

Notes (continued)

8 Debtors

	Group		Charity	
	2013	2012	2013	2012
	£000	£000	£000	£000
Trade debtors	981	768	85	16
Amounts owing from subsidiary undertakings	343	-	3,154	20
Prepayments and accrued income	643	1,118	626	1,100
Other debtors:				
VAT recoverable		33	-	-
Programme-related loans	338	878	338	878
	<u>2,305</u>	<u>2,797</u>	<u>4,203</u>	<u>2,014</u>

9 Creditors: amounts falling due within one year

	Group		Charity	
	2013	2012	2013	2012
	£000	£000	£000	£000
Trade creditors	822	95	34	46
Rents in advance	67	66	-	-
Other tax and social security	94	14	39	6
Other creditors and accruals	572	2,016	540	534
Amounts owing to subsidiary undertakings	-	-	22,500	-
Amounts owing to partnership interest	1,679	-	-	-
	<u>3,234</u>	<u>2,191</u>	<u>23,113</u>	<u>586</u>

An unsecured loan of £22,500,000 (2012: £22,500,000) from Shetland Leasing and Property Developments Limited is repayable by 31 March 2014. It bears interest at a rate of 1.5% over base rate.

Notes (continued)

10 Provisions for liabilities and charges

Group	Deferred taxation £000
At beginning of year	1,004
Credit for the year	(722)
Effect of increased tax rates	(-)
Adjustment in respect of prior period	-
	<hr/>
At end of year	282
	<hr/> <hr/>

The deferred tax liability arising within the Trust's subsidiary companies at the yearend of £282,000 (2012: £1,004,000) is analysed as follows:

	2013 £000	2012 £000
Accelerated capital allowances	255	196
Other timing differences: Gift aid	27	808
Other timing differences	-	-
	<hr/>	<hr/>
	282	1,004
	<hr/> <hr/>	<hr/> <hr/>

11 Expendable endowment

	Group Total £000	Charity Total £000
At beginning of year	209,122	209,122
Outgoing resources	(1,264)	(1,264)
Gains in the year	17,559	17,559
	<hr/>	<hr/>
At end of year	225,417	225,417
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

12 Unrestricted income funds

Group	General funds £000	Trading funds £000	Pension reserve £000	Revaluation reserve £000	Total unrestricted income funds £000
At beginning of year	(4,167)	12,985	(1,243)	181	7,756
Net movement in funds	227	(7,192)	-	20	(6,945)
Actuarial losses	-	-	(292)	-	(292)
Transfers between funds	58	-	(58)	-	-
At end of year	<u>(3,882)</u>	<u>5,793</u>	<u>(1,593)</u>	<u>201</u>	<u>519</u>

Charity	General funds £000	Pension reserve £000	Total unrestricted income funds £000
At beginning of year	(4,167)	(1,243)	(5,410)
Net incoming resources before other recognised gains and losses	(421)	-	(421)
Actuarial losses	292	(292)	-
Transfer to (from) pension reserve	58	(58)	-
At end of year	<u>(4,238)</u>	<u>(1,593)</u>	<u>(5,831)</u>

The group trading funds balance now represents the accumulated surplus on the Trust's subsidiary company undertakings, while the group and charity general fund balances have been brought into alignment.

13 Pension scheme

The Trust participates in the Shetland Islands Council Pension Fund which provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Trust. The information disclosed below is in respect of the Trust's share of the assets and liabilities throughout the periods shown.

The latest full actuarial valuation was carried out at 31 March 2011 and was updated for FRS 17 purposes to 31 March 2012 by a qualified independent actuary.

	2013 £000	2012 £000
Present value of funded defined benefit obligations	(3,165)	(2,598)
Fair value of plan assets	1,701	1,427
Present value of unfunded defined benefit obligations	<u>(1,464)</u>	<u>(1,171)</u>
Net (liability)	<u>(1,593)</u>	<u>(1,243)</u>

Notes (continued)

13 Pension scheme (continued)

Movements in present value of defined benefit obligation:

	2013	2012
	£000	£000
At 1 April	2,670	2,556
Current service cost	94	85
Interest cost	130	140
Actuarial losses / (gains)	426	(15)
Past service cost	-	-
Contributions by members	33	34
Benefits paid	(59)	(130)
	<hr/>	<hr/>
At 31 March	3,294	2,670
	<hr/>	<hr/>

Movements in fair value of plan assets:

	2013	2012
	£000	£000
At 1 April	1,427	1,443
Expected return on plan assets	84	101
Actuarial gains / (losses)	134	(109)
Contributions by employer	82	88
Contributions by members	33	34
Benefits paid	(59)	(130)
	<hr/>	<hr/>
At 31 March	1,701	1,427
	<hr/>	<hr/>

Expenditure recognised in the statement of financial activities:

	2013	2012
	£000	£000
Current service cost	(94)	(85)
Interest on defined benefit pension plan obligation	(130)	(140)
Expected return on defined benefit pension plan assets	84	101
Past service cost	-	-
	<hr/>	<hr/>
Total	(140)	(124)
	<hr/>	<hr/>

The expenditure is recognised in the following line items in the statement of financial activities:

	2013	2012
	£000	£000
Charitable activities – support costs	(140)	(124)
	<hr/>	<hr/>

The total amount recognised in the other recognised gains and losses section of the statement of financial activities is a loss £292,000 (2012: loss £94,000).

Notes (continued)

13 Pension scheme (continued)

The fair value of the plan assets and the return on those assets were as follows:

	2013 Fair value £000	2012 Fair value £000
Equities	1,395	1,156
Corporate bonds	136	114
Property	102	100
Cash	68	57
	<hr/> 1,701 <hr/>	<hr/> 1,427 <hr/>
Actual return on plan assets	<hr/> 218 <hr/>	<hr/> 14 <hr/>

The expected rates of return on plan assets are determined by reference to the historical actual returns on the Fund as provided by the administering authority and index returns where necessary.

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	2013 %	2012 %
Discount rate	4.5	4.8
Expected rate of return on plan assets	5.3	5.8
Future salary increases	5.1	4.8
Inflation / pension increase rate	2.8	2.5

In valuing the liabilities of the pension fund at 31 March 2013, mortality assumptions have been made as indicated below. The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

Current pensioner aged 65: 23 years (male), 25.8 years (female).

Future retiree upon reaching 65: 24.9 years (male), 27.7 years (female).

History of plans

The history of the plans for the current and prior periods is as follows:

Balance sheet

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Present value of scheme liabilities	(3,294)	(2,670)	(2,556)	(2,885)	(1,628)
Fair value of scheme assets	1,701	1,427	1,443	1,286	866
	<hr/> (1,593) <hr/>	<hr/> (1,243) <hr/>	<hr/> (1,113) <hr/>	<hr/> (1,599) <hr/>	<hr/> (762) <hr/>

Notes (continued)

13 Pension scheme (continued)

Experience adjustments

	2013 £000/%	2012 £000/%	2011 £000/%	2010 £000/%	2009 £000/%
Experience adjustments on scheme liabilities [as a percentage of scheme liabilities]	(47)/(1.4)	165/6.2	(7)/(0.3)	(7)/(0.2)	(86)/(5.3)
Experience adjustments on scheme assets [as a percentage of scheme assets]	134/7.9	(109)/(7.6)	(12)/(0.8)	300/23.3	(518)/59.8

The Trust expects to contribute approximately £77,000 to its defined benefit plans in the next financial year to 31 March 2014.

14 Related parties

In the normal course of business, some of the trustees are appointed as directors or as trustees of other organisations and charitable bodies within the Shetland Islands, including those which the Trust may from time to time transact with, either through routine business or in the provision of charitable grants. These relationships are not considered to be related party transactions as in no instance is the level of mutual trustees such as to provide direct or indirect control, or to place the trustees in a position where they are able to provide influence over the financial and operating policies of the other organisations.

Shetland Charitable Trust

Audit highlights memorandum

Audit year ended 31 March 2013

23 August 2013



Contents

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Important notice - about this report

We have prepared this Report in accordance with our audit engagement letter with Shetland Charitable Trust ('the Trust'), dated 18 May 2011.

Purpose of this report

This Report is made to the Trustees of Shetland Charitable Trust in order to communicate matters of interest as required by ISAs (UK and Ireland), and other matters coming to our attention during our audit work that we consider might be of interest, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone (beyond that which we may have as auditors) for this Report, or for the opinions we have formed in respect of this Report.

Restrictions on distribution

This Report is subject to disclosure restrictions as set out in our Engagement Letter.

Limitations on work performed

This Report is separate from our audit report and does not provide an additional opinion on the Trust's financial statements, nor does it add to or extend or alter our duties and responsibilities as auditors reporting to the Trust's members in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).

We have not designed or performed procedures outside those required of us as auditors for the purpose of identifying or communicating any of the matters covered by this Report. The matters reported are based on the knowledge gained as a result of being your auditors. We have not verified the accuracy or completeness of any such information other than in connection with and to the extent required for the purposes of our audit.

We have also aimed to use our knowledge of the business gained during our audit work to make useful comments for management to consider. However, our audit work is designed to enable us to form our opinion on the financial statements, viewed as a whole. As a result, the points raised should not be relied upon to disclose all internal control matters that may exist across the Trust's, nor to disclose errors that are not material in relation to the financial statements.



Executive summary Headlines

In accordance with ISA (UK and Ireland) 260:
Communication with those charged with governance, this report summarises our work in relation to the financial statements of the Trust for the year ended 31 March 2013.

We wish to record our appreciation of the continued co-operation and assistance extended to us by your staff during the course of our work.

Area	Summary observations	Analysis
Accounting		
Accounting policies	Accounting policies are appropriate for the underlying operations.	Page 4
Technical accounting	Overall, we are satisfied with the key accounting judgments taken. The most significant areas of judgment relate to the valuation of programme-related investments, and the valuation of the net pension liability under FRS 17.	Page 4
Financial statements		
Audit conclusions	We anticipate issuing unqualified audit opinions on the 2012-13 financial statements, following their approval by the Trustees.	Page 6
Financial position	The group recorded net outgoing resources of £8.2 million (2012: £4.9 million), but a net inflow of funds of £9.1 million (£21.2 net outflow of £2.9 million) after recognising gains on managed funds and actuarial losses on the pension scheme. The Trust recorded net outgoing resources of £1.4 million in the year, after changing £1.3 million depreciation in respect of its fixed assets. After accounting for other gains and losses in respect of managed fund investments and the pension scheme, the net inflow on funds was £15.9 million (2012: outflow of £16.0 million). The underlying financial position of the group remains strong, with net assets of £225.6 million (Trust £219.6 million).	Page 7
Year-end process	Draft financial statements were received by the agreed date, with supporting schedules and the underlying accounting records. Documentation provided was of sufficient quality and additional evidence was readily available. With the change in governance arrangements in respect of subsidiary companies, and the establishment of Viking Energy Shetland LLP, some bedding in of arrangements to prepare group financial statements is necessary.	Page 8
Governance and financial control		
Key financial controls	The Trust's governance arrangements have changed significantly in the year. 2013-14 should see further bedding in of the revised governance arrangements. Our testing of the design and operation of financial controls over financial processes and procedures confirms that controls relating to financial systems and procedures are designed appropriately and operating effectively.	Page 10
Mandatory communications		
Matters to report	No significant matters to report in respect of (i) audit differences; (ii) auditor independence and non-audit fees; and (iii) management representation letter content.	Page 12

Accounting

Our perspective on the key accounting
judgements made by management



Key accounting judgements Accounting policies

Accounting

We are satisfied that accounting policies have been applied consistently and are appropriate for the Trust.

The significant accounting judgements, estimates and disclosures made by management in the preparation of the financial statements appear reasonable.

Accounting framework and application of accounting policies	
Area	KPMG comment
Financial operating framework	<p>The Trust prepares financial statements in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended). The Trustees are responsible for the preparation of financial statements that:</p> <ul style="list-style-type: none"> ■ give a true and fair view of the state of the group's and the charity's affairs as at the end of its financial year and of the group's and charity's income resources and application of resources for the year then ended; ■ have been properly prepared in accordance with UK Generally Accepted Accounting Practice ("UK GAAP"); and ■ have been prepared in accordance with the the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 (as amended).
Accounting policies	<ul style="list-style-type: none"> ■ There were no changes to the accounting policies arising from changes in financial reporting requirements. ■ The accounting policies have been applied consistently and we consider these appropriate for the Trust.
Pensions accounting	<p>The Trust accounts for its participation in the Shetland Islands Council pension scheme in accordance with the provisions of FRS 17 <i>Retirement benefits</i> and therefore recognises the actuarial valuation of the net pension liabilities in respect of its share of the pension scheme. The actuarial assumptions applied in calculating the FRS 17 net pension liability are inherently judgemental. We have reviewed the assumptions used by the actuary in calculating the reported pension deficit as at 31 March 2013. The assumptions are within the acceptable range of the guideline assumptions that KPMG's actuaries have advised. Overall, the assumptions are considered to represent a balanced approach to valuation of the net pension deficit.</p> <p>We tested the underlying controls to verify the input data for staff costs and numbers processed through the Shetland Islands Council. No control weaknesses were identified.</p>
Valuation of investments	<p>The Trust holds significant managed fund investments and programme-related investments. We obtained third party confirmation in respect of managed fund investments, confirming the market valuation of year-end investments and the investment income and gain on investments made in the year.</p> <p>In respect of the programme related investments, our audit work was focussed to ensure that the carrying value of these investments reflects the net assets of the individual investments, with any impairment required appropriately charged to the Trust's statement of financial activities. There was one minor impairment in 2012-13 in relation to the loss made by SCT Renewables Limited in the year, totalling £438,000.</p>

Financial statements

Our perspective on the financial position of the
Trust and the preparation of the financial
statements



Financial statements Audit conclusions

Financial statements

The Trust has maintained appropriate arrangements over the preparation of its 2012-13 financial statements.

We have satisfactorily concluded our audit work and expect to issue an unqualified audit opinion on the financial statements of the Trust.

Audit conclusions

Our audit work on the financial statements of the Trust is substantially complete, pending receipt of management representations and update of our subsequent events work to the date of signing of the financial statements.

Following approval of the financial statements by the Trustees, we expect to be able to issue an unqualified audit opinion on the truth and fairness of the state of the group's and the Trust's affairs as at 31 March 2013, and of the group's and the Trust's incoming resources for the year then ended. There are no matters identified on which we are required to report by exception.

In gathering the evidence for our opinion we have:

- held initial planning meetings in March 2013 with the Trustees of the Trust as well as management responsible for the processing of financial transactions;
- identified materiality for planning purposes at £180,000, and designed appropriate audit procedures according to our materiality assessment
- during our onsite audit fieldwork in June 2013, performed a mixture of substantive and controls testing to ensure an efficient approach that covers the identified risks;
- reviewed assumptions and judgements made by management and considered these for appropriateness; and
- considered if the financial statements may be affected by fraud through discussions with senior management to gain a better understanding of their work in relation to prevention and detection of fraud with the potential to impact on the financial statements.

Financial statements preparation

Preparation of the financial statements

- Draft financial statements and supporting documentation were provided at the agreed start of the audit.
- The standard of documentation and analysis to support the draft financial statements of the Trust was generally satisfactory and there was evidence of accountability and ownership of working papers across the finance team.
- There were no financial statement adjustments to the initial draft financial statements.
- Consolidation balances for the group financial statements were completed after our initial period on site. With recent changes in arrangements, Trust management need to consider how they will obtain and record financial information in respect of the group for management information purposes during the year, and to enable group financial statements to be prepared on a timely basis by the Trust in future years.
- Some presentational and textual changes were made to improve the overall disclosures within the financial statements.

Financial statements Trust financial position

Financial statements

The Trust generated a net inflow in funds for the year of £15.9 million (2012: outflow of £16.0 million).

The outturn was impacted by a one-off change in the timing of gift aid payments from SLAP and significant improvements in the market value of managed funds.

Financial position

The Trust's net movement in funds for the year was a £15.9 million inflow. This headline figure is higher than the £16.0 million deficit in the prior year, resulting from significant positive variances in gains on investment funds in the year, and also prior year negative variances resulting from the capital reduction in the equity investment in subsidiaries.

Investment income and expenditure

Investment income has decreased by £0.3 million in the year, but realised and unrealised gains on investments from the Trust's managed funds increased significantly in the year by £15.5 million. This is due to the volatile, but significantly improved financial performance of funds in the global market in the year.

Investment management costs have decreased in the year by £33,000. The Trust now pays most of its investment management costs directly through its fund transactions rather than by invoices as in previous years.

Gift aid from subsidiaries

Gift aid in the year has increased by £3.0 million. This is mainly due to the payment of two years' gift aid by SLAP (covering 2011-12 and 2012-13), rather than one year in arrears as in previous years. The new directors of SLAP have redefined arrangements which allowed for the gift aid payment of £3.1 million in respect of 2012-13 profits to be included in the 2012-13 financial statements.

Expenditure on charitable activities

Charitable activities expenditure declined in 2012-13 by £480,000 compared to prior year, reflecting a £439,000 reduction in charitable donations in the year in line with the budget for 2012-13 approved by the Trustees. Overall, there was a £213,000 underspend against budget due to a number of relatively minor underspends, of which an £80,000 underspend in the Christmas grant scheme was the most notable. Support costs continue to be reduced compared to previous years, with the reduction in the year mainly due to an increase in staff costs recharged to subsidiary companies as part of the new "arms length" governance and management arrangements.

