

MINUTES

Public

Shetland Charitable Trust
Room 12, Islesburgh Complex, Lerwick
Thursday 14 June 2018 at 5.30pm

Present:

A Cooper	G Hay
B Hunter	K Massey
P Malcolmson	I Napier
D Ratter	M Roberts
J Smith	

Apologies:

T Macintyre

In Attendance (Officers):

A Black, Chief Executive - SCT
R Mainland, Executive Business Manager – SCT
K Mouat, Admin and Finance Assistant - SCT
E Flaws, Administration Manager – SCT
A Cogle, Team Leader - Administration – SIC

Chair:

Mr Hunter, Chair of the Trust, presided.

Circular:

The circular calling the meeting was held as read.

Declarations of Interest

None.

Minutes

The Trust confirmed the minutes of the meeting held on 8 March 2018 on the motion of Mr P Malcolmson, seconded by Mr D Ratter.

For Information

10/18 **Investment Review Report – Quarter to 31 March 2018**

The Trust considered a report by the Chief Executive (CT1806008) that informed Trustees on the position and performance of the Trust's external investments with Fund Managers for the financial year 2017/18.

Trustees commented on the positive news regarding return on investments and performance, so far, of its Fund Managers. In response to a query regarding an increase in Fund Manager fees for Schroders, the Executive Business Manager advised that as Fund performance had been much higher than expected, this had increased the asset value of the Fund, and so the fees had also increased.

Decision:

The Trustees noted the report.

11/18 **Fund Manager Presentations**

The Chair outlined the schedule of presentations from Fund Managers.

Northern Trust

Stuart Hobson provided Trustees with an overview of the services provided by Northern Trust as a global custodian, he explained how the company worked with Fund Managers, on behalf of the SCT, to ensure the safekeeping of assets, including accurate reporting, income calculations and tax reclaim entitlements. In response to a query regarding tax reclaims, Mr Hobson confirmed that the Trust either received full entitlements at source or through the reclaim process.

Following a question concerning proxy voting and ethical investing, Mr Hobson said that research and analysis of company performance and governance is undertaken by Fund Managers ensuring that investments were being utilised in accordance with agreed social and other investment policies. In this regard, he said, the Fund Managers were best placed to answer questions on ethical investments, and how the Trust's voice was heard.

[Mr G Hay attended the meeting.]

Mr Massey commented that the graphs showing investments against benchmarks all appeared to be heading in the right direction, bar Schroders. He asked if that was likely to pick up, or if it was uncertain at this time. Mr Hobson said that Fund Managers were picking up and beating benchmarks. Schroders valuations work on a different basis, perhaps an estimated value, but were likely to catch up with others when it becomes a final calculation. Mr Hobson said there was nothing for Trustees to be concerned about and this was more of a timing and methodology issue.

In response to a question from Mr Napier regarding the monthly information being provided, Mr Hobson advised that the level of reporting is a monthly source, so that shows the starting market values, contributions and withdrawals and then the ending market value.

Regarding a query concerning the asset classes, the Chair said that the Investment Advisory Committee would be looking at this aspect at its next update.

There being no further questions, the Chair thanked Mr Hobson for his presentation.

BlackRock

Candida de Silva attended the meeting via teleconference, and gave Trustees an overview of recent markets and the current position of the fund. She summarised and explained the key themes for 2018, outlined the economic picture and longer term investment assumptions and explained the portfolio valuations for the end of the last financial year.

Responding to questions, she advised that fiscal changes around taxation were creating a boost to the economy and were positive in terms of US equities. However, she said that any kind of trade war would likely have a negative impact, and European issues would also be an area to watch over the next few months.

There being no further questions, the Chair thanked Ms de Silva for her presentation. Ms de Silva left the meeting.

Mr Massey said that the different options available within this portfolio would be worthy of discussion on the options available

Insight

Graham Jordan and Matthew McKelvey attended the meeting, and outlined Insight's broad opportunities strategy. They outlined how the management managed the Fund and performed over the last year, as well as their risk management framework, the dedicated investment team, and the leading indicators, outlook and themes for the next year.

Mr Jordan responded to questions from Trustees, during which he said that whilst there was volatility in the markets from Brexit headlines, it was difficult to make an assessment of the effect of Brexit, at this time. He went on to say that it was still a complex picture and some sensible outcomes were needed.

