

MINUTES**Public**

**Shetland Charitable Trust
Boardroom, Shetland Charitable Trust, Lerwick
Thursday 30 November 2017 at 5.30pm**

Present:

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

Apologies:

None

In Attendance (Officers):

A Black, Chief Executive - SCT
R Mainland, Executive Business Manager - SCT
E Flaws, Administration Manager – SCT
L Geddes, Committee Officer – SIC

Chair:

Mr Hunter, Chair of the Trust, presided.

Circular:

The circular calling the meeting was held as read.

Declarations of Interest

Mr Malcolmson declared an interest in Agenda Item 1 “Budget 2018/19”, and advised that he would take no part in any discussion relating to COPE Limited.

Minutes

The Trust confirmed the minutes of the meeting held on 14 September 2017 on the motion of Mr Hunter, seconded by Ms Roberts.

34/17

Budget 2018/19

The Trust considered a report by the Chief Executive (CT1711027) seeking approval of the recommended budget and disbursements for 2018/19.

(Mr Hay attended the meeting during the following discussion)

The Chair advised that there were four organisations who had yet to provide their service targets, and that no disbursements would be made to these organisations until this had been received and agreed.

In response to a question, the Chief Executive advised that both Sullom Voe rental income and Gift Aid had reduced, therefore the income figure in the recommended budget for 2018/19 had been reduced accordingly. The fact that Sullom Voe rental income would be reducing in future years as it was based on throughput.

It was questioned if many other organisations had applied for funding other than those listed, and the Chief Executive advised that this had not been the case. However should the situation arise, organisations would be informed that the Trust was currently closed to new bids.

Mr Ratter moved that Trustees approve the recommendation in the report, and Ms Roberts seconded.

Dr Napier moved that Trustees defer the report until the next meeting, and Reverend Macintyre seconded.

Speaking in support of his proposal, Dr Napier advised that circumstances had changed since the Trust had agreed its financial plan in 2015, particularly in relation to the substantial increase in the value of investments. As a result, he was of the view that the Trust could afford to roll over the previous year's budget, and defer any reductions to disbursements until next year. The proposed cut to disbursements, which was in the region of £300,000, would be a relatively small saving to the Trust, but would have a significant impact on some of the organisations concerned.

Speaking in support of his motion, Mr Ratter commented that whilst there had been growth in the value of investments, there had also been periods of decline. The organisations concerned had all been made aware of the Trust's financial plan, and had adapted their financial planning accordingly. This was the penultimate year of the current financial plan, and the disbursements strategy was going to be completely re-examined prior to the new financial plan.

During the discussion that followed, some Trustees were of the view that the Trust should indeed have the flexibility to be able to respond to current circumstances, and that the Trust was in a position where it could afford to defer proposed budget cuts for another year, given the substantial increase in the value of its investments. The proposed budget cut would have a substantial effect on some of the organisations seeking funding, but it resulted only in a relatively small saving to the Trust.

However other Trustees were of the view that having a clear financial plan in place enabled organisations to plan their finances accordingly, and none had approached the Trust to say that they were having difficulty in doing so. It was pointed out that the Trust was still in a position whereby it was spending more than it received, and that it had already been commented that returns from the oil industry and gift aid would be

diminishing in the future. Trustees had a responsibility to maximise returns to the Trust, and should not be looking at deviating from their financial plan at this time.

After summing up, voting took place by show of hands, and the result was as follows:

Rejection (Dr Napier)	3
Recommendation (Mr Ratter)	6

(Mr Ratter left the meeting)

Decision:

The Trust approved:

- budgeted income of £4,644,351 as detailed in Section 4 of the report
- budgeted disbursements of **up to** £7,720,979 as detailed in Section 5 of the report
- grant budgets detailed in Section 5.2.1 to 5.3.2 of the report
- the drawdown of the approved grant budgets in Section 5.2.1 to 5.3.2 of the report, including the preparation of the Grant Offer Letters, which set out simple statements of the services and standards expected to be received for the grants awarded
- budgeted management and administration expenses of £649,753 as detailed in Section 6 of the report
- budgeted investment management expenses of £935,304 as detailed in Section 7 of the report

35/17

Schedule of Meetings 2018

The Trust considered a report by the Chief Executive (CT1711028) seeking approval for the schedule of meetings for 2018, and on the motion of Mr Smith, seconded by Dr Napier, approved the recommendation in the report.

Decision:

The Trust adopted the diary of meetings set out for 2018.

36/17

Investment Review Report – Quarter to 30 September 2017

The Trust noted a report by the Chief Executive (CT1711029) reviewing investment performance for the quarter to 30 September 2017.

Decision:

The Trust noted the report.

37/17

Management Accounts – Six Months Ended 30 September 2017

The Trust noted a report by the Chief Executive (CT1711030) which presented the Trust's Management Accounts for the six months ended 30 September 2017.

Decision:

The Trust noted the Trust's satisfactory financial performance to 30 September 2017, as shown in the Management Accounts appended to the report.

38/17

Capital Works Bridging Loan Scheme

The Trust noted a report by the Chief Executive (CT1711031) updating Trustees on the Capital Works Bridging Loan Scheme.

In response to questions, the Chief Executive advised that there had been two new applications lately. The first related to the Fair Isle electricity project, and a loan of £500,000 towards the £2.5million project had been requested. The second was an application from Shetland Recreational Trust for a £293,000 towards a £1.4million project. She went on to explain that funding for many EU projects could only be claimed back retrospectively, so the Scheme assisted with the cash flow for the organisations concerned. The Trust had allocated £1million to the scheme and should applications exceed this total, a report would be presented to Trustees.

Decision:

The Trust noted the report.

In order to prevent the disclosure of confidential information, Mr Hunter moved, Ms 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)

39/17

Shetland Leasing and Property Developments Limited (SLAP)

The Trust considered a report by the Chief Executive.

The Chair summarised the main terms of the report, and the Chief Executive responded to questions.

On the motion of Mr Malcolmson, seconded by Reverend Macintyre, Trustees approved the recommendations in the report.

Decision:

The Trust approved the recommendations in the report.

40/17

Viking Energy Shetland LLP

The Trust considered a report by the Chief Executive.

On the motion of Mr Malcolmson, seconded by Dr Cooper, Trustees approved the recommendation in the report.

Decision:

The Trust approved the recommendation in the report.

41/17

Update from Chairs of Advisory Committees

The Chair gave an update on the Investment Advisory Committee, and the General the General Purpose Advisory Committee.

Mr Massey, Chair of the Audit and Governance Advisory Committee (AGAC), gave an update on the AGAC.

Decision:

The Trust noted the updates.

42/17

Update from Subsidiary Companies

Trustees noted updates circulated earlier regarding the subsidiary companies.

Decision:

The Trust noted the update.

The meeting concluded at 6.15pm.

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CHAIR