	2012-13 £000	2011-12 £000
Investment income	4,470	4,790
Gift aid from subsidiary companies	6,458	3,481
Rental and other income	1,334	1,261
Total incoming resources	12,263	9,532
Investment management costs	(668)	(701)
Capital reduction in investment	-	(35,000)
Provision (made)/released against equity investment	(438)	21,146
Charitable activities	(11,986)	(12,457)
Governance costs	(90)	(79)
Interest payable on subsidiary loans	(474)	(27,616)
Total resources expended	13,656	(18,084)
Actuarial losses in defined pension scheme	(292)	(94)
Gains on investments	17,559	2,140
Net movement in funds	15,874	(16,038)

Source: Draft financial statements

Financial statements Trust financial position (continued)

Financial statements

Financial position

The net movement in funds for the year of £116.2 million (2012: deficit of £16.0 million) has resulted in a strengthening of the Trust's net asset position.

Fixed assets

Tangible fixed assets have reduced in the year by £1.1 million, as the annual depreciation charge reduces their net book value. There have been no significant additions in the year. Investments in the Trust's managed funds have increased by £13.8 million as a result of stock market gains in the year. Programme related investments have increased due to the £1.8 million investment in SCT Renewables Limited and £400,000 additional investment in SHEAP.

Current assets and liabilities

Debtors have increased from prior year by £2.2 million, mainly due to a year end balance due from SLAP for £3.0 million in respect of the additional gift aid payable for the year. This has been offset by other minor movements in debtor balances, such as a reduction in accrued income year on year. Creditors due within one year have increased by £22.6 million from the previous year due to Trust's loan from its subsidiary company SLAP becoming payable in 2013-14, instead of being due outwith one year.

Pension liability

The net pension liability has increased by £350,000 in the year, resulting from the updated actuarial valuation of the Trust's share of the Shetland Island Council defined benefit pension scheme. £292,000 of this increase is charged through actuarial gains and losses, with the remainder charged to charitable activities.

Going concern

The Trust has net assets at the balance sheet date of £219.6 million, an increase of £15.9 million from 2012. The Trust continues to maintain a strong cash balance and its subsidiary companies SHEAP and SLAP remain profitable and forecast further gift aid payments in the coming financial periods. SCT Renewables Limited made a small loss of £83,000 in the year.

The Trust had net current liabilities at year end of £15.0 million. This is due to a £22.5 million loan from SLAP payable in 2013-14, whereas previously it had been a creditor due after more than one year. Management have confirmed the actual repayment will likely be offset against a return of capital from SLAP, with the actual net cash transfer being significantly less than £22.5 million.

	2012-13 £000	2011-12 £000
Tangible fixed assets	8,405	9,549
Investments	187,923	174,097
Programme related investments	39,793	38,306
Debtors	4,203	2,014
Cash	3,968	4,075
Creditors	(23,113)	(586)
Pension liability	(1,593)	(1,243)
Net assets	219,586	203,712

Source: Draft financial statements

Financial statements Subsidiary companies

Financial statements

Audit of subsidiary companies	
Area	KPMG comment
Subsidiary companies' structure and operations – SHEAP and SLAP	<p>The revised governance arrangement for the Trust's subsidiary companies has not significantly affected the 2012-13 financial statements preparation process in respect of those companies. There has, however, been more ownership of financial reporting taking place within the subsidiaries themselves rather than Trust finance staff and management performing these tasks wholly on behalf of the companies. These arrangements require to be in further during 2013-14. The approval process of the individual subsidiary financial statements has been subject to revised arrangements with more direct reporting to the new directors of both companies.</p> <p>Our audit of the subsidiary companies is substantially complete, pending completion of our finalisation procedures and receipt of appropriate representations from the respective Boards of Directors.</p> <p>Shetland Heat Energy and Power Limited ("SHEAP")</p> <p>SHEAP made a profit before gift aid of £512,000. A gift aid payment of £447,000 was made in respect of profits generated in the prior year. The company continues to operate at capacity numbers for customers and increased revenue in the year mainly as a result of a colder and longer winter than providing increased demand for heating in Shetland. In 2012-13 the Trust authorised additional share capital investments of £400,000 in SHEAP to assist with cash flow.</p> <p>There were no significant accounting judgements made by the directors in the preparation of the financial statements. We did not identify any audit misstatements in the course of our work, with the exception of the final tax note adjustments made on completion of the draft tax computations for the year. Internal controls tested for the purposes of our financial statements audit appear to be designed, implemented and operating effectively.</p> <p>Shetland Leasing and Property Development Limited ("SLAP")</p> <p>SLAP made an overall loss after tax of £6.9 million in the year, but included in this figure is gift aid payments in the year to the Trust totalling £6.46 million, in relation to both 2011-12 and 2012-13 financial years. The annual revaluation exercise of the company's investment property portfolio resulted in a loss of £4.6 million. The significant costs contributing to the losses in the year are considered to be non-recurring, and the company has forecast future profits and gift aid payments in the coming years. The Trust is due to repay a £22.5 million loan to SLAP in 2013-14, although this is likely to be mainly offset by a return of capital for £18.0 million at the same time.</p> <p>With the exception of the significant adjustments arising from the updated valuation of investment properties, there were no significant accounting judgements made by the directors in the financial statements. We did not identify any audit misstatements in the course of our audit work, and internal controls tested for the purposes of our financial statements audit appeared to be designed, implemented and operating effectively.</p>

Financial statements Subsidiary companies (continued)

Financial statements

Audit of subsidiary companies	Area	KPMG comment
Subsidiary companies' structure and operations – Viking	<p>During 2012-13, following the planning consent decision from Scottish Ministers, the Trust approved a further investment of up to £6.3 million in the project to enable the next milestone of the planned development of a wind farm in Shetland. This investment will be achieved through subscription of additional shares in its subsidiary company SCT Renewables Limited ("SCTR") (formerly Viking Energy Limited). SCTR represents the Trust in Viking Energy Shetland LLP ("VES LLP"), which itself is the partner along with SSE plc in the Viking Energy project. The formation of VES LLP, which we reported on as part of our 2011-12 audit work, has created an additional requirement for first financial statements to be prepared in 2013 for the period from 21 February 2012.</p> <p>SCTR made a loss of £439,000 in 2012-13, resulting from expenditure incurred resulting from the establishment of VES LLP that was not rechargeable to the subsidiary of £83,000 and a provision in the company's investment in VES LLP of £356,000. No gift aid payment is expected to the Trust while the Viking project remains in its developmental stage. The company invested a further £1.8 million in VES LLP in the year.</p> <p>VES LLP made a loss of £396,000 in the year, resulting from expenditure incurred by SCTR on behalf of VES LLP and subsequently recharged in the year. The partnership invested a further £241,000 in Viking Energy Partnership ("VEP") in the year through cash calls paid on behalf of VES LLP by SCTR. Going forward in 2013-14, VES LLP has the accounting functionality to process its own financial transactions and will rely significantly less on its parent companies.</p> <p>Our audit work over SCTR and VES LLP is substantially complete pending completion of our finalisation procedures and receipt of appropriate representations from the respective Boards of Directors.</p> <p>We identified no audit misstatements or control weaknesses or other matters to report in our audit of SCTR.</p> <p>Our audit of VES LLP required additional work to assist management and the member appointed accountants in preparing appropriate opening balances for the partnership and assistance in correctly accounting for capital and investment transactions in the period to 31 March 2013.</p>	

Governance and financial control

Our overall perspective on governance and
internal control arrangements

The Trust's governance arrangements have changed significantly in the year 2013-14 should see further bedding in of the revised governance arrangements. Internal controls appear to be designed, implemented and operating effectively.

Governance arrangements	<p>In 2011-12 the Trust submitted an application to the Office of the Scottish Charity Regulator ("OSCR") to reorganise the governance of the Trust, through its trustee body. This was in response to ongoing discussions with OSCR in respect of the existing structure, whereby the charity's trustees were the members of Shetland Islands Council, appointed <i>ex officio</i>, plus two others.</p> <p>The reorganisation – effected in February 2013 – now entails a new trustee body of 15 trustees, comprising eight appointed trustees, recommended by a selection panel and appointed by trustees, and seven councillor trustees appointed by Shetland Islands Council. The proposed change was subject to a period of consultation whereby local objections could be raised, and was formally approved by OSCR in October 2012. In June 2013 the regulator confirmed withdrawal of its special monitoring status of the Trust.</p> <p>The first meeting of the revised Trustee body was held in February 2013. In approving the financial statements, the Trustees' Report requires consideration of the financial performance of the Trust, and the strategy for reserves to be held by the Trust. The strategies identified for 2012-13 are not markedly different from those in previous years, but it is likely they will be subject to more thorough and wide ranging review in the near future as the new Board of Trustees reviews the Trust's strategies.</p> <p>As part of the review of governance arrangements, the Trust has also considered its relationship with its subsidiary companies. It is the intention that Shetland Heat Energy and Power Limited and Shetland Leasing and Property Development Limited should operate at arms length directed by the Trustee body primarily in respect of the return expected by the Trust on its investment in the companies. To this end, independent non-executive directors have been appointed to these companies.</p> <p>An impact of the revised governance structure within the group is that the subsidiary companies have now taken separate ownership of both management and financial accounting responsibilities. Going forward from 2013-14 revised arrangements will also need to be established in order to provide information to the Trust as the parent, for inclusion in its group financial statements.</p>
Internal controls	<p>Our testing of the design and operation of key financial controls for the purposes of our financial statements audit confirms that controls are designed appropriately and operating effectively. There were no material weaknesses in the accounting and internal control systems identified during the audit which could adversely affect management's ability to record, process, summarise and report financial and other relevant data so as to result in a material misstatement in the financial statements.</p>
Internal audit	<p>The Trust's internal audit provider (Shetland Island Council in line with existing service level agreement) completed a review of the Trust and its subsidiaries in the year, which included a variety of financial and other operations, including the Christmas grant scheme, the planned maintenance programme, and the Sullom Voe oil terminal lease. The report raised 14 recommendations, three of which related to the Trust's activities with the other recommendations relating to subsidiaries. There were no matters arising from their work that had an impact on our audit approach.</p>

Governance and financial control Internal control arrangements (continued)

Governance and financial
control

Trustees' report	<p>The financial statements form part of the Trustees' report of the Trust for the year ended 31 March 2013. We are required to consider other information, which consists of the Trustees' report, published along with the financial statements as part of the annual report. We have reviewed the Trustees' report and consider it in line with requirements of the applicable regulatory and statutory requirements, and the information is consistent with the financial information we have audited throughout the course of our work. We provided some textual and presentational amendments to management and it is recommended that, in line with external developments in reporting, the Trust keeps the form and content of the Trustees' report under review. In particular, as the new Trustee body sets out its future plans, we consider there is scope to report more detail in respect of the benefits delivered as a result of those plans.</p>
Related party transactions	<p>The Trustees complete registers of interests on an annual basis in order to identify and disclose potential related parties and conflicts of interests. We reviewed the registers for the year and found them to be appropriately updated and did not appear to be incomplete or inaccurate based on our understanding of the Trust.</p> <p>The Trust and its subsidiaries take advantage of the exemption contained in FRS 9 <i>Related party disclosures</i> not to disclose transactions or balances with 100% owned subsidiary entities which form part of the group. We have confirmed with management, and through our review of transactions through the course of our audit, that there are no other related party transactions that should be disclosed in the financial statements.</p>
Reserves policy	<p>The reserves policy of the Charity as set out in the Trustees' report is as follows:</p> <p>"The policy of the Trustees is to invest the reserves of the Trust to generate income to support charitable expenditure and to maintain the real value of the reserves in the long term. The current value (as at 31 March 2013) of the Trust's reserves that are invested to generate income (i.e. not the 'Donated Properties') is around £222 million, which covers current levels of expenditure for around 21 years. Trustees seek to control risk through proper diversification and take advice, as appropriate, in determining the mix of asset types in its investments.</p> <p>"None of the Trust's funds are for restricted purposes. Trustees are free to determine how to apply their Unrestricted Reserves in a manner consistent with the Trust objectives and in line with its Budget Strategy."</p> <p>We have verified the reserves balance at year-end and agreed to the levels of expenditure it provides the Trust at current rates of expenditure as correct. As the reconstituted trustee body develops plans for the future strategy of the Trust in the light of levels of investment return, it is recommended that the reserves policy is re-considered appropriately.</p>

Other matters



Other matters Mandatory communications

Other matters

There were no changes to the core financial statements and there are no unadjusted audit differences.

Area	Key content	Reference
Adjusted audit differences Adjustments made as a result of our audit	There were no audit adjustments required to the draft financial statements which impacted on the net assets or the profit and loss for the year.	-
Unadjusted audit differences Audit differences identified that we do not consider material to our audit opinion	We are required by ISA (UK and Ireland) 260 to communicate all uncorrected misstatements, other than those which are trivial, to you. There are no unadjusted audit differences.	-
Confirmation of independence Letter issued by KPMG to the Audit Committee	We have considered and confirmed our independence as auditors and our quality procedures, together with the objectivity of our Audit Director and audit staff.	Appendix 1
Schedule of Fees Fees charged by KPMG for audit and non-audit services	Our audit fees in respect of the audit of the financial statements and group reporting are £17,000 (2011-12: £18,000). Audit fees of £19,900 were payable in respect of the Trust's subsidiary companies. Non-audit fees for the group were £17,700 (2011-12: £21,210), which were all in respect of corporation tax compliance services for the subsidiaries. There were no non-audit fees for the Trust itself in the year.	-
Draft management representation letter Proposed draft letter to be issued to KPMG prior to audit sign-off	Subsequent to the financial year end, we have provided non-audit services to the Trust for £5,900, relating to advice in respect of the potential transfer of infrastructure assets from the Trust to SHEAP. There are no changes to the standard representations required for our audit from last year.	Appendix 2



cutting through complexity

Appendices

Auditing Standards require

us to consider and confirm formally our independence and related matters in our dealings with the Trust.

We have appropriate procedures and safeguards in place to enable us to make the formal confirmation in our letter included opposite.

Auditor independence

Professional ethical standards require us to provide to you at the conclusion of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed. This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence.

We have considered the fees paid to us by the Trust for professional services provided by us during the reporting period.

We are satisfied that our general procedures support our independence and objectivity.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP audit Trustees and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the APB Ethical Standards. As a result we have underlying safeguards in place to maintain independence through:

- Insulating professional values;
- Communications;
- Internal accountability;
- Risk management; and
- Independent reviews.

Please inform us if you would like to discuss any of these aspects of our procedures in more detail. There are no other matters that, in our professional judgement, bear on our independence which need to be disclosed to Trustees of the Trust.

Confirmation of audit independence

We confirm that as of 19 August 2013, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the Audit Director and audit staff is not impaired.

This report is intended solely for the information of the Trust and should not be used for any other purposes.

Yours faithfully

KPMG LLP

Appendix two Management representation letter

You are required to provide us with representations on specific matters such as:

- your financial standing,**
- application of accounting policies, and whether the transactions within the financial statements are legal and unaffected by fraud.**

Dear Sirs

This representation letter is provided in connection with your audit of the financial statements of Sheldan Charitable Trust ("the Trust"), for the year ended 31 March 2013, for the purpose of expressing an opinion:

- as to whether these financial statements give a true and fair view of the state of the Group's and the Trust's affairs as at 31 March 2013 and of the Group's and the Trust's income resources and application of resources for the financial year then ended;

- whether the financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

These financial statements comprise the Trust and consolidated Balance Sheet, the Trust and consolidated Statement of Financial Activities, the consolidated cash flow statement, and notes, comprising a summary of significant accounting policies and other explanatory notes.

The Trustees confirm that the representations it makes in this letter are in accordance with the definitions set out in the Appendix to this letter.

The Trustees confirm that, to the best of its knowledge and belief, having made such inquiries as it considered necessary for the purpose of appropriately informing itself:

Financial statements

1. The Trustees have fulfilled its responsibilities, as set out in the terms of the audit engagement dated 11 February 2010 for the preparation of financial statements that:

- I. give a true and fair view of the state of the Group's and the Trust's affairs as at the end of its financial year and of its income resources and application of resources for that financial year.

- II. have been properly prepared in accordance with UK Generally Accepted Accounting Practice ("UK GAAP"); and

- III. have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005, and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

The financial statements have been prepared on a going concern basis.

2. Measurement methods and significant assumptions used by the Trustees in making accounting estimates, including those measured at fair value, are reasonable.

3. All events subsequent to the date of the financial statements and for which FRS 21 Events after the balance sheet date requires adjustment or disclosure, have been adjusted or disclosed.

Information provided

4. The Trustees have provided you with:

- access to all information of which it is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;

- additional information that you have requested from the Trustees for the purpose of the audit; and

- unrestricted access to persons within the Trust from whom you determined it necessary to obtain audit evidence.

5. All transactions have been recorded in the accounting records and are reflected in the financial statements.

6. The Trustees acknowledge its responsibility for such internal control as it determines necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, the Trustees acknowledge its responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

The Trustees have disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Appendix two Management representation letter (continued)

7. The Board has disclosed to you all information in relation to:

- a) fraud or suspected fraud that it is aware of and that affects the Trust and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements; and
- b) allegations of fraud, or suspected fraud, affecting the Trust's financial statements communicated by employees, former employees, analysts, regulators or others.