There being no further questions, the Chair thanked Mr Jordan and Mr McKelvey for their presentation. Mr Jordan and Mr McKelvey left the meeting.

Baillie Gifford

Tom Wright and Aileen Lawless attended the meeting. Mr Wright provided an overview of the company and its policies, advising that the company took a long-term outlook, focusing on long-term global growth. Ms Lawless elaborated on the approaches being taken towards long term investment and forward-thinking management, including a broadening of sources of information and networking.

Responding to questions, Ms Lawless outlined how discussions with companies took place regularly. On issues regarding executive pay, companies were keen to know how their shareholders' views may impact

on future investments. She added that there was currently a 10% turnover in the number of companies being invested in, but explained that there was no set time limit or requirement. Ms Lawless went on to say that volatile markets in general had no impact on continuing or future investments, unless it caused an impact for the future viability of the companies themselves, or their profitability.

There being no further questions, the Chair thanked Mr Wright and Ms Lawless for their presentation. Mr Wright and Ms Lawless left the meeting.

Schroders

Geoffrey Day, Graeme Rutter and Patrick Bone attended the meeting, and provided Trustees with an overview of Schroders' portfolio, including comment on their investment approaches, market overviews and long term themes.

Responding to questions, Mr Day explained their approach to maximising income and capital growth, so as not be relying on income alone.

There being no further questions, the Chair thanked Mr Day, Mr Rutter and Mr Bone for their presentation, and they left the meeting.

During a short discussion, the Trust heard from Mr S Hobson that the companies had presented information today as expected, including on matters such as investment relationships and decisions. It was agreed that generally the current investments position was good, but there would be future opportunities to question the current investment strategy.

The Chair thanked Mr Hobson for his advice today. Mr Hobson left the meeting.

Decision:

The Trust noted the presentations.

The Trust adjourned at 19.30 and reconvened at 19.40.

Present:

A Cooper	G Hay
B Hunter	K Massey
P Malcolmson	I Napier
D Ratter	M Roberts
J Smith	

Apologies:

T Macintyre

In Attendance (Officers):

A Black, Chief Executive - SCT
R Mainland, Executive Business Manager – SCT
E Flaws, Administration Manager – SCT
A Cogle, Team Leader - Administration – SIC

Chair:

Mr Hunter, Chair of the Trust, presided.

For Information

12/18 **Management Accounts – Twelve Months Ended 31 March 2018**

The Trust considered a report by the Chief Executive (CT1806009) that presented the Trust's Management Accounts for the twelve months ended 31 March 2018.

The Chief Executive summarised the main terms of the report. The Chair commented that the Trust had had a good year on capital returns, but was still having to draw down £4m, to meet spending requirements.

Mr K Massey said that the was accounts were now showing that operating costs were more effective, but the Audit and Governance Committee would need to look into why the External Audit fees had increased, and to perhaps secure a more joined up approach from subsidiaries.

Referring to the underspends on the Arts Grant Scheme and the Senior Citizens Clubs raised by Mr Cooper, The Chief Executive advised that the criteria for Arts Grants had been changed resulting in fewer grants, and that four Citizens Clubs had been closed during the year.

Decision:

The Trustees noted the Trust's satisfactory financial performance to 31 March 2018 as shown in the Management Accounts in Appendix A.

13/18 **Capital Works Bridging Loan Scheme**

The Trust considered a report by the Chief Executive (CT1806010) which provided an update to Trustees on the Capital Works Bridging Loan Scheme.

The Chair said that this was a very successful Scheme and, to date, it had released over £3m to local community organisations. Trustees queried how organisations in other areas coped without this type of local bridging loan scheme. It was noted that the LEADER Programme was co-ordinated locally which could provide some info, and the Western Isles Council would be a good comparator.

Decision:

The Trustees noted the report.

14/18 **Small Grant Schemes - Approvals**

The Trust considered a report by the Chief Executive (CT1806011) that detailed Arts Grants and grants to Senior Citizens Clubs which were approved in the period 23 February 2018 to 31 May 2018.

Decision:

The Trustees noted the approvals as listed in paragraphs 2.1 and 3.1 of the report.

15/18 **Payments to Trustees in the Year to 31 March 2018**
The Trust considered a report by the Chief Executive (CT1806012) that detailed payments made to Trustees in the year to 31 March 2018.

