

The Charity Trustees
c/o Dr Ann Black
Shetland Charitable Trust
North Street
Lerwick
Shetland
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11 JUN 2013
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Our ref: MI/INQ/

7 June 2013

Dear Charity Trustees

Shetland Charitable Trust – SC027025

I write to confirm that OSCR's inquiry into the Trust is now closed following the significant improvements made to the governance structure in recent months.

OSCR's inquiry opened in 2008 following complaints from members of the Shetland public regarding some key decisions that the (then) charity trustees were engaged in. It was apparent on making inquiries that there were a number of governance issues, primarily arising from the structure of the trustee body and the systemic conflict of interest inherent in that structure.

Over the past five years, we have had extensive discussions and exchanges with trustees and officials, working constructively and collaboratively to improve the governance of the charity and thereby tackling issues of regulatory concern for OSCR. Whilst these exchanges have at times been difficult for both parties, the positive changes that have been made within the charity indicate that the trustees have taken on board OSCR's concerns and resulting recommendations and have actively sought to implement the necessary changes.

The new body of charity trustees will now benefit from a much clearer and unfettered structure that has greater distance from Shetland Islands Council. Already we have seen positive demonstrations of behaviour among trustees in dealing with conflicts of interest and robust action such as this is likely to have a positive impact on the



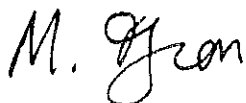
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charity's reputation going forward as it faces potentially challenging decisions where there is mutual interest for the Trust and the Council.

In 2009, OSCR put in place tailored monitoring arrangements for the Trust in response to the inquiry findings at that point in order to protect the charity and to assist OSCR's inquiry. These arrangements have now been lifted and as such the Trust will only be subject, in the same way as any other charity, to OSCR's annual monitoring arrangements going forward (i.e. the completion of the Annual and Supplementary Return forms and submission of annual accounts).

Finally, I would like to take this opportunity to thank all trustees past and present and charity officials who have assisted OSCR in the course of our inquiry and to wish the Trust well for the future.

Yours sincerely



LA Laura Anderson
Head of Enforcement