8. The Board has disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

9. The Board has disclosed to you and has appropriately accounted for and/or disclosed in the financial statements, in accordance with FRS 12 *Provisions, Contingent Liabilities and Contingent Assets*, all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

10. The Board has disclosed to you the identity of the Trust's related parties and all the related party relationships and transactions of which it is aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with FRS 8 *Related Party Disclosures*.

11. The Board confirms that:

- a) The financial statements disclose all of the key risk factors, assumptions made and uncertainties surrounding the Trust's ability to continue as a going concern as required to provide a true and fair view.
- b) Any uncertainties disclosed are not considered to be material and therefore do not cast significant doubt on the ability of the Trust to continue as a going concern.

12. On the basis of the process established by the Trustees and having made appropriate enquiries, the Trustees are satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities are consistent with its knowledge of the business.

The Trustees further confirm that:

- a) all significant retirement benefits, including any arrangements that are:
 - statutory, contractual or implicit in the employer's actions;
 - arise in the UK and the Republic of Ireland or overseas;
 - funded or unfunded; and
 - approved or unapproved,
- b) all settlements and curtailments have been identified and properly accounted for.

This letter was tabled and agreed at the meeting of the Board of Trustees on [date].

Chair, on behalf of the Board.

Appendix A to the Board Representation Letter of Shetland Charitable Trust: Definitions

Financial Statements

A complete set of financial statements comprises:

- a balance sheet as at the end of the period;
- a statement of financial activities for the period;
- a statement of total recognised gains and losses for the period;
- a cash flow statement for the period;
- a reconciliation of movement in members' interest; and
- notes, comprising a summary of significant accounting policies and other explanatory information.

Appendix two Management representation letter (continued)

Material Matters

Certain representations in this letter are described as being limited to matters that are material. The ASB's *Statement of Principles for Financial Reporting* states that:

"An item of information is material to the financial statements if its misstatement or omission might reasonably be expected to influence the economic decisions of users of those financial statements, including their assessments of management's stewardship."

Fraud

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

Error

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements, in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- a) was available when financial statements for those periods were authorised for issue; and
- b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Management

For the purposes of this letter, references to "management" should be read as "management and, where appropriate, those charged with governance".

Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in FRS 9 *Related Party Disclosures* as the "reporting entity").

- a) A person or a close member of that person's family is related to a reporting entity if that person:
 - i. has control or joint control over the reporting entity;
 - ii. has significant influence over the reporting entity; or
 - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity, the party is an associate (as defined in FRS 9 *Associates and Joint Ventures*) of the entity.
- b) An entity is related to a reporting entity if any of the following conditions applies:
 - i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - iii. Both entities are joint ventures of the same third party.
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v. The entity is a retirement benefit scheme for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a scheme, the sponsoring employers are also related to the reporting entity.
 - vi. The entity is controlled or jointly controlled by a person identified in (a).
 - vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Related party transaction

The transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a price is charged.

Appendix two

Legislative and other developments within the charities sector

We have detailed developments for charity and company accounting.

Real Time Information

Under the proposed RTI system, employers will need to provide HM Revenue and Customs with details regarding the amount of tax, NIC, and other amounts relating to each employee's pay when, or before, they make the salary or wage payment to the employee. Currently this happens at the end of every tax year by submitting forms P35 and P14 to HM Revenue and Customs. RTI will be equivalent to carrying out this same end of year reporting – but on a monthly "real time" basis.

RTI was launched on 1 October 2012 and there is no flexibility or concessions available for smaller employers or charities.

Organisations will need to review their current payroll reporting systems to see not only whether they hold the required information necessary to deal with RTI, but also to consider how best the information can be submitted to HM Revenue and Customs.

Auto-enrolment

All organisations must "auto-enrol" eligible jobholders into either:

- National Employment Savings Trust ("NEST"); or
- their own qualifying workplace scheme.

Requirements phased in between October 2013 and October 2017 for all eligible jobholders, those between the age of 22 and the State Pension Age. When the scheme is fully in force employers will have to pay a minimum of 3% of qualifying earnings.

Employees can only opt out after three months in the scheme, but must be auto-enrolled again after three years. There may be opportunity to offset the additional cost to employers through salary sacrifice.

Controlling persons

HM Revenue and Customs are continuing to look at the governance of employment status and individuals, or those working through a limited company, who are treated as self-employed and paid gross outside of payroll. Following a number of high profile cases in the public sector, HM Revenue and Customs has brought forward legislation to ensure that any individual who is deemed a "controlling person" of a charitable entity should be treated as an employee with all earnings subject to PAYE and NIC. This is of particular concern for any consultants who may have been engaged to look at the long term growth or strategic development of a charity as there may be possible scope for HM Revenue and Customs to challenge that such work constitutes management or control.

Organisations should continue to look at whether their day to day governance (e.g. policies, process and procedures) around the engagement of contractors is robust enough to withstand possible scrutiny from HM Revenue and Customs.

The changes to the UK GAAP through FRS 100, 101 and 102 have now been finalised.

New UK GAAP

In March 2013, the Financial Reporting Council (FRC) issued FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland. This is the main part of the new UK GAAP regime and follows the issue in November 2012 of FRS 100 (overview of the framework) and FRS 101 (reduced disclosure framework that is not applicable to charities).

Charities will apply FRS 102, or, if eligible the FRSSE. FRS 102 is based on the IFRS for Small and Medium Sized Enterprises (IFRS for SMEs) although amendments were made specifically for the UK market. There is a reduced disclosure framework under FRS 102 which, if certain criteria are met, exempts a charity's subsidiaries from preparing a cash flow statement, and certain other disclosures.

- Under FRS 102 charities are public benefit entities (PBEs) and therefore follow the PBE requirements given for:
- Property held for the provision of social benefits;
 - Funding commitments;
 - Concessional loans – loans between a PBE and a third party at below market rate that are not repayable on demand;

- Incoming resources from non-exchange transactions – donated goods & services; and
- Public benefit entity combinations – combinations that are in substance a gift, or are a merger.

Statement Of Recommended Practice (SORP) 2005

The SORP applies to all UK charities that prepare accruals-based accounts to give a true and fair view of a charity's financial activities and financial position. The SORP provides guidance on the application of accounting standards by charities.

The SORP Committee is now drafting the next SORP to reflect the new UK accounting framework. The new SORP is likely to take the form of online modules rather than be a single published book to provide guidance on the application of FRS 102 including the PBE specific requirements. A draft SORP in modular form will be made available for public consultation in due course and it is anticipated the consultation will commence in summer 2013, aiming to launch the SORP mid-2014.

New UK GAAP is applicable for accounting periods beginning on or after 1 January 2015. This will require a transition balance sheet for the Trust to be prepared as at 1 April 2014.

Accounting regime	Applicable to:	Example:
FRS 102	■ Large and medium sized entities	■ Large and medium private companies ■ Larger charities
FRS 102 with reduced disclosures	■ Individual accounts of qualifying parent and subsidiary entities. (Qualification requires membership of a group that prepares publicly available financial statements intended to give a true and fair view)	■ Parent company and subsidiaries in a group ■ Company subsidiaries in a charitable group
FRSSE	■ Eligible small entities	■ Small private companies (as defined by Company law) ■ Small charities (as defined by Company law)

Appendix three Accounting update

FRS 102 GAAP differences

Differences between FRS 102 and current UK GAAP that may impact the charity sector include:

Selected GAAP differences

	Current UK GAAP	FRS 102	EU-IFRS*
Defined benefit pension plans	<ul style="list-style-type: none"> Multi-employer plans (including group) off balance sheet in individual accounts Expected return on assets reflects returns expected on assets held 	<ul style="list-style-type: none"> Group plans must be on at least one balance sheet. For non-group multi-employer plans, provision is made for agreed deficit funding One net interest charge/credit based on net balance sheet asset/liability i.e., return on asset element calculated using liability discount rate 	<ul style="list-style-type: none"> Group plans must be on at least one balance sheet. For non-group multi-employer plans, provision is made for agreed deficit funding One net interest charge/credit based on net balance sheet asset/liability i.e., return on asset element calculated using liability discount rate (for periods commencing 1 January 2013)
Goodwill	<ul style="list-style-type: none"> Rebuttable presumption that amortised over maximum life of 20 years Intangibles generally subsumed within goodwill 	<ul style="list-style-type: none"> Amortised over a presumed life of five years unless has longer life Intangibles recognised separately 	<ul style="list-style-type: none"> No amortisation, but reviewed annually for impairment Intangibles recognised separately
Derivatives	<ul style="list-style-type: none"> Generally off balance sheet (non-FRS 26) 	<ul style="list-style-type: none"> On balance sheet 	<ul style="list-style-type: none"> On balance sheet
Intercompany payables and receivables	<ul style="list-style-type: none"> Recognised at face value (non-FRS 26) 	<ul style="list-style-type: none"> Recognised at fair value If the loan is for a fixed term and not at a commercial rate then fair value will not equal face value. 	<ul style="list-style-type: none"> Recognised at fair value If the loan is for a fixed term and not at a commercial rate then fair value will not equal face value.
Borrowing/Development costs	<ul style="list-style-type: none"> May capitalise when criteria met 	<ul style="list-style-type: none"> May capitalise when criteria met 	<ul style="list-style-type: none"> Must capitalise when criteria met

The action plan summarises specific recommendations arising from our work together with related risks and management's responses.

Priority rating for recommendations			
Finding(s) and risk(s)	Recommendation(s)	Grade three (minor) observations are those recommendations to improve the efficiency and effectiveness of controls and recommendations which would assist us as auditors. The weakness does not appear to affect the availability of the control to meet their objectives in any significant way. These are less significant observations than grades one or two, but we still consider they merit attention.	Agreed management actions
<p>1 Group financial reporting information</p> <p>Grade one (significant) observations are those relating to business issues, high level or other important internal controls. These are significant matters relating to factors critical to the success of the organisation or systems under consideration. The weaknesses may therefore give rise to loss or error.</p>	<p>Grade two (material) observations are those on less important control systems, one-off items subsequently corrected, improvements to the efficiency and effectiveness of controls and items which may be significant in the future. The weakness is not necessarily great, but the risk of error would be significantly reduced if it were rectified.</p>		
<p>With recent changes in accounting arrangements, there is a risk that Trust management and finance do not obtain appropriate financial information on a timely basis through the year to be able to identify issues which may impact on the financial statements of the Trust, and to enable group financial statements to be prepared on a timely basis by the Trust accountants in future years.</p>	<p>Management need to consider how they will obtain and record financial information in respect of the group for management information purposes during the year, and in respect of year end group financial reporting requirements. This will need to take account of changing arrangements within the Trust's subsidiary companies as their own arrangements take shape during 2013-14.</p>		<p>Responsible officer:</p> <p>Implementation date:</p>



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REPORT

To: Shetland Charitable Trust

Date 12 September 2013

From: Chief Executive

Report: CT1309044

Health and Safety Policy

1. Introduction

- 1.1 This report asks Trustees to approve and adopt an updated Health and Safety Policy, procedures and guidelines.

2. Background

- 2.1 The Trust is required to review its Health and Safety policies regularly, to ensure that they meet current legislative requirements and are fit for purpose.

3. Present Position

- 3.1 Attached as Appendix 1 is the Trust's policy on Health and Safety, which has been reviewed at officer level and updated to meet current requirements. Trustees are asked to approve and adopt the policy.

4. Financial Implications

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

5. Recommendations

- 5.1 Trustees are recommended to approve and adopt the Health and Safety Policy, Procedures and Guidelines attached as Appendix 1.

Reference: EMI/TA36
Date: 28 August 2013

Report Number CT1309044

5

This is the Health and Safety Policy Statement of Shetland Charitable Trust

The Health and Safety Policy:

- Explains the health and safety legislative framework within which the policy has been developed
- Makes explicit the Trust's commitment to health and safety
- Contains descriptions of the responsibilities for health and safety within the Trust

Introduction and Legislative Framework

Organisations that successfully manage health and safety recognise that the relationship between controlling risks and general health is at the very centre of the business itself. This policy is a unique, live, working document specific to Shetland Charitable Trust (the Trust) and the starting point for managing health and safety in the workplace which:

- Demonstrates the Trusts commitment to health and safety and sets out aims and objectives in relation to this;
- Identifies the individual health and safety roles and responsibilities and the communication channels within the Trust; and,
- Summarises the practical ways in which health and safety is managed and objectives met.

The Trust is required to have a written health and safety policy in order to comply with the Health and Safety at Work etc Act [HSWA] 1974. The act is the primary piece of health and safety legislation within the UK. It is an 'enabling' act, often referred to as an umbrella act, which means that regulations can be introduced without the need for additional primary legislation.

The HSWA also says that employers must, so far as is reasonably practicable, provide:

- A safe place of work;
- A safe working environment and adequate welfare facilities;
- Safe equipment and systems of work;
- Safe arrangements for using, handling, storing and transporting articles and substances associated with work; and,
- Sufficient information, instruction, training and supervision for employees.

The act is supported by many other regulations and pieces of legislation, one of the most significant being the Management of Health and Safety at Work Regulations [MHSWR] 1999. A crucial element of these regulations is the requirement for employers to have in place systems to manage health and safety. The technique of risk assessment - used to identify hazards, evaluate risks, support planning and put effective control measures in place - underpins such systems.

The HSWA clearly describes the employer's duty of care not only for staff but towards persons other than employees such as visitors, members of the public, contractors and delivery personnel. The principles and duties outlined in this policy apply, therefore, to anyone affected by the Trust's activities.

Our statement of general policy is:

- To provide adequate control of the health and safety risks arising from our work activities:
- To consult with our employees on matters affecting their health and safety:
- To provide and maintain safe plant and equipment:
- To ensure safe handling and use of substances:
- To provide information, instruction and supervision for employees:
- To ensure all employees are competent to do their tasks, and to give them adequate training:
- To prevent accidents and cases of work related ill health:
- To maintain safe and healthy working conditions: and
- To review and revise this policy annually, or sooner in response to a significant change in circumstances.

(signed).....

Date..... Review Date – Officers – August 2013
Trustees September 2013

Responsibilities

Overall and final responsibility for health and safety rests with the Board of Trustees.

Day to day responsibility for ensuring this policy is put into practice is delegated to the Chief Executive.

Ensuring that health and safety standards are maintained/improved and documentation kept up to date is the responsibility of the Trust Manager. All employees have a duty to:-

- Take care of their own health and safety and the health and safety of all others who may be affected by their acts
- Notify all hazards, defects, accidents and incidents (including near misses) to the Trust Manager
- Not deliberately or recklessly interfere with or misuse any equipment provided for the protection of health and safety
- Speak up when they see practices which might endanger their own, colleagues and/or others safety

- Know all emergency procedures including evacuation and fire precautions relating to their place of work
- Attend health and safety training courses and refresher courses provided by the Trust
- Take part in risk assessments and identify safe working practices
- Support and engage with any Healthy Working Lives initiatives being promoted.
- Co-operate with supervisors and managers on health and safety issues:

:

Health and Safety Risks arising from our work activities

Risk Assessments will be carried out by the Trust Manager

The findings of the Risk Assessment will be reported to the Chief Executive

Action required to remove/control the risks will be approved by the Chief Executive

The Trust Manager will be responsible for ensuring the action required is implemented, and will check that the implemented action has removed/reduced the risk.

Assessments will be reviewed every three months, or when work activity changes, whichever is the sooner.

The Trust Manager is responsible for identifying and providing appropriate health surveillance when a risk assessment identifies that a particular work activity may pose a risk to the health of workers and where that risk cannot be eliminated

Consultation with Employees

All employees are consulted directly, and have input into Risk Assessment both directly and in routine staff meetings. All employees are encouraged to raise any concerns on health and safety issues. Independent Occupational Health advice is available via the Healthy Working Lives and HSE websites (www.healthyworkinglives.com and www.hse.gov.uk). Healthy Working Lives also provide a free telephone helpline (0800 019 2211) and accept queries via email. Locally direct contact can be made with the Healthy Working Lives Officer, Mrs Catriona Oxley who can be contact at Catriona.oxley@nhs.net.

An up-to-date Health and Safety Law poster is displayed in the main corridor as is kept up to date by the Trust Manager.

Safe Building

Under a service level agreement with Shetland Islands Council, the Building Services Unit will ensure that:-

- Building related risk assessments are carried out and any necessary actions within the remit of the service level agreement are carried out;
- There are co-ordinated inspections of premises to ensure that buildings and relevant, fixed equipment are safe and properly maintained;
- Records of all statutory tests and inspections carried out by Building Services are maintained.

Safe Plant and Equipment

All electrical equipment is tested regularly under the service level agreement with Shetland Islands Council.

The exception to this is the photocopier, which is maintained by Danwood Highland, the agents for the machine.

Induction and Training

Induction of new staff includes training on the safe use of equipment as appropriate.

All staff are trained in the safe use of all equipment.

Training is regularly updated (as appropriate) and records are kept by the Office Administrator.

Accidents and first aid

There is a trained first aider on site, and first aid boxes are located in reception.

All incidents and cases of work-related ill-health are recorded in the accident book which is kept in reception.

Accidents are investigated by the Trust Manager in the first instance, and reported to the Chief Executive, who decides on further action if appropriate.