Decision:

The Trustees noted the report.

16/18 **Trustee Attendance at Meetings in the Year to 31 March 2018**
The Trust considered a report by the Chief Executive (CT1806013) that provided information concerning Trustee attendance at Trust Meetings in the financial year to 31 March 2018.

Decision:

The Trustees noted the report.

For Decision

17/18 **Appointment of Vice Chair**
The Trust considered a report by the Chief Executive (CT1806014) which requested that the Trustees appoint a Vice Chair, to support the strategic direction and business of the Trust.

On the motion of Mr D Ratter, seconded by Mr J L B Smith, Mr A Cooper was appointed to, and accepted, the position of Vice-Chair.

Decision:

The Trustees appointed Mr A Cooper to the position of Vice Chair.

18/18 **Governance Arrangements of Shetland Charitable Trust**
The Trust considered a report by the Chief Executive (CT1806015) requesting the Trustees accept the recommendations of the Audit & Governance Advisory Committee (AGAC) and revise the Schedule of Governance Arrangements annexed to the Deed of Trust of Shetland Charitable Trust.

The Chair referred to section 3.3 of the report, and to the AGAC's recommendations. In discussion regarding 3.3.4, Mr Massey explained that this recommendation was being made to deal with circumstances where Trustees were of the view that a larger quorum was needed. He said that this could be agreed before the meeting and included in the papers. Mr Napier supported this view and said that there could be instances where Trustees felt uncomfortable with a small number of Trustees, the minimum quorum, making significant decisions.

Mr Napier moved that the recommendations in the report be approved, and that the AGAC carries out further work to determine the parameters for requiring a larger quorum, for submission to a future meeting. Mr Ratter seconded, and Trustees unanimously concurred.

Decision:

The Trustees accepted the recommendations as outlined in paragraph 3.3 of the report and adopted these by instructing Turcan Connell to prepare a revised Schedule of Governance Arrangements including all

and any consequential amendments arising therefrom and out of the Council's decision referred to in paragraph 2.

19/18

Service Targets

The Trust considered a report by the Chief Executive (CT1806016) seeking approval of the Service Targets set out in the Grant Offer Letters for Voluntary Action Shetland (VAS).

Mr J L B Smith moved the recommendations in the report be adopted. Ms M Roberts seconded.

Decision:

The Trustees formally approved the preparation of Grant Offer Letters, which set out simple statements of the services and standards expected to be received for the grants awarded VAS (Core) and VAS (Market House).

In order to prevent the disclosure of confidential information, Mr B Hunter moved, Ms M Roberts seconded, and the Trust resolved, in terms of the relevant Regulations, to exclude the public during consideration of the remaining items of business.

(The media left the meeting)

For Decision

20/18

Public Relations Policy and Communication Guidance

The Trust considered a report by the Chief Executive.

Mr I Napier moved that the Trust adopt the recommendations in the report. Mr J L B Smith seconded.

Decision:

Trustees approved the recommendation in the report.

21/18

Shetland Heat Energy and Power Limited (SHEAP)

The Trust considered a report by the Chief Executive.

Mr P Malcolmson moved that the Trust adopt the recommendations in the report. Mr D Ratter seconded.

Decision:

Trustees approved the recommendation in the report.

22/18

Strategic Risk Management – Annual Review

The Trust considered a report by the Chief Executive.

Mr A Cooper moved that the Trust adopt the recommendations in the report. Ms M Roberts seconded.

Decision:

Trustees approved the recommendation in the report.

23/18

Appointment of Trustees

The Trust considered a report by the Chief Executive.

Decision:

Trustees approved the recommendation in the report.

For Information

24/18

Deeds Executed

The Trust considered a report by the Chief Executive.

Decision:

The Trustees noted the report.

25/18

Update from Chairs of Advisory Committees

Mr Massey, Chair of the Audit and Governance Committee; Mr Ratter, Chair of the Investment Advisory Committee; and Mr Hunter, Chair of the General Purposes Advisory Committee, gave updates to Trustees.

Decision:

The Trust noted the updates.

26/18

Update from Subsidiary Companies

Trustees noted updates on the subsidiary companies.

Decision:

The Trust noted the updates.

The meeting concluded at 8.15 p.m.

.....
CHAIR