Other duties of Trust Manager

The Trust Manager will ensure that:-

- Any new equipment meets health and safety standards before it is purchased;
- Hazardous substances such as cleaning chemicals are stored and handled in line with the Control of Substances Hazardous to Health [COSHH] Regulations 2002;
- Appropriate security measures are in place;
- There is suitable and sufficient first aid provision within the building;
- A fire risk assessment is undertaken and that fire fighting equipment and warning systems, if fitted, are properly maintained and tested and escape routes regularly checked;
- Appropriate emergency procedures are in place, practiced as necessary and relevant records maintained.

Communication

This policy document – and any subsequent revisions to it – will be brought to the attention of all employees by including Health and Safety as a standing item on the agenda at the regular staff meetings.

REPORT**To:** Shetland Charitable Trust

12 September 2013

From: Chief Executive
Risk Management – Annual Review**Report:** CT1309045**1 Introduction and Key Decisions**

- 1.1 Trustees are asked to consider the Risk Management Assessment, 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.

3 Risk Management Framework

- 3.1 The Risk Management Assessment for the Trust is included at Appendix 1. The potential risks facing the Trust, are considered in the following categories:

- Governance and Management
- Compliance Risks (Laws and Regulation)
- Operational Risks
- Financial Risks
- Environmental / External Factors

- 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

S E V E R I T Y	F R E Q U E N C Y				
	Rare	Unlikely	Possible	Likely	Almost Certain
	Insignificant			4	
	Minor		6	8	
	Significant	6	9		
	Major	4	8		
	Catastrophic				

4. Present Position

- 4.1 Currently, the Trust's Risk Management Assessment is reviewed quarterly at officer level, and annually at Trustee level. The risks identified are categorised below. Each risk is numbered, and can be identified and cross referenced to the grid below.
- 4.2 Additional columns have been added to identify the target level of risk for each, and who is responsible for leading on any action. The final two columns identify which committee has overall responsibility for any action, and the date for any proposed review.
- 4.3 There follows the matrix for the Trust's Risk Assessment as it stands.

Residual Risk Rating Matrix: Shetland Charitable Trust

S E V E R I T Y	F R E Q U E N C Y				
	Rare	Unlikely	Possible	Likely	Almost Certain
	Insignificant			0	
	Minor		0	0	
	Significant	2,3,4,26,28,30,32,33	8,13		
	Major	29	27		
	Catastrophic				

- 4.2 The Trust has identified 33 potential risks, which may impact on the business of the Trust. In this review, 2 have been classified as Red, 12 as Amber and 19 as Green.
- 4.3 Priority will be given to tackling any issue which has a high likelihood of occurring and a significant impact on service delivery should it occur

- 4.4 The two Red risks are in the areas of conflict of interests and compliance with charity law. Both areas have been considered within the recent governance review. The first, loss of charitable status, is seen as rare, but the consequences are so serious that it remains red. The second concerns conflict of interest. Because Shetland is a small community, with people fulfilling many roles, it is a risk which cannot be eliminated, and must be managed appropriately.

5. Future Reviews

- 5.1 The Audit and Governance Committee will be responsible for reviewing the Trust's Risk Management Assessment, who plan to have a development session in November to discuss it in more detail.

6 Financial Implications

- 6.1 There are no financial implications associated with this report.

7. Recommendations

- 7.1 I recommend that Trustees
- (a) approve 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.

Shetland Charitable Trust – Risk Management Assessment

CT1309045 – App1

Descriptor	Description of Frequency
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

Descriptor	DESCRIPTION OF SEVERITY				
	Breach of legal requirements	Financial loss	Disruption in service days	Community	Embarrassment
HAZARD IMPACT Insignificant	Litigation claim ≤£2K	≤£10K	None	Inconvenience to an individual or small group	None
Minor	£2k to £50k	£10k to £100k	1	Impact on an individual or small group	Contained within Trust
Significant	Claim £50k to £250k	£100k to £500k	2-3	Impact on a local community	Local public or press interest
Major	Claim £250k to £1m	£500k to £1m	4-14	Impact on several communities	National public or press interest
Catastrophic	Multiple civil or criminal actions claim of above £1m	≥£1m	≥14	Impact on the whole of Shetland	Officers and/ or Trustees forced to resign

Shetland Charitable Trust – Risk Management Assessment

CT1309045 – App1

Scoring Framework

Frequency →	Rare	Unlikely	Possible	Likely	Almost Certain
Severity ↓					
Insignificant				4	
Minor			6	8	
Significant		6	9		
Major	4	8			
Catastrophic					

Trust's Current Position – the Risk ID number is contained within the scoring box

Frequency →	Rare	Unlikely	Possible	Likely	Almost Certain
Severity ↓					
Insignificant				0	
Minor			0	0	
Significant		Risk IDs: 2, 3, 4, 26, 28, 30, 32, 33	Risk IDs: 8, 13		
Major	Risk ID: 29	Risk ID: 27			
Catastrophic					

Shetland Charitable Trust – Risk Management Assessment

CT1309045 – App1

Risk ID No.	Date Added	Risk Description	Residual Risk Rating and Scoring	Potential Impact of Risk	Current Mitigating Actions	Target Risk	Risk Owner	Standing Committee	Review Date
1		Charitable Status Removed	RED (5)	Wind up SCT	(i) Trustees need to be aware of, and act on legal advice (ii) Reorganised Trustee body which complies with current legislation	5			
2		The Charity lacks direction, strategic and forward planning	AMBER (6)	(a) The charity drifts with no clear objectives, priorities or plans (b) The relationship between what should be provided as core services and what the Trust should support as valued added services remains unclear. (c) Issues are addressed piecemeal with no strategic reference (d) Needs of beneficiaries not fully addressed (e) Financial management difficulties. (f) Loss of Reputation	(i) The Trust has a long term approach to financial planning, which feeds a 3 year Budget Strategy (ii) Regular Management Accounts and Investment Reports are presented to Trustees and discussed (iii) A system of service performance monitoring has been established (iv) The Annual Report, which should refer to the impact the Trust has on Shetland, and should be produced timeously (v) Maintain credibility with the people of Shetland, through, e.g. communications strategy (vi) Review Strategic Plan	4			

Shetland Charitable Trust – Risk Management Assessment

CT1309045 – App1

Risk ID No.	Date Added	Risk Description	Residual Risk Rating and Scoring	Potential Impact of Risk	Current Mitigating Actions	Target Risk	Risk Owner	Standing Committee	Review Date
3		Trustee body lacks relevant skills or commitment	AMBER (9)	(a) Charity becomes moribund or fails to achieve its purpose (b) Decisions are made by-passing the Board (c) Resentment or apathy amongst staff (d) Poor value for money on service delivery	(i) Skills list for new trustees to identify gaps and take remedial action – training or bought in expertise (ii) Competence Framework and Job Descriptions for all staff (iii) Trustee Training – induction and ongoing (personal development plans) (iv) Trustees to be encouraged to access national organisations/websites etc (v) Risk Management framework reviewed quarterly by officers and annually by Trustees	6	CE/Chair		Post ID of F in place
4		Board of Trustees dominated by one or two individuals or by connected individuals	AMBER(6)	(a) Decisions may be taken outside of Trustee body (b) External political interference (c) Trustees' external interests may give rise to conflicts of interest, or the perception of conflict (d) Pursuit of personal agendas (e) Culture of secrecy and deference (f) Arbitrary over-riding of control mechanism	(i) Understanding of trust law. (ii) Protocol for disclosure of potential conflicts of interest in place. (iii) Procedures for not participating in certain decisions in place. (iv) Procedural framework for meetings and recording decisions	3			

Shetland Charitable Trust – Risk Management Assessment

CT1309045 – App1

Risk ID No.	Date Added	Risk Description	Residual Risk Rating and Scoring	Potential Impact of Risk	Current Mitigating Actions	Target Risk	Risk Owner	Standing Committee	Review Date
5		Trustees are benefitting from charity (eg remuneration)	GREEN (2)	(a) Reputation, morale and ethos (b) Impact on overall control systems (c) Conflicts of interest (d) Regulatory action	(i) No remuneration paid, only travel expenses (ii) Ensure legal authority for payment or benefit (iii) Ensure procedures for scrutiny and sign-off in place	1			
6		Conflicts of Interest	RED (12)	(a) Risks of conflicts of interest arising in a small community:- (i) from some SIC councillors being appointed Trustees of the SCT. (ii) from Trustees holding office in other public sector organisations (b) Charity unable to pursue its own interests and agenda (c) Decisions may not be based on relevant considerations and may be challenged (d) Impact on reputation – reputational damage and financial loss	(i) Understanding of Trust Law (ii) New governance arrangements in place (iii) Protocol for disclosure of potential conflicts of interest (iv) Procedures for standing down on certain decisions (v) Institute of Directors' report on review of the governance of SCT subsidiary companies completed June 2012 (vi) Commissioned specialist advice on restructuring and appropriate deployment of SCT staff to avoid conflicts of interest (v) formal declaration of interests at each meeting	9			

Shetland Charitable Trust – Risk Management Assessment

CT1309045 – App1

Risk ID No.	Date Added	Risk Description	Residual Risk Rating and Scoring	Potential Impact of Risk	Current Mitigating Actions	Target Risk	Risk Owner	Standing Committee	Review Date
7		Failure to comply with legislation and regulations <ul style="list-style-type: none"> • Data Protection • Employment Law • Human Rights • Equality • Health and Safety 	GREEN (3)	(a) Fines or penalties (b) Action for negligence (c) Reputational risks	(i) Identify key legal and regulatory requirements (ii) Allocate responsibility for key compliance procedures (iii) Service Level Agreements in place (iv) Legal Advisers employed (v) Appropriate action taken as necessary	3			
8		Failure to comply with Charity Law	AMBER (9)	(a) Action for negligence (b) Reputational risks	(i) Identify key legal and regulatory requirements (ii) Individuals have key roles of responsibility within their job descriptions (iii) New governance arrangements in place	6			
9		Regulatory reporting requirements	GREEN (2)	(a) Regulatory action (b) Reputational risks	(i) Compliance procedures and allocation of staff responsibilities	1			

Shetland Charitable Trust – Risk Management Assessment

CT1309045 – App1

Risk ID No.	Date Added	Risk Description	Residual Risk Rating and Scoring	Potential Impact of Risk	Current Mitigating Actions	Target Risk	Risk Owner	Standing Committee	Review Date
10		Lack of Professional advice	GREEN (3)	(a) errors or omissions (b) Failure to meet deadlines (c) Failure to address local service needs or compliance risks	(i) Service Level Agreements in place and annually reviewed (ii) Contracts regularly reviewed (iii) Legal Adviser / External Audit arrangements. Regularly reviewed (iv) Insurance provision regularly reviewed	2			August 2014
11		Organisational Structure	GREEN (9)	(a) Lack of information flow and poor decision making (b) Remoteness from operational activities (c) Uncertainty as to roles and duties (d) Decisions made at inappropriate level or excessive bureaucracy	(i) Organisational chart and clear understanding of roles and duties (ii) Delegation and monitoring consistent with good practice and constitutional or legal requirements (iii) Review of structure and constitutional change	4	CE		Post January 2013
12		Activities potentially outside objects, powers or terms of gift (restricted funds)	GREEN (3)	(a) Loss of funds available for beneficiary class (b) Potential for breach of trust and regulatory action (c) Taxation implications (if non-qualifying expenditure)	(i) Protocol for reviewing new projects to ensure consistency with objects, powers and Budget Strategy (ii) Legal adviser	3			

Shetland Charitable Trust – Risk Management Assessment

CT1309045 – App1

Risk ID No.	Date Added	Risk Description	Residual Risk Rating and Scoring	Potential Impact of Risk	Current Mitigating Actions	Target Risk	Risk Owner	Standing Committee	Review Date
13		Loss of key staff	AMBER (9)	(a) Experience or skills lost. (b) Operational impact on key projects and priorities. (c) Loss of contact base and corporate knowledge.	(i) Documentation of systems, plans and projects regularly reviewed. (ii) Training programmes. (iii) Notice periods and handovers. (iv) Recruitment processes	6			
14		Reporting to trustees (accuracy, timeliness and relevance)	GREEN (2)	(a) Inadequate information resulting in poor quality decision making (b) Failure of Board to fulfil its control functions. (c) Board becomes remote and ill informed.	(i) Proper strategic planning, objective setting and budgeting processes. (ii) Timely and accurate service performance reporting. (iv) Timely and accurate financial reporting. (v) Proper project assessment and authorisation procedures. (vi) Regular contact between trustees, the Chief Executive and the Chairman	2			

Shetland Charitable Trust – Risk Management Assessment

CT1309045 – App1

Risk ID No.	Date Added	Risk Description	Residual Risk Rating and Scoring	Potential Impact of Risk	Current Mitigating Actions	Target Risk	Risk Owner	Standing Committee	Review Date
15		Contract risk	GREEN (4)	(a) Unclear contractual / partnership relationship with funded organisations (b) Potential indirect subsidy of public provision	(i) Application Form / Service Level Agreement with funded organisations. (ii) Performance Monitoring arrangements documented and reviewed annually (iii) Regularly reviewed and updated (iv) Grant conditions	2			
16		Service provision – beneficiary satisfaction	GREEN (4)	(a) Beneficiary complaints (b) Negligence claims (c) Reputational risks	(i) Service performance monitoring procedures. (ii) Staff objectives, personal development plans, training and performance reviews (iii) Complaints procedures				
17		New project or service delivery and development	GREEN (4)	(a) Compatibility with SCT objects, plans and priorities. (b) Inadequate assessment of need (c) Funding and financial viability and sustainability	(i) Project Appraisal procedures (ii) Application Forms / Service Level Agreements (iii) Role of Service Coordinator as defined in the Trustee handbook (iv) Performance monitoring procedures	2			

Shetland Charitable Trust – Risk Management Assessment

CT1309045 – App1

Risk ID No.	Date Added	Risk Description	Residual Risk Rating and Scoring	Potential Impact of Risk	Current Mitigating Actions	Target Risk	Risk Owner	Standing Committee	Review Date
18		Capacity and Use of Resources, including tangible fixed assets	GREEN (4)	(a) Under-utilised or lack of building / office space (b) Spare capacity not being utilised (c) Buildings not properly maintained	(i) Building and Plan Inspection Programme (ii) Repairs and Maintenance Programme	2			
19		Security of assets	GREEN (4)	(a) Loss of damage. (b) Theft of assets. (c) Infringements of intellectual property rights.	(i) Review of security (ii) Asset Register (iii) Facilities Management arrangements (iv) Safe custody arrangements for title documents. (v) Insurance Reviews	2			
20		Employment issues	GREEN (4)	(a) Employment disputes (b) Health and Safety issues (c) Claims for injury, stress, harassment, unfair dismissal (d) Equal opportunities issues (e) Adequacy of staff training (f) Child protection issues (g) Low Morale	(i) Recruitment processes (ii) Job training and development (iii) Job descriptions / tasks (iv) Reviews Health and safety training (v) SLA with appropriate professionals	9			

Shetland Charitable Trust – Risk Management Assessment

CT1309045 – App1

Risk ID No.	Date Added	Risk Description	Residual Risk Rating and Scoring	Potential Impact of Risk	Current Mitigating Actions	Target Risk	Risk Owner	Standing Committee	Review Date
21		Health, Safety and Environment	GREEN (9)	(a) Staff injury (b) Product or service liability (c) Ability to operate	(i) Compliance with law and regulation (ii) Training, review and revise procedures as necessary (iii) Risk Assessments and Reporting procedures	4			
22		Disaster recovery and planning – business continuity	GREEN (4)	(a) Computer system failures or loss of data. (b) Destruction of property, equipment, records through fire, flood or similar damage	(i) IS recovery plan (ii) Data back up procedures and precautions (iii) Disaster recovery plan for alternative accommodation (iv) Insurance Cover (Disaster Recovery Plan tested July 2013, in process of updated during Aug/Sept 13 and re-test planned for Oct 13)	4 change to 2			
23		Procedural and systems documentation	GREEN (3)	(a) Lack of awareness of procedures and policies. (b) Actions taken without proper authority.	(a) Proper documentation of policies and procedures (b) Audit and review systems in place and regularly reviewed	3			

Shetland Charitable Trust – Risk Management Assessment

CT1309045 – App1

Risk ID No.	Date Added	Risk Description	Residual Risk Rating and Scoring	Potential Impact of Risk	Current Mitigating Actions	Target Risk	Risk Owner	Standing Committee	Review Date
24		Information Technology	GREEN (1)	(a) Systems fail to meet operational need. (b) Failure to innovate or update systems. (c) Loss/corruption of data (d) Lack of technical support	(i) Use of service level agreements and support contracts (ii) Disaster recovery procedures	1			
25		Insurance Cover Inadequate	GREEN (1)	(a) Financial loss	(i) Service Level Agreement (Insurance and Risk) (ii) Annual Insurance Review	1			
26		Budgetary control and financial reporting	AMBER (3)	(a) The spending programme could become unaffordable or unsustainable (b) Budget does not match key objectives and priorities. (c) Decisions made based on unreliable data	(i) Targets set out in 3 year Budget Strategy. (ii) Budgets linked to business planning and Trust objectives. (iii) Timely and accurate monitoring and reporting for all aspects of the Trust's business. (iv) Performance review of beneficiaries	3			

Shetland Charitable Trust – Risk Management Assessment

CT1309045 – App1

Risk ID No.	Date Added	Risk Description	Residual Risk Rating and Scoring	Potential Impact of Risk	Current Mitigating Actions	Target Risk	Risk Owner	Standing Committee	Review Date
27		Protection of Reserves / Endowment and Dependency on income sources	AMBER (8)	<p>(a) The spending programme may not be affordable or sustainable</p> <p>(b) Inability to meet commitments or planned objectives.</p> <p>(c) Financial loss through inappropriate or speculative investments</p> <p>(d) Financial loss through lack of investment advice or lack of diversity</p> <p>(e) Inability to meet commitments or key objectives.</p> <p>(f) Ability to function as going concern</p>	<p>(i) Investment committee set up to review, monitor and oversee investments</p> <p>(ii) Reserves / Investment Strategy</p> <p>(iii) Investment Adviser / Fund Management contracts</p> <p>(iv) 3 Year Budget Strategy</p> <p>(v) Regular Reporting of Investment Performance</p> <p>(vi) 5 year maintenance plan</p> <p>(vii) Selection and review of fund managers</p>				
28		Inappropriate or loss-making non-charitable activities	AMBER (6)	<p>(a) Resources and energy diverted from core activities.</p> <p>(b) Regulatory action, and accountability.</p> <p>(c) Reputational risk if publicised</p>	<p>(i) Adequate authorisation procedures for any funding provided by charity (prudence, proper advice, investment criteria)</p> <p>(ii) Legal Adviser</p>				

Shetland Charitable Trust – Risk Management Assessment

CT1309045 – App1

Risk ID No.	Date Added	Risk Description	Residual Risk Rating and Scoring	Potential Impact of Risk	Current Mitigating Actions	Target Risk	Risk Owner	Standing Committee	Review Date
29		Fraud or error	AMBER (4)	(a) Financial loss (b) Reputational risk (c) Regulatory action	(i) Financial control procedures. (ii) Segregation of duties. (iii) Authorisation limits (iv) Security of Assets (v) Insurable Risks	4			
30		Contaminated Land	AMBER (6)	(a) Potential financial and other liabilities	(i) Restoration clauses				
31		Failure to communicate	GREEN (6)	(a) Impact on beneficiaries (b) Impact on morale of staff (c) Adverse publicity/Public Perception	(i) Complaints Procedure, including regular reports to Trustees (ii) Media Strategy and Support in place (iii) Website established and kept up to date	3			
32		Failure to plan for demographic changes	AMBER (6)	(a) Impact of demographic distribution of beneficiaries (b) Increasing beneficiary class – older people and people in need	(i) Profiling and understanding of beneficiary needs (ii) Use of Community Planning Board analysis to inform funding decisions	6			

Shetland Charitable Trust – Risk Management Assessment

CT1309045 – App1

Risk ID No.	Date Added	Risk Description	Residual Risk Rating and Scoring	Potential Impact of Risk	Current Mitigating Actions	Target Risk	Risk Owner	Standing Committee	Review Date
33		Failure to secure value for money from current arrangements	AMBER (6)	(a) Inefficient use of funds	(i) General Purpose Committee established to review, monitor and oversee disbursements (ii) Application Forms (iii) Performance Monitoring (iv) Financial and Management Reports and Information	6		General Purpose Committee	

REPORT

To: Shetland Charitable Trust

Date: 12 September 2013

From: Chief Executive

No: CT1309046

MANAGEMENT ACCOUNTS – THREE MONTHS ENDED 30 JUNE 2013

1 Introduction and Key Decisions

- 1.1 This report presents the Trust's Management Accounts to the end of June 2013, for noting. These Management Accounts deal with revenue budgets and expenditure.

2 Management Accounts

- 2.1 Table 1 below shows the Summary Budget for the Charitable Trust for 2013/14 and the expenditure in the three months to 30 June 2013.

Table 1: Summary Management Accounts 2013/14

Item	Current Budget £m	Spend to June 13 £m
Charitable Expenditure		
Schemes and Organisations	8.2	3.0
Maintenance/Capital Programme	1.6	0.7
Operating Costs	0.5	0.2
Total	10.3	3.9

- 2.2 A more detailed analysis of the expenditure programmes is set out in Appendix 1.
- 2.3 The total budget for Schemes and Organisations is £8.2 million, of which £2.4 million has been spent to date. Where the running costs of projects are greater than £20,000, grant assistance is paid out in 2 stages - the first payment is made in April and the second is subject to a review of the organisation's accounts from the previous year.
- 2.4 The Maintenance Funding Programme includes £1.5 million which is paid to the major Trusts in two instalments with 50% of the budget being paid at the beginning of the year on submission of their

4
maintenance programme for the year. The second instalment will be paid on receipt of a satisfactory statement of the first six months' expenditure.

- 2.5 Table 2 below sets out the revisions/enhancements to the original budget for 2013/14 to give the current budget.

Table 2: Budget Amendments

Original Budget Approved 21 February 2013		£10,290,844
Approvals	Presented 23 May 2013	
	Voluntary Action Shetland	£12,000
	Peer Education Project	
Revised budget as at 30 June 2013		<u>£10,302,844</u>

3 Financial Implications

- 3.1 No direct financial implications flow from this information report.

4 Recommendations

- 4.1 I recommend that Trustees note the satisfactory financial performance to June 2013, as shown in the Management Accounts in Appendix 1.

Reference: LF/DA5
Date: 29 August 2013

Report No: CT1309046

Shetland Charitable Trust Management Accounts **Charitable Expenditure : Period to 30 June 2013**

Appendix 1

	Current 12 month budget £	Actual spend to 30 June £	year to date variance £
Shetland Amenity Trust	1,052,728	526,364	526,364
Shetland Arts Development Agency	696,038	174,009	522,029
Shetland Recreational Trust	2,518,550	1,259,275	1,259,275
<u>Other Charitable Organisations</u>			
Disability Shetland Recreation Club	12,641	12,641	0
The Swan Trust	44,650	22,325	22,325
VAS - New Shetlander	670	670	0
Shetland Churches Council Trust	54,055	27,028	27,027
Shetland Befriending Scheme	54,418	27,209	27,209
Citizens Advice Bureau	147,383	73,692	73,691
COPE Limited	154,967	77,484	77,483
Couple Counselling Shetland	12,000	12,000	0
Shetland Link Up	47,994	23,997	23,997
Voluntary Action Shetland	144,367	72,184	72,183
VAS - Peer Education Project	12,000 *	12,000	0
Festival Grants	30,000	30,000	0
Local Charitable Organisations	14,000	7,552	6,448
Womens Royal Voluntary Service	47,622	23,811	23,811
Sub Total Charitable Organisations	5,044,083	2,382,241	2,661,842
<u>Schemes</u>			
Community Development Grants	14,272	4,500	9,772
Community Support Grants	72,321	0	72,321
Arts Grant Scheme	35,000	7,652	27,348
Senior Citizens Clubs	20,000	13,305	6,695
Support to Rural Care Model	2,491,000	622,750	1,868,250
Social Assistance Grants	5,000	1,032	3,968
Buses for Elderly and Disabled	49,980	8,330	41,650
Supported Employment	8,000	0	8,000
Sub Total Schemes	2,695,573	657,569	2,038,004
<u>Direct Schemes</u>			
Springfield	1,500	593	907
Xmas grant Scheme	432,000	0	432,000
Planned Maintenance	1,589,928	753,778	836,150
Sub Total Direct Schemes	2,023,428	754,371	1,269,057
Trust Administration	539,760	156,817	382,943
Surplus Grants Repaid	0	0	0
Total	10,302,844	3,950,998	6,351,846

* These budgets have been modified by subsequent decisions of the Trust

Shetland Charitable Trust Management Accounts
Management and Administration : Period to 30 June 2012

Appendix 1

	Current 12 month budget £	Actual spend to 30 June £	year to date variance £
Staffing Costs			
Basic Pay and Allowances	370,000 **	99,508	270,492
Professional Membership Fees	1,500	155	1,345
Travel and Subsistence	8,000	1,723	6,277
Training and Staff Development	8,000	0	8,000
Sub Total Staffing Costs	387,500	101,385	286,115
Operating Costs			
Insurance	10,000	0	10,000
Administration	5,000	673	4,327
Supplies and Services	8,000	1,607	6,393
Bank Charges	500	182	318
Professional Fees: Other	15,000	4,294	10,706
Miscellaneous Items	2,000	447	1,553
External Audit Fees	26,500	23,880	2,620
Trustees' Expenses	8,000	653	7,347
Legal Fees	80,000	21,852	58,148
Recruitment Costs	2,000	0	2,000
Sub Total Operating Costs	157,000	53,589	103,411
Property Costs			
Energy Costs	5,000	556	4,444
Water Rates	2,000	0	2,000
Cleaning	3,500	1	3,499
Sub Total Property Costs	10,500	557	9,943
Supplied Service	-70,000	0	-70,000
Bought In Services			
Finance	30,000	1,286	28,714
Committee Services	12,000	0	12,000
Computer Services	9,100	0	9,100
Messenger Service	1,500	0	1,500
Insurance Admin	2,160	0	2,160
Sub Total Bought In Services	54,760	1,286	53,474
Total	539,760	156,817	382,943

** This figure includes £12,000 cost of change expenditure.

REPORT

To: Shetland Charitable Trust

12 September 2013

From: Chief Executive

Report number CT1309047

Service Performance of Funded Organisations – Year Ending 31 March 2013

1. Introduction

- 1.1 The purpose of this Report is to present Trustees with information regarding the services, which are being provided by the various organisations to which the Trust provides funding. The Report is for noting, following consideration of the information provided.

2. Background

- 2.1 Trustees may recall that as part of the budgeting process, Service Co-ordinators are required, on behalf of the Trust, to determine:
- the strategic service framework within which any bid for funding from the SCT should be considered;
 - an appropriate level and standard of service to be provided and express that in a Service Statement or Service Level Agreement (as appropriate);
 - the appropriate cost at which to buy that service with due regard to comparable information and funding from other sources; and
 - an appropriate monitoring and evaluation framework to ensure that services are being delivered to the required standard.
- 2.2 This Report now seeks to measure how successful the organisations are at delivering that given range of services to the community.

3. Present Position

- 3.1 Appendix A is a brief summary of the detailed service performance reports provided by each organisation in response to our request for service based information. The Grant Offer Letter, which organisations sign up to prior to any money being released, states that, *"the Grantee provides service performance reports as required for the proper monitoring of the grant, the reports to be of a format and frequency to be agreed by the Service Co-ordinator"*.



Depending on the size of the organisation, and other factors, the information can be requested quarterly, six monthly or on an annual basis.

- 3.2 Table 1 below provides a summary of progress and/ or highlights any major variations to the targets set, with explanations as required.

Table 1: Summary of Key Issues and/or achievements

Organisation	Comment
COPE Ltd	COPE Ltd completed an organisational restructure and has consolidated its enterprises into fewer sites. This achieved the efficiencies required to match future funding and income levels. During 2012/13, COPE's Soap Company enterprise also underwent a product re-branding and was re-launched in time for the Christmas market, which returned positive results and customer feedback
Royal Voluntary Service (RVS)	RVS had a turnover of staff in the local office during 2012/13, which contributed to a reduction in service levels. However RVS appointed a new Locality Manager in the Spring of 2013 and is actively recruiting to its other vacancies
Shetland Arts Development Agency (SADA)	Film attendances have seen a large increase in numbers following the opening of Mareel in 2012. SADA also had good uptake with its NC and new HNC Music Courses, delivered on behalf of Shetland College/UHI network
Shetland Folk Festival Society (SFFS)	SFFS customer satisfaction survey demonstrated very positive feedback from individuals purchasing memberships. The survey also indicated that visiting festival goers spent over £100,000 in the local economy during the 2012 Festival
Shetland Amenity Trust	Shetland Amenity Trust successfully completed the THING Project, a transnational project, which broadened knowledge and understanding of how legislative sites operated in the Viking World.
Shetland Churches Council Trust	SCCT staged a celebration event for the opening of Mareel which showcased the arts and how Christianity impacted on the lives of Shetland residents working/contributing within these fields.

4. Financial Implications

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

5. Conclusions

- 5.1 In terms of performance, there are no major issues of concern with regard to service delivery to report to Trustees. The Trust continues to work closely with organisations throughout the year to help ensure maximum benefits to Shetland and its inhabitants.

6. Recommendations

6.1 I recommend that Trustees:

- a) Consider the content of Appendix A;
- b) Highlight issues or areas where Trustees might wish to receive further information or clarification; and
- c) Otherwise, note the satisfactory service performance of the organisations that received funding from Shetland Charitable Trust.

Shetland Charitable Trust
2 September 2013

AJ/DA1
Report Number CT1309047

Appendix A

Purpose

The Appendices set out the purpose of most of the organisations for which funding was provided from Shetland Charitable Trust for the financial year 2012/13.

It sets out the key targets that were agreed for the funding provided and details a summary of actual service performance over the period as stated.

This Appendix is presented to reflect the following areas:

- Arts and Culture
- Children and Families
- Community Care
- Sport and Leisure
- Development Services

Shetland Charitable Trust
Service Performance Monitoring Statement
April – March 2013

Appendix A

Arts & Culture

Shetland Arts Development Agency
2012/13 Grant - £696,038

Purpose: To encourage, support, inspire, promote, develop and deliver activities in the fields of: dance; drama; theatre; film; literature; music; crafts; and visual arts with a view to the advancement of arts and culture and improving the quality of life for the inhabitants of the Shetland Isles.

Key Targets for 2012/13	Actual service delivery
Exhibitions by local, national and international artists and makers at Bonhoga	<p>Bonhoga delivered another busy year of exhibitions. Exhibits ranged from photography to craft-making work to water colours, show casing both local and visiting artists.</p> <p>The Shetland Open exhibit had a "landscape" theme and welcomed entries from amateur, student and professional artists and craft makers who were linked to Shetland.</p> <p>Other popular exhibitors were artist in residency Susan Leask and Ann Bevan with her "North Atlantic to The Sea of Japan" works.</p>
Promoting and supporting Visual Arts	<p>The Visual Arts Development Officer (VADO) worked with Hjaltdland Housing Association and the SIC Housing Service on the "Hamely Hames" projects and with various partners on the proposed Public Art Trail.</p> <p>The VADO made multiple funding bids to continue the Space 2 Face Arts and Restorative Justice Project.</p> <p>During 2012/13 the VADO devoted a lot of time to directly supporting and working with various artists and groups. The VADO also worked on projects including the Sandwick Public Art Project and assisted with a CPD event for the Creative Learning Network.</p>
Support Crafts development	<p>The Craft Development Officer (CDO) provided mentoring, support and advice to individual craft makers and to various craft organisations during the year.</p> <p>The CDO completed the 2012 Working Up micro grant scheme. It awarded a total of £11,411 to 13 individual craft makers, which helped them to develop their skills and products.</p>

Shetland Charitable Trust
Service Performance Monitoring Statement
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Appendix A

	<p>Wool Week 2012 was successfully delivered. 37 local knitters and a number of visitors attended as well as young people.</p> <p>Weekly afternoon knitting sessions took place for folk with dementia, their families and carers.</p> <p>The CDO also carried out quality assessments of work by applicants seeking membership to the Shetland Arts and Craft Association.</p>
Provide Drama development opportunities	<p>The Drama Development Officer (DDO) was involved with the National Theatre of Scotland Production, "Ignition Project" that was planned for Spring 2013.</p> <p>The DDO continued to support the work of Splinters Youth Group, assisting with weekly rehearsals and with their production.</p> <p>The DDO was also involved with delivering a puppet show for the Olympic Torch day Celebrations and assisting other community groups.</p>
Develop Dance activities	<p>The early part of 2012/13 was taken up with preparation and rehearsals for The Dance Bus, part of the Olympic Games related activities.</p> <p>Throughout the year workshops were delivered in schools on Traditional Dancing, attended by teachers and pupils. Traditional Dancing workshops were also provided for the Stroke Group, Independent Living Clients and at North Haven care Centre.</p> <p>Dance activities were also part of the Ignition Project, with Parkour classes offered to schools and to the public. Contemporary dance sessions were delivered in Mareel.</p>
Encourage Literature development and seek out partnership projects	<p>The Literature Development Officer (LDO) continued to support writers Groups in Lerwick and the West Mainland as well as providing support to individuals engaged in creative writing.</p> <p>Creative writing sessions were delivered, and workshops were held in Bonhoga on cartoon correspondence.</p> <p>The LDO supported the writer in residency who visited a number of primary schools during a month long stay in September 2012.</p>

Shetland Charitable Trust
Service Performance Monitoring Statement
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<p>Promote Music development</p>	<p>The LDO was also involved in the preparation and delivery of 11th Wordplay Book Festival. The festival featured writers and poets of national and international repute. In total 16 events were delivered to a range of audiences.</p> <p>The Music Development Officer (MDO) delivered NC Course as part of a Service Level Agreement with Shetland College with 20 students was attracted to this course during the 2011/12 student year.</p> <p>The MDO delivered NH and HNC courses during 2012/13. A total of 30 students signed up for the courses, plus 2 students who are being supported on their new BA Applied Music Course.</p> <p>In addition to this, the MDO provided support for a variety of music groups, festivals and musicians including Shetland Jazz Club, Shetland Community Orchestra and the Shetland Young Promoters Group.</p> <p>The MDO was also involved in the annual Guitar Festival and various music events and concerts throughout the year.</p> <p>MDO delivered mentoring and provided advice to a range of individuals and organisations.</p>
<p>Encourage Film and Digital Media development</p>	<p>During 2012/13 the films moved from the Garrison Theatre to Mareel. This move coincided with a rapid increase in screenings and attendances.</p> <p>Movie screenings include national blockbuster releases, documentaries, smaller independent, niche and special interest films and old classic movies.</p> <p>The screenings have been programmed to appeal to as wide an audience as possible.</p> <p>SADA successfully delivered Screenplay film festival. 74 screenings were shown and the event proved very popular with over 4,200 in attendance. Outreach screenings took place at the Shetland Museum, Skerries School and Brae School.</p> <p>SADA regularly had its film equipment used by different groups and individuals throughout the year. It also continues to support local film-makers and groups including Maddrim Media.</p>

Shetland Charitable Trust
Service Performance Monitoring Statement
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Provide performances at Garrison Theatre to entertain, challenge and attract audiences	<p>Monthly film weekends ceased in June 2012.</p> <p>The Garrison also hosted a number of shows, events and performances during the year. Highlights include the County Drama Festival, Shetland Country Music Club concerts, Young Fiddler of the Year, Shetland's Got Talent and the Islesburgh Drama Group's biannual pantomime, Sinbad the Sailor.</p>
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Shetland Arts Development Agency Attendance figures – 2012/13

	2012/13 Target	2012/13 Actual
Attendance at performances - own venue (Exc. Film)		
Number of performances	85	99
Total attendances	18,837	16,038
Attendances at performances – own venue (Film only)		
Total performances	500	1,505
Total attendances	19,692	61,000
Attendances at performances – own venue (Inc Film)		
Number of performances	585	1,604
Total attendances	38,529	77,038
Attendance at visual arts/crafts exhibitions – own venue		
Number of exhibitions	22	23
Total attendances	21,000	17,956
Participation in education & outreach events – own venue		
Number of events	149	864
Total attendances	2,515	12,378
Attendance at performances - other venues (exc. Film)		
Number of performances	23	59
Total attendances	4,670	16,153
Participation in education & outreach events – other venues		
Number of events	350	827
Total number of participants	5,414	32,860
Support for artists / artistic development / professional training		
Number of events	377	637
Total number of participants	1,500	4,759

Shetland Charitable Trust
Service Performance Monitoring Statement
April – March 2013

Appendix A

Shetland Accordion and Fiddle Festival
2012/13 Grant - £12,000

Purpose:

To provide opportunities for the performance of accordion and fiddle music at a festival.

To provide the opportunity for visiting musicians to meet and play with local musicians thereby imparting knowledge and styles to each other.

To provide an opportunity for young Shetland musicians to broaden their horizons and perform to large audiences.

Key Targets for 2012/13	Actual service delivery
Maintain and build on the high standard of previous years	Festival Club was located in Islesburgh Community Centre over the weekend and was well attended by festival goers.
Encourage as wide a range of traditional music as possible by bringing musicians from Scandinavia, Scotland, England and Ireland	Visiting musicians this year came, as usual, mainly from the Scottish Mainland but there were also representatives from England, Ireland and Norway. A total of 77 visiting musicians and 3 visiting comperes took part in the Festival in addition to over 100 local musicians
Maintain festival club membership – 600 members	658 memberships sold, which was an increase from 2011 Festival.
Maintain audience numbers at the various venues – 2,700	A total of 2,753 tickets sold.
Maintain the number of club members from out with Shetland thus boosting off season tourism – 200	270 memberships sold to visitors from outside Shetland. This number of visitors provides a welcome boost to the end of season tourism businesses
Ensure that the festival covers all areas of Shetland	Concerts were held in venues throughout Shetland including the Ness Boating Club and public hall concerts in Skeld, Vidlin, Ollaberry and Cullivoe
Satisfaction survey – 100% satisfaction	No formal customer feedback survey was carried out. However the 2012 festival received a lot of positive coverage from the local press. The committee also received very positive feedback from musicians and audiences, with no complaints received.

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Shetland Folk Festival Society
2012/13 Grant - £18,000

Purpose:

To assist with the costs of providing artists to perform at the 32nd Shetland Folk Festival and to help cover the costs of providing transport and venues.

Key Targets for 2012/13	Actual service delivery
Festival club - a central meeting place for members and artists available during the festival	Festival club continued to be a focal point and was very well used throughout the weekend. The Festival Club provided facilities such as storage, bar and catering but was also a venue for a number of concerts and workshop/sessions areas.
1 youth event featuring young musicians from throughout Shetland	The Saturday afternoon Youth Event was held in the Festival Club and was popular with over a 100 in attendance. This event featured a variety of acts including the winners of the Young Fiddler of the Year and other local groups.
Concerts – approximately 21 concerts are held throughout Shetland with 5,000+ in attendance	A total of 25 ticketed concerts held with 5,595 in attendance.
Outreach Concert – one in Unst, Fetlar, Out Skerries or Fair Isle, with up to 100 in attendance	Outreach concert was held in Skerries with 87 in attendance.
Additional Support Needs Concert – private concert for adults and children with additional support needs, with up to 100 in attendance	A private afternoon ASN concert was held in the Bells Brae ASN Unit. Over 100 students along with their parents/carers were entertained by the visiting session band and Allan's Magic from Aberdeen.
Playgroup Concert – one held annually each year, with up to 300 in attendance.	The Playgroup Concert for ages 3-5 was organised in partnership with the Association of Shetland Playgroups. Almost 350 attended the Concert at the Clickimin Centre.
School visit – at least one visit to a primary school for exchange of music and culture	2 primary school visits were delivered. The band Kasai Masai performed for pupils from Ollaberry and North Roe Primary Schools, whilst Bells Brae Primary School hosted a magic show with Allan's Magic
SFFS will provide information on total number of tickets (per venue) and memberships sold	Detailed breakdown of ticket sales (5,595) and memberships (2,206) received

Shetland Charitable Trust
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Appendix A

<p>SFFS will provide information on how many tickets/memberships are purchased from visitors to Shetland</p> <p>SFFS will carry out a customer satisfaction survey and report results to SCT. Content to be agreed with Service Co-ordinator</p>	<p>A total of 477 memberships were sold to visitors from out with Shetland. 69 members travelled from Europe, USA, Canada and overseas, with 408 arriving from a variety of locations with the UK.</p> <p>A visitor survey was carried out, including customer satisfaction feedback. Results from this survey were very positive with 66% rating the festival as excellent and 32% as good. The majority of visitors found out about the Festival via its website, or as recommendations from friends/family. The survey also asked visitors to estimate their spend when in Shetland e.g. accommodation, food and drink etc. The report highlighted that excluding travel costs to Shetland, the estimated visitor spend totalled in excess of £100,000 over the course of the Festival weekend</p>
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Shetland Charitable Trust
Service Performance Monitoring Statement
April – March 2013

Appendix A

Children and Families

Shetland Befriending Scheme
2012/13 Grant - £54,418

Purpose:

Offering young people between 7-15 years the opportunity to form a trusting relationship with an adult to promote the young person's welfare and personal development.

Key Targets for 2012/13	Actual service delivery
To continue to provide a service Shetland wide. Target: Up to 25 children and young people will receive a service per annum	Shetland Befriending Scheme provided a befriending service to children and young people throughout Shetland. Shetland Befriending Scheme provided a service to 27 young people during 2012/13
To continue to support, monitor and review matches to ensure the befriending is benefiting young person. Target: 75% of children and young people will achieve a positive outcome	94% of children and young people achieved a positive outcome
To continue to actively promote the service to the Shetland Community and engage in recruitment drives to seek new volunteers. Target: ongoing	Regular promotion and volunteer recruitment drives were held throughout the year. This was successful in generating over 60 enquiries from the public about the service and volunteering opportunities
To recruit up to 8 volunteers in the next financial year to offer the befriending service to young people. Target: 8 volunteers recruited between April 2012 and March 2013	19 new volunteers completed the volunteer training programme across the whole Befriending Service.
To have up to 8 newly trained volunteers ready to be matched to a young person. Target: 8 newly trained volunteers matched between April 2012 to March 2013.	6 new volunteers were fully trained and ready for matching in the Children & Young Persons Section. A further 4 volunteers completed their training and are awaiting PVG checks prior to being matched.

**Shetland Charitable Trust
Service Performance Monitoring Statement
April – March 2013**

Appendix A

Community Care

**Shetland Islands Citizens Advice Bureau
2012/13 Grant - £147,383**

Purpose:

Providing an independent advice and information service, which is free, confidential, independent and impartial. The aim is:

1. To ensure that individuals do not suffer through lack of knowledge of their rights and responsibilities, or of the services available to them, or through an inability to express their need effectively and;
2. To exercise a responsible influence on the development of social policies and services, both locally and nationally.

Key Targets for 2012/13	Actual Service delivery
New client contacts (3,500)	3,207
New client issues (6,000)	5,952
Repeat client contacts (6,000)	5,448
Repeat client issues (10,000)	12,351
Employment tribunals (or negotiated settlements including ACAS) - 10	4 completed.
Confirmed employment annual financial gains (£20,000)	£26,591
Confirmed annual financial gains across all subject areas, excluding Welfare Rights (£50,000)	£53,562
Welfare Rights Appeal tribunals (40)	21 completed. The Bureau had successful outcome in 90% of tribunals
Welfare Rights Reviews / Supersessions (50)	101
Welfare Benefit Health Checks (150)	254
Welfare Rights Confirmed annual financial gain (£750,000)	£1,533,288
Total debt managed including money advice project (£3,000,000)	£2,216,278
	C/forward debt total is £986,440 New debt total is £1,229,838

Shetland Charitable Trust
Service Performance Monitoring Statement
April – March 2013

Appendix A

COPE Ltd
2012/13 Grant - £154,967

Purpose:

Providing training, support and employment opportunities to adults with learning or physical disabilities

Key Targets for 2012/13	Actual service delivery
To provide training, support and employment opportunities for 50 people with disabilities in Shetland.	50 work placements have been provided by COPE during the year. COPE also employed 9 people with a disability
10 school placements expected to be made available	3 school placements provided during the year. The placements received a total of 85 sessions 12 sessions also provided to clients of Moving On Employment Project Ltd
Expected to support 10-12 Community Service placements within COPE enterprises resulting in approximately 900 hours per annum	COPE provided 4 Community Service placements resulting in over 550 hours of supported work provided during 2012/13. Placements were provided at Shetland Scrapstore and COPE trees and shrubs. Tasks included painting of fences, fixing broken equipment, minor building work and general gardening duties
Information will be provided about the number of participants moving on to other employment and training opportunities	0 participants have moved on to other employment and training opportunities. 10 participants were moved on to alternative services due to funding constraints COPE is currently working closely with the Council's Adult Services and Eric Gray Resource Centre plus other relevant Service Providers to develop a system that allows participants to meet their full potential and move into mainstream employment and training wherever possible.

**Shetland Charitable Trust
Service Performance Monitoring Statement
April – March 2013**

Appendix A

**Couple Counselling Shetland
2012/13 Grant - £12,000**

Purpose:

Providing a counselling service to resolve or reduce relationship problems.

Key Targets for 2012/13	Actual service delivery
Recruit one counsellor to be trained and accredited by Relate Scotland (2 year programme)	One counsellor is accredited to Relate Scotland. Another individual is carrying out training to become an accredited Counsellor and is expected to complete the training by July 2013.
General client information demonstrating service throughput and case studies	<p>During 2012/13 a total of 283 counselling sessions were delivered to couples.</p> <p>General client information received. This reported that service users are between ages of 20-65 years and 39% reside in the Lerwick area.</p> <p>Nature of problems varies including breakdowns, affairs, arguments, health issues, alcohol issues and financial problems and debts.</p> <p>No case studies received</p>

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Disability Shetland Recreation Club
2012/13 Grant - £12,641

Purpose:

To support the running costs of the Recreation Club including hiring venues, transport, volunteer expenses and training;

To contribute to the costs of delivering the Social Activities project at Montfield.

Key Targets for 2012/13	Actual service delivery
Sport Sessions (14)	14 sessions delivered
Swimming Sessions (Lerwick 10)	10 sessions delivered
Swimming Sessions (Unst, 60)	60 sessions delivered
Swimming Gala (Annually)	A medals ceremony was held instead of the Gala. It was attended by 32 people including 19 clients.
Yoga sessions (10)	10 sessions delivered
Bowls Competition (Annually)	1 Bowls competition held in May 2012 and 54 people attended in total. 28 clients participated. 13 volunteers and 13 spectators were also in attendance.
"Wootton Lass" Trips (20)	23 trips delivered
New trained volunteers (10)	13 volunteers recruited and trained
All Stars football Club (10)	The All Stars Football Club was replaced by the Youth Sports Club. This club is proving to be popular and are client lead activities. In the past year a total of 26 sessions was delivered including trampolining, badminton, ball sports and table tennis.
Social Activities at Montfield (50)	The "Wednesday Club" delivered a variety of stimulating activities, games and speakers in 2012/13. The club met 50 times during the year with 10 clients regularly attending.
Satisfaction outcome – 100%	100% of service users surveyed advised that they were satisfied with services and activities provided by Disability Shetland Recreation Club.
Client information	No information received
Case studies	No case studies received

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**Shetland Link Up
2012/13 Grant - £47,994**

Purpose:

Providing support to people who are affected by mental health problems.

Key Targets for 2012/13	Actual Service Delivery
Attendance at Mixed Group (1,000)	1,135
Total client contacts (1,500)	1,437
Average number of clients actively receiving a service at any one time (22)	23 active clients
Number of volunteers (2)	5 volunteers
Total volunteer hours (200)	484 volunteer hours
Information will be provided about number of clients moving on with positive outcomes	No information received.
Satisfaction Outcome (75%)	Satisfaction surveys continue to be undertaken each quarter – the average result for 2012/13 was 96.5% satisfaction

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Voluntary Action Shetland
2012/13 Grant - £144,367

Purpose:

1. To provide a central point for the voluntary sector, providing office space, storage, administrative support, sign posting, advice and information to the voluntary sector in Shetland.
2. To provide an effective management, financial and administrative service to the Board, staff, volunteers, and service users at Disability Shetland.

Key Targets for 2012/13	Actual service delivery
Building the Third Sector relationships with Community Planning	<p>VAS retains an active presence in numerous forums, inter-agency groups, local networks and partnerships.</p> <p>VAS participation in these groups and networks ensure that the Third Sector is represented and can feed into all to help develop effective strategies and plans.</p> <p>VAS has participated in discussions between the Council and Community Councils to explore ideas where Community Councils may be able to deliver services that are currently provided by the Council in their own areas.</p> <p>VAS attended a workshop with other Third Sector partners on "Strengthening Community Involvement at this time of change." This workshop looked what has worked well in the past with Community Planning, and how it can be built on going forward.</p> <p>VAS has also participated in Community Safety Board meetings to represent the interests of the local Third Sector</p> <p>VAS has also been active with relation to developing the new Single Outcome Agreement indicators and outcomes.</p>
Supporting and Developing a Strong Third Sector	<p>VAS continues to provide accommodation to the existing resident organisations in Market House. Support services available include payroll, mail service, PVG checks, Independent Examination of Accounts service, governance advice, training, and circulates general information</p>

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	<p>It has helped to develop the Third Sector by building capacity through training and support and by assisting with external funding applications – £522k secured during 2012/13 by resident groups in Market House</p> <p>It also provides day to day management to Disability Shetland and Shetland Befriending Service</p>
<p>Social Enterprise Development</p>	<p>VAS attended a Social Network event in August 2012 which provided an opportunity to share information on future development, new projects, partnership working and becoming more sustainable.</p> <p>VAS has made connections with a number of social enterprise network and specialist services which it has been able to learn from and share with local organisations and service providers</p>
<p>Volunteer Development</p>	<p>VAS continues to liaise closely with the Council and others to identify potential developing markets for social enterprises and Third Sector service providers.</p> <p>VAS delivered presentations about the Saltire Awards (volunteering) in 8 high schools to all year groups. It has worked with partners to organise awards ceremonies and assisted a number of organisations to achieve its volunteer friendly accreditation status.</p> <p>Number of Saltire Awards delivered in 2012/13:</p> <p>Challenge Awards – 5 Approach Awards – 189 Ascent Awards – 153 Summit Awards – 9</p> <p>VAS has delivered training events, promoted volunteering opportunities and placements and networked with numerous organisations including schools, Shetland College, Bridges, Skills Development Scotland, NHS and the Council.</p> <p>VAS also supervises its volunteers</p>

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	<p>Production of New Shetlander magazine. Over 1,000 copies sold each quarter</p> <p>VAS provides day to day supervision and support to Disability Shetland staff</p>
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Royal Voluntary Service (RVS)
2012/13 Grant - £47,622

Purpose:

To help people maintain independence and dignity in their own homes and communities, particularly in later life, by delivering practical support and a range of community based services tailored to individual need

Key Targets for 2012/13	Actual service delivery
Continue current range of clubs and services throughout Shetland;-	
2 lunch clubs – Increase attendance by 10% (Sandwick, Cunningsburgh and Quarff).	2 existing lunch clubs were maintained until later on in the year when it was decided to combine the Sandwick lunch club and the Cunningsburgh & Quarff lunch club
5 social clubs – Increase attendance by 10% (Brae, Burra, Lerwick, Northmavine and Whalsay).	5 social clubs operated during the year. The Northmavine Club was temporarily closed and is to re-open in 2013
	Overall attendances at social & lunch clubs in 2012/13 was 942, which represents a 26% drop 2011/12. This is mainly due to the Northmavine Club venue being closed due whilst being upgraded plus staff vacancies/holidays.
Good range of activities at clubs	The clubs enjoyed a wide range of stimulating and enjoyable activities including music, dancing, bowls, quizzes and visiting speakers
Good Neighbours Assistance scheme – 40 people and 10% growth in passenger journeys.	54 individuals used this service with a total of 590 journeys, which is a 26% reduction from 805 journeys in 2011/12.
Blether Together – 110 will receive telephone support. Achieve a 10% growth in number of telephone contacts by March 2013	151 individuals received a telephone call service which is a rise in service users. Telephone contacts have reduced by 34% to 674 calls during 2012/13. Research has recognised that there was no real demand for Telephone Befriending, but service users have found it useful and reassuring to have some telephone support/contact.
Register 70 people as active volunteers by March 2013	70 active volunteers registered with RVS and a further 4 waiting for PVG checks to be processed
Achieve a 10% growth in the number of users of RVS Community Services by March 2013	Total service users registered with RVS has increased from 171 in April 2012 to 236 at March 2013 – an increase of 38%

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Complete surveys using tailored questionnaires for each service by December 2012	A snap shot survey was conducted with a sample of service users in Q4 and the results were positive.
Carry out focus groups to help evaluate services	Focus groups not completed
Produce report on results of the service user and volunteer surveys and focus groups carried out in 2012-13	Volunteer surveys not completed It should be noted that RVS has experienced staff turnover and vacancies during 2012/13 which has contributed to several targets not being fully achieved.

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Sport and Leisure

Shetland Recreational Trust
2012/13 Grant - £2,518,550

Purpose:

To provide wide range of leisure and sport activities and facilities at 8 locations throughout Shetland. The facilities are professionally operated, well maintained to a high standard with appropriate opening hours. The facilities are seen as places for whole communities to meet, socialise and play. They are a major attraction for local residents and an important factor in attracting tourists.

Key Targets for 2012/13	Actual service delivery
Maintain opening hours, so far is possible within the approved budget	See table below
Maintain existing admission rates, and promotes new users	See table below
Contribute to the actions and priorities of the proposed Shetland Sports Strategy. The strategy is currently in draft subject to approval by its partner organisations	The new Shetland Sports Strategy was completed and signed off by all partner organisations. SRT has prepared an Action Plan that details how it intends to deliver on the agreed priorities
Promote more joined up work between Shetland Islands Council, NHS Shetland and Shetland Recreational Trust to maximise the use of all recreation resources, to ensure more people have active lifestyles	As part of the Shetland Sports Strategy, regular meetings were held by the partners to promote more joined up working. SIC and SRT jointly arranged a Shetland Sports Forum during November 2012 which brought a wide range of sports groups and associations together to discuss needs, priorities and concerns from the sporting community. It is hoped that this event can become an annual event.
Improve physical access to community and sports facilities to encourage use of them by all people, both able and less able	During the Shetland Sports Week in September/October 2012, the sportscotland Regional Disability Sport Co-ordinator was in Shetland to assist with the promotion of disability sport. A new passenger lift has been installed in the Clickimin Leisure Complex and this has improved access between different levels in the building

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Develop and support imaginative and innovative approaches to getting all people active	Shetland Sports Week was held in partnership with the SIC. More than 20 local clubs/associations took part and it was assisted by over 100 volunteers. This event proved popular with the public, as did other innovative promotions such as the 3K x 30 days challenge. Both encourage people to become more active.
Develop community initiatives that seek to address low levels of participation particularly from hard to reach and vulnerable groups	<p>A Community Sport Hub Officer was appointed and commenced work in January 2013. The post is a short term appointment for 32 months, and is funded by sportscotland.</p> <p>The postholder has a range of targets including the creation of eight community sports hubs, with each hub to increase participation levels. The postholder is initially focusing efforts on the north isles as well as the North Mainland and West Mainland.</p>
Ensure that programmes of school based and out of school activities and opportunities are developed to support children and young people to enjoy a safe and active life	The new Community Sport Hub Officer has begun working closely with Active School Co-ordinators to develop new programmes.
Be an active partner in the Highlands and Islands Regional Sporting Partnership and contribute towards its annual action plan	A number of meetings have been held with SIC and sportscotland to develop sport within Shetland. Currently working towards achieving a Swimming Strategy for Shetland, and also working on an Athletics Strategy for Shetland.

Actual SRT opening hours in 2012/13

Facility	Actual Opening Hours per Annum	Target Opening Hours per Annum
Clickimin Leisure Complex	5,491	5,500
Unst Leisure Centre	3,631	3,800
Yell Leisure Centre	3,707	3,700
North Mainland Leisure Centre	3,701	3,900
Whalsay Leisure Centre	3,381	3,700
South Mainland Pool	2,493	1,830
Salloway Pool	2,671	2,700
West Mainland Leisure Centre	3,892	3,900

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Actual SRT admission numbers in 2012/13

Facility	Actual Admissions at 6 Months	Actual Admissions at 9 Months	Actual Admissions at 12 Months	Annual Target Number of Admissions
Clickimin Leisure Complex	198,487	298,205	416,498	425,000
Unst Leisure Centre	11,945	17,880	25,809	25,000
Yell Leisure Centre	16,623	27,203	39,801	40,000
North Mainland Leisure Centre	27,743	39,882	55,538	60,000
Whalsay Leisure Centre	26,376	38,396	54,789	50,000
South Mainland Pool	14,198	19,515	26,813	26,000
Salloway Pool	16,121	22,878	30,531	28,000
West Mainland Leisure Centre	27,048	39,120	59,922	54,000
Total	338,541	503,079	709,701	708,000

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The Swan
2012/13 Grant - £44,650

Purpose:

To make the Swan available for viewing, restored in good working order and registered as an approved sail-training vessel.

To encourage young people to sail on the Swan, to appreciate Shetland's sailing and fishing history and experience our wildlife and culture.

Key Targets for 2012/13	Actual service delivery
Usage: Shetland schools (10) Additional Support Needs (2) Youth Groups (2)	11 Shetland schools 1 Additional Support Needs group 2 youth groups
Analysis: School children (300) Youths under 25 (70) Adults (50)	337 school children 24 youths under 25 95 adults
Percentage of users who were satisfied with the service provided (80%)	No satisfaction survey carried out. However ad-hoc feedback from service users indicates very positive feedback from service users
Percentage of users who would return for another trip (80%)	No data has been gathered. However many service users are repeat customers, and informal feedback indicates that many service users would consider using the Swan again in future for another trip
Report demonstrating activity of the Swan	<p>The main winter maintenance was carried out by the Malakoff at Scalloway. Works included annual marine inspections, equipment maintenance, painting and other checks to batteries, gas installations and rigging.</p> <p>Sailing started in May 2012 with the Swan helping to select trainees for sponsoring by Sail Training Shetland. After this hire, charters took place in St Kilda and then back to Shetland to undertake trips by a variety of local schools during late May and early June. The Bridges Project also had a trip at this time.</p> <p>In late June the Swan set off to take part in the Wick Harbourfest and then returned to Lerwick prior to setting sail in the Nordic Sail event. 10 local trainees from Sail Training Shetland joined the Swan and sailed to Denmark where they went on to race legs to destinations in Sweden and Norway. The event, which included 26 other vessels, was hailed a great success by all who took part.</p>

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	<p>Following its return to Shetland, the Swan went on 2 further trips to Norway. The first charter included passengers from Aberdeen, Orkney, Yorkshire and one from Japan! The second charter was for a school group in Unst.</p> <p>In August, Sail Yell chartered a Swan trip for 5 trainees, and the Swan completed an advertised trip to Faroe. Despite changeable weather, this trip was deemed successful and was enjoyed by all aboard. The final trip of the year was to take part in the annual Skerries weekend.</p> <p>Following the end of the sailing season, planned maintenance work commenced from its base in Scalloway. Again volunteers carried out a significant part of the duties from deep cleaning below deck to removing sails for winter storage.</p> <p>Slipping arrangements, marine safety inspections and the annual paint up were booked in for early 2013 with a view to having all works completed by the end of March 2013.</p> <p>In January, the Swan successfully recruited for the vacant posts of Skipper and Bosun. Both new employees will be in place prior to the commencement of the 2013 sailing season.</p> <p>The Swan committee also worked on its diary for 2013 with a number of trips already confirmed and other charters being advertised for a variety of dates and trips in the summer.</p>
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Development Services

Shetland Amenity Trust
2012/13 Grant - £1,052,728

Shetland Amenity Trust continues to be an active, broad based and successful Trust, running the Shetland Museum and Archives and a range of heritage and culture services, many by means of service level agreement with the Council. The Trust has had numerous successes in the year and below are listed a few highlights.

Key Performance Targets	Actual Service Delivery
<u>Administration and Management</u> Support the diverse range of projects/ services offered by the Trust	Management continue to support all aspects of Trust activities, including the progression of funding opportunities for projects/funding. Current focus is the management of the Sumburgh Head project. Concentrated admin. support being provided for upcoming Viking Congress – 10 day event being held in August 2013 involving over 120 delegates from throughout the Viking World.
Ensure the Finance Function continues to support the business needs of the organisation.	Review of finance staffing structure completed and team working at full strength. Staff continually looking to identify savings and increase business efficiency.
Implement a new staff appraisal system.	Draft appraisal system prepared and well received by Union. Minor amendments completed and to be put to Staff Council and Trustees for approval during 2013.
Continue to review the structure and function of administration within the Trust to ensure that it effectively supports the Senior Management Team, Trustees and the wider organisation.	New structure in place and successfully delivering Trust's administrative requirements. Ongoing assessment of performance and needs, reviewed monthly by Admin Manager and Team.
<u>Interpretation</u> Continue to develop and publish works under Trust's Heritage Publications banner.	Real Shetland Yarns published in conjunction with Curtis Wool Direct Ltd. and Jamieson & Smith (Shetland Wool Brokers) Ltd. Work is ongoing on Havera and Spitfire "Shetlander" publications.
Consider and develop innovative interpretive initiatives of the highest	Transnational LEADER Project initiated to develop Geological Interpretation using mobile phone technology. Phone App developed and in process of

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<p>quality, thereby setting new standards for the better interpretation of Shetland.</p> <p>Continue to support the network of community museums and history groups working in partnership ensuring that investment in this sector is safeguarded for future generations.</p> <p>Maintain the suite of interpretive leaflets.</p> <p><u>Natural Heritage</u> Maintain, enhance and develop the present functions of the SBRC database.</p> <p>Manage Geopark Shetland as per the Action Plan agreed by the Shetland Geology Working Group and maintain membership of the Global Geopark Network.</p> <p>Ensure that all species of endemic and threatened hawkweeds are in cultivation (working with Woodlands Team).</p> <p>Organise and deliver the annual Shetland Nature Festival.</p> <p><u>Archaeology</u> Develop Old Scatness Broch as a high quality visitor centre with use of innovative architecture to protect and showcase the site.</p> <p>Complete Phase 1 of the Viking Unst project and consider further phases.</p> <p>Develop future archaeological projects, such as a second phase of the</p>	<p>being refined.</p> <p>Network of 19 heritage organisations received annual running costs grants. Reporting forms were issued to recipients.</p> <p>Series of 10 leaflets being revised and updated for printing.</p> <p>Total of 8,000 records were entered during the financial year. Planning applications continue to be scanned where possible and continue to contribute to SIC policy initiatives involving biodiversity, most notably in recent months the Local Nature Conservation Sites initiative.</p> <p>Trans-national project regarding use of new technologies for interpretation ongoing and App launched.</p> <p>All but one of Shetland's endemic plants are now held at the Horticultural Unit.</p> <p>Nature Festival was delivered successfully between 7-15th July 2012, with around 1,000 people participating.</p> <p>Site open during summer 2012, 5 days per week. Textile work developed.</p> <p>Post-excavation continued, collation of final publication progressed and volume launched. Viking longhouse completed externally.</p> <p>Participation of Neolithic Network and exploring the potential of work on the West Side.</p>
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<p>Viking Unst project or West Side Prehistory project.</p> <p>Host Viking Congress in 2013.</p> <p>Complete and publish the Iron Age and Post Medieval volumes of Old Scatness and the Viking Unst volume. Progress other publications, including the Old Scatness Landscape volume.</p> <p>Take forward the "Archaeology Alive" programme and continue to develop the Shetland's Past project.</p> <p><u>Place Names</u> Record place names from oral and archive sources and maintain the Shetland Place Names database and linked digital maps, and develop a strategy for public access.</p> <p>Promote the project at local, national and international events.</p> <p>Record information on Shetland's inshore fishing meids.</p> <p>Representation on Shetland ForWirds committee and provide support for promotion and development of the dialect.</p> <p><u>Environmental Improvement</u> Continue to expand core recycling activities and salvage architectural building materials for public renovation projects.</p> <p>Engage with the community at all levels to increase awareness and</p>	<p>National delegates invited and programme of speakers drawn up.</p> <p>Work on Volumes 2, 3 and 4 continues.</p> <p>Continued co-operative working with local archaeology interest groups/individuals.</p> <p>Liaised with individuals and groups and supplied copy maps and recording sheets for recording place names. Updated database with place names recorded by individuals and groups across Shetland.</p> <p>Visited Orkney to talk about Project and help set up a local place names project in the parish of Deerness.</p> <p>Delivered as lecture in partnership with the Nautical Institute (Shetland branch).</p> <p>Drafted the new Action Plan for 2012-2015.</p> <p>11 tonnes of aluminium recycled. Ongoing work in conjunction with Architectural Heritage Team on the recycling of building materials</p> <p>Enviroglass site - 4 school and 1 nursery visit; 2 tours at country shows, 2 tours at Eric Gray Centre, 1 for Young Scot Youth Ambassadors.</p>
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understanding of Shetland's environment.	Recycling/litter workshops delivered – 9 to schools, 1 to Guides/Brownies, 2 to youth clubs, 1 to home schooled children.
Undertake Da Voar Redd Up activities and community involvement environmental improvement and litter prevention initiatives.	Over 4,600 volunteers with 63.74 tonnes of bruck collected and disposed of to date. Mini Redd Up. Supported Cecilia James roadside litter pick from Voe to Lerwick. Registered 2013 Redd Up for Young Scot Reward Scheme.
Further develop glass recycling, such as glass pavers and other high quality recycled products.	544.78 tonnes of waste glass processed and recycled. Products sold South and locally, including bespoke orders.
Continue Muck and Bruck operations throughout Shetland.	205 end of life vehicles uplifted. 202 requests for uplift of fencing wire, redundant agri-equipment and large electrical goods completed. 99 end of life vehicles depolluted with Certificates of Destruction issued. 4 trips undertaken into Papa Stour to clear redundant vehicles and scrap.
<u>Woodlands</u> Continue to support and promote local tree planting initiatives	Further site visits to potential applicants (approx. 27 registered an interest). Planted empty areas at East Weisdale and at Clickimin.
Develop propagation programmes at the Staney Hill Horticultural Unit using traditional method and tissue culture.	Tissue culture: 4 rare Scottish alpine now in in—vitro cultivation, with required number (100) of one species potted up in compost. Edmondston's chickweed also initiated in vitro from seed.
Maintain an effective advisory service and demonstrative role in Shetland's woodland development.	Planting continued in windblow-cleared ground at Strand Loch and in thinned area of Walled Park, Kergord and at Burn of Brae. Trees and windbreak netting planted at Sandwick and Whiteness schools.

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Shetland Churches Council Trust
2012/13- £54,055

Purpose

The Trust deed states that the Objects of the Trust are

- a) to strive to enable those Christian congregations in Shetland who wish to participate in the Shetland Churches Council to co-operate in using their resources, both human and material, more effectively in working for the extension of Christian knowledge and experience, in playing a corporate part in influencing and changing society and in worship.
- b) For such other purpose or purposes charitable in law as the Trustees shall from time to time determine

Key Performance Targets	Actual service delivery
To hold regular meetings of Trustees, around 6 per year, to consider Grant applications and to receive reports from Trust representatives on various groups that the trust is involved in.	5 meetings held
To continue to assist Christian congregations with the upkeep and repair of their buildings, particularly where they have a wider architectural or community benefit, in order to ensure that these buildings can continue to provide satisfactory places of worship.	4 awards primarily for external works and 3 awards for internal works Geographical spread: Unst, Aith, Lunna, Tingwall, Lerwick
To work together to co-ordinate and facilitate services and events for the community	Organised celebration event during opening season at Mareel Supported Burra Baptist's football holiday club
To support Rebellion – a regular youth event for teens of all denominations and none.	Rebellion has taken place twice up to Oct and monthly during the winter
Provide travel grants to defray some of the costs of travel from Shetland.	1 travel grant awarded
Sit on committees and bodies dealing with issues such as drugs and alcohol, Emergency Forum, etc	Representatives on 3 bodies

REPORT

To: Shetland Charitable Trust

12 September 2013

From: Financial Controller

Report: CT1309048

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 Appendix A lists the investment decisions made by Insight Investment Management Limited during the period from 1st May 2013 to 31st July 2013.
- 2.2 Appendix B lists the investment decisions made by BlackRock during the period from 1st May 2013 to 31st July 2013.
- 2.3 Appendix C lists the investment decisions made by Schroder Investment Management Limited during the period from 1st May 2013 to 31st July 2013.
- 2.4 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.
- 2.5 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, 2013/14, up to 31st August 2013:

2013/14	£ million
Mkt Value at 1 Apr 2013	187.9
Market Movement	0.5
Injection/(Withdrawal)	(1.1)
Mkt Value at 31 Aug 2013	<u>187.3</u>

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

4. Recommendation

- 4.1 The Trustees are asked to note this report.

APPENDIX A)

INSIGHT INVESTMENT MGMT REPORT - PURCHASES

NAME OF SECURITY	DATE	NUMBER OF UNITS	PURCHASE PRICE (£)
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UNITED KINGDOM

UK GILTS 1.25% STK 22/7/18	12/06/2013	2,915,000.00	2,912,522.25
UK GILTS 0.25% I/L STK 22/3/52	12/06/2013	290,000.00	1,078,655.00
UK GILTS 2.25% STK 07/03/14 GBP	04/06/2013	999,000.00	1,013,475.51
UK GILTS 1.25% I/L STK 22/11/2032	13/06/2013	473,000.00	700,341.08
UK GILTS 1.875% I/L STK 22/11/22 GBP	11/07/2013	454,000.00	693,211.74
UK GILTS 0.75% I/L STK 22/11/2047	07/06/2013	524,000.00	586,744.82
UK GILTS 1.25% I/L STK 22/11/27 GBP	24/05/2013	336,000.00	550,282.71
UK GILTS 0.75% I/L STK 22/3/34 GBP	21/06/2013	379,000.00	476,863.47
UK GILTS 1.25% I/L STK 22/11/17 GBP	26/06/2013	317,000.00	456,244.03
UK GILTS 0.75% I/L STK 22/3/34 GBP	26/06/2013	324,000.00	400,208.46
UK GILTS 0.625% I/L STK 22/03/40 GBP	14/06/2013	188,000.00	239,614.67
UK GILTS 4.125% I/L STK 22/07/30 GBP	15/05/2013	65,000.00	215,312.50
ILF GBP LIQUIDITY FD	24/06/2013	215,000.00	215,000.00
UK GILTS 0.75% I/L STK 22/11/2047	07/06/2013	137,000.00	210,826.78
ILF GBP LIQUIDITY FD	28/06/2013	205,000.00	205,000.00
UK GILTS 0.125% I/L STK 22/03/24 GBP	12/06/2013	170,000.00	188,014.92
UK GILTS 1.25% I/L STK 22/11/27 GBP	25/06/2013	119,000.00	182,695.73
UK GILTS 4.125% I/L STK 22/07/30 GBP	19/06/2013	52,000.00	167,902.80
UK GILTS 1.25% I/L STK 22/11/27 GBP	25/06/2013	107,000.00	164,341.38
UK GILTS 2.25% STK 07/03/14 GBP	20/05/2013	111,000.00	144,796.48
ILF GBP LIQUIDITY FD	07/06/2013	135,000.00	135,000.00
UK GILTS 0.625% I/L STK 22/03/40 GBP	10/06/2013	117,000.00	130,109.43
UK GILTS 0.75% I/L STK 22/3/34 GBP	03/05/2013	86,000.00	116,852.60
UK GILTS 0.75% I/L STK 22/11/2047	08/05/2013	71,000.00	114,569.45
UK GILTS 0.75% I/L STK 22/3/34 GBP	12/06/2013	90,000.00	113,849.31
UK GILTS 0.125% I/L STK 22/03/28 GBP0.01	21/06/2013	90,000.00	113,597.66
UK GILTS 0.625% I/L STK 22/03/40 GBP	26/06/2013	97,000.00	103,532.84
UK GILTS 0.125% I/L STK 3/44 GBP	12/06/2013	96,000.00	102,211.50
UK GILTS 0.125% I/L STK 22/03/24 GBP	17/06/2013	57,000.00	63,234.99
UK GILTS 0.125% I/L STK 3/44 GBP	10/06/2013	40,000.00	43,203.42
UK GILTS 0.625% I/L STK 22/03/40 GBP	01/05/2013	40,000.00	40,000.00
ILF GBP LIQUIDITY FD	22/05/2013	40,000.00	40,000.00
ILF GBP LIQUIDITY FD	22/07/2013	25,000.00	25,000.00
ILF GBP LIQUIDITY FD	10/07/2013	15,000.00	15,000.00
ILF GBP LIQUIDITY FD	02/05/2013	5,000.00	5,000.00
ILF GBP LIQUIDITY FD	20/06/2013	5,000.00	5,000.00
ILF GBP LIQUIDITY FD	26/07/2013	5,000.00	5,000.00
ILF GBP LIQUIDITY FD	01/05/2013	1,619.17	1,619.06
ILF GBP LIQUIDITY FD	03/06/2013	1,537.38	1,537.40
ILF GBP LIQUIDITY FD	01/07/2013	933.58	933.57

TOTAL UNITED KINGDOM

11,975,105.54

OVERSEAS

NO OVERSEAS INVESTMENTS PURCHASED

TOTAL OVERSEAS

0.00

APPENDIX A)

INSIGHT INVESTMENT MGMT REPORT - SALES

NAME OF SECURITY	DATE	NUMBER OF UNITS	SELLING PRICE (£)	PROFIT/ (LOSS) (£)
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UNITED KINGDOM

UK GILTS 1.25% STK 22/7/18	27/06/2013	184,000.00	206,090.86	22,927.17
UK GILTS 0.25% I/L STK 22/3/52	03/05/2013	95,000.00	117,492.44	22,924.33
UK GILTS 2.25% STK 07/03/14 GBP	08/05/2013	86,000.00	115,021.97	15,534.45
UK GILTS 1.25% I/L STK 22/11/2032	24/05/2013	276,000.00	420,144.30	12,312.86
UK GILTS 1.25% I/L STK 22/11/17 GBP	11/07/2013	238,000.00	350,602.86	8,060.02
UK GILTS 0.75% I/L STK 22/11/2047	25/06/2013	110,000.00	165,294.30	5,095.16
UK GILTS 1.25% I/L STK 22/11/2032	15/05/2013	112,000.00	170,419.00	4,922.19
UK GILTS 1.25% I/L STK 22/11/27 GBP	11/07/2013	216,000.00	340,587.86	3,365.13
UK GILTS 1.25% I/L STK 22/11/2032	14/06/2013	122,000.00	181,045.87	408.22
UK GILTS 1.25% I/L STK 22/11/27 GBP	07/06/2013	291,000.00	471,546.22	16.38
UK GILTS 0.625% I/L STK 22/03/40 GBP	20/05/2013	81,000.00	113,643.60	13.75
ILF GBP LIQUIDITY FD	05/06/2013	10,000.00	10,000.00	0.00
ILF GBP LIQUIDITY FD	21/05/2013	30,000.00	30,000.00	0.00
UK GILTS 0.75% I/L STK 22/11/2047	16/06/2013	50,000.00	50,000.00	0.00
ILF GBP LIQUIDITY FD	28/05/2013	130,000.00	130,000.00	-0.01
ILF GBP LIQUIDITY FD	26/06/2013	180,000.00	180,000.00	-0.01
ILF GBP LIQUIDITY FD	10/06/2013	325,000.00	325,000.00	-0.02
ILF GBP LIQUIDITY FD	27/06/2013	455,000.00	455,000.00	-0.02
ILF GBP LIQUIDITY FD	13/06/2013	1,905,000.00	1,905,000.00	-0.11
UK GILTS 2.25% STK 07/03/14 GBP	12/06/2013	999,000.00	1,012,796.19	-679.32
UK GILTS 1.25% I/L STK 22/11/2032	12/06/2013	196,000.00	288,398.59	-1,220.83
UK GILTS 0.625% I/L STK 22/03/40 GBP	14/06/2013	42,000.00	57,525.32	-1,393.88
UK GILTS 1.25% I/L STK 22/11/27 GBP	19/06/2013	109,000.00	174,346.84	-2,274.30
UK GILTS 0.75% I/L STK 22/11/2047	04/06/2013	855,000.00	1,013,773.50	-2,282.85
UK GILTS 1.25% I/L STK 22/11/27 GBP	21/06/2013	72,000.00	114,048.75	-2,618.43
UK GILTS 0.125% I/L STK 22/03/29 GBP 0.01	17/06/2013	57,000.00	63,555.50	-3,164.62
UK GILTS 0.625% I/L STK 22/03/40 GBP	12/06/2013	84,000.00	114,576.57	-3,261.80
UK GILTS 0.125% I/L STK 3/44 GBP	10/06/2013	156,000.00	174,350.26	-8,252.19
UK GILTS 2.5% I/L STK 26/07/16 GBP	12/06/2013	313,000.00	1,073,017.21	-12,073.15
UK GILTS 0.125% I/L STK 3/44 GBP	26/06/2013	351,000.00	504,947.35	-14,756.06
UK GILTS 0.625% I/L STK 22/03/40 GBP	13/06/2013	511,000.00	700,606.71	-16,243.35
UK GILTS 1.25% I/L STK 22/11/27 GBP	21/06/2013	438,000.00	691,827.16	-17,898.16

TOTAL UNITED KINGDOM

11,720,659.03	9,460.57
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OVERSEAS

NO OVERSEAS INVESTMENTS SOLD

TOTAL OVERSEAS

0.00	0.00
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APPENDIX B)**BLACKROCK REPORT - PURCHASES**

NAME OF SECURITY	DATE	NUMBER OF SHARES	PURCHASE PRICE (£)
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UNITED KINGDOM

NO UK INVESTMENTS PURCHASED

TOTAL UNITED KINGDOM			<u>0.00</u>
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OVERSEAS

NO OVERSEAS INVESTMENTS PURCHASED

TOTAL OVERSEAS			<u>0.00</u>
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BLACKROCK REPORT - SALES

NAME OF SECURITY	DATE	NUMBER OF SHARES	SELLING PRICE (£)	PROFIT/ (LOSS) (£)
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UNITED KINGDOM

NO UK INVESTMENTS SOLD

TOTAL UNITED KINGDOM			<u>0.00</u>	<u>0.00</u>
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OVERSEAS

BLACKROCK AM (IE) BGI NORTH AMERICAN IDXNAV	02/07/2013	69,892.44	800,000.00	313,781.18
BLACKROCK AM (IE) INDEX SELECTION JAPAN IDX	24/07/2013	63,656.78	459,347.66	135,790.52

TOTAL OVERSEAS			<u>1,259,347.66</u>	<u>449,571.70</u>
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APPENDIX C)

SCHRODERS REPORT - PURCHASES

NAME OF SECURITY	DATE	NUMBER OF SHARES	PURCHASE PRICE (£)
UNITED KINGDOM			
HENDERSON UK RETAIL WAREHOUSE	10/06/2013	22.00	250,470.40
REAL INCOME FD	23/07/2013	143.43	158,111.49
REAL INCOME FD	11/06/2013	97.80	105,630.85
TOTAL UNITED KINGDOM			<u>514,212.74</u>

OVERSEAS

NO OVERSEAS INVESTMENTS PURCHASED

TOTAL OVERSEAS 0.00

SCHRODERS REPORT - SALES

NAME OF SECURITY	DATE	NUMBER OF SHARES	SELLING PRICE (£)	PROFIT/ (LOSS) (£)
UNITED KINGDOM				
ROCKSPRING HANNOVER PROPERTY UNIT TRUST	10/06/2013	2.00	20,069.00	-3,598.80
INDUSTRIAL PPTY INVESTMENT FD	11/06/2013	185.00	90,275.27	-6,885.08
INDUSTRIAL PPTY INVESTMENT FD	11/06/2013	225.00	109,794.25	-8,373.75
TOTAL UNITED KINGDOM			<u>220,138.52</u>	<u>-18,857.63</u>

OVERSEAS

NO OVERSEAS INVESTMENTS SOLD

TOTAL OVERSEAS 0.00 0.00

REPORT

To: Shetland Charitable Trust

12 September 2013

From: Chief Executive

Report No. CT1309049

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 - £451

- 2.1 The following community development grants were approved by the Director of Development Services in the period from 13 May 2013 to 27 August 2013:-

Name of Organisation/ Individual	Grant Approved (£)
1 st Sandwick/Cunningsburgh Boys Brigade	451.00

3. Community Support Grants - £627

- 3.1 The following community support grants were approved by the Director of Development Services, in consultation with Shetland Arts, in the period 13 May 2013 to 27 August 2013: -

**Grant
Approved**

**Name of Organisation**1st Sandwick/Cunningsburgh Boys Brigade**(£)**

627.00

4. Community Arts Grants - £15,683

- 4.1 The following community arts grants were approved by the Director of Development Services, in consultation with Shetland Arts, in the period 13 May 2013 to 27 August 2013: -

Name of Organisation	Grant Approved (£)
Mrs Susan Keay obo Sarah Keay	929.00
Mrs Valerie Wishart obo Sophie Wishart	250.00
Mrs Janis Adamson obo Hannah Adamson	321.00
Ms Gina Scanlan obo Max Tyler	532.00
Mr Robin Willmore obo Norman Willmore	317.00
Shetland Country Music Club	3,000.00
Aestaewast per Mr David March	1,500.00
Shetland Film Club per Mr Stuart Hubbard	2,000.00
Shetland Jazz Club	2,730.00
Ms Roxane Permar	613.00
Shetland Blues Festival	2,881.00
Ms Susan Timmins	610.00

5. Recommendation

- 5.1 Trustees are asked to note the approvals listed in paragraph 2.1 and 3.1 and 4.1 above.

Our Ref: EM/DA1
Date: 27 August 2013

Report Number CT1309049



REPORT

To: Shetland Charitable Trust

Date: 12 September 2013

From: Chief Executive

Report: CT1309050-f

CAPITAL WORKS BRIDGING LOAN SCHEME

1. Introduction

- 1.1 This report updates Trustees on the Capital Works Bridging Loan Scheme.

2. The Scheme

- 2.1 Trustees agreed, in the spring of 2010, to make up to £1 million available interest free to alleviate cash flow problems experienced by community organisations when waiting for funding from EU/Scottish Government SRDP/LEADER/ERDF and/or lottery grants to come through.
- 2.2 Funding for capital projects is only released once work has been completed and invoices paid. This creates an almost insurmountable cashflow burden for most organisations.

3. Update

- 3.1 Appendix A lists each bridging loan made to date. 14 organisations have received a bridging loan, 11 have fully repaid their loans and 1 has made part payments. In total £1,300,232 has been repaid. Some £205,600 remains due to be repaid by 3 organisations as they receive their grants.
- 3.2 Feedback on the scheme from organisations has been very positive.

4. Financial Implications

- 4.1 There are no new implications arising from this report. However, it should not be forgotten that the provision of interest free loans does mean that the capital involved is not generating investment return. The lost return to the Trust is potentially about £35,000 pa.

5. Conclusion

- 5.1 Fourteen capital projects undertaken by community groups throughout Shetland might not have happened without the support of the Trust's Scheme.

6. Recommendation

- 6.1 I recommend that Trustees note this report.

Reference: EMI/DC14
Date: 30 August 2013

Report Number CT1309050

Shetland Charitable Trust Capital Works Bridging Loan

CT1309050 – Appendix A

PROJECT	BRIDGING LOAN £	REPAID £	DUE TO SCT £	NOTE
Burravoe Pier	25,650	25,650		
Ollaberry Hall	110,000	110,000		
Bressay Sports Park	114,537	114,537		
Scalloway Museum	345,000	345,000		
Fair Isle Hall	62,000	62,000		
Sandsayre Pier	170,000	170,000		
Sandness Hall	100,000	100,000		
Northmavine Club	26,640	26,640		
Hillswick Hall	100,000	50,000	50,000	This project has been delayed due to problems with the contractor, and Leader will only pay 75% of their grant until the project is complete.
Fetlar Electric Minibus	35,600		35,600	The electric minibus has entered service, and the bridging loan is expected to be repaid shortly.
Mareel	276,505	276,505		
Sumburgh Lighthouse	120,000		120,000	
Aith Public Hall	9,900	9,900		
Germatwatt Centre	10,000	10,000		
TOTALS	1,505,832	1,300,232	205,600	

REPORT

To: Shetland Charitable Trust

Date 12 September 2013

From: Chief Executive

Report: CT1309051

Viking Energy

Health Impact of Wind Farms – Independent Study

1. Introduction

- 1.1 This report is to inform Trustees that an independent report on the health impacts of windfarms is now available.

2. Background

- 2.1 At their meeting on 28 June 2012, Trustees considered their further involvement in the Viking Energy project, and agreed, inter alia, to investigate the health effects, if any, of windfarms (Min Ref CT/27/12). Dr Sarah Taylor, the Director of Public Health for Shetland, agreed to report on the known (ideally published) literature of Health Impact Assessment work done on wind farms (primarily but not exclusively English speaking publications) with commentary on the quality of the evidence presented in relation to the published literature on effective Health Impact Assessment work.

3. Present Position

- 3.1 The report is now to hand, and is available to download at <http://www.shb.scot.nhs.uk/board/publichealth/documents>.

4. Financial Implications

- 4.1 Since the report was not directly commissioned by the Trust, there was no cost involved.

5. Recommendations

- 5.1 Trustees are asked to note the findings of the report.

Reference: EMI/IS4
Date: 14 August 2013

Report Number CT1309051

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