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**MINUTES****Public**

**Shetland Charitable Trust  
Room 12, Islesburgh Community Centre, Lerwick  
Thursday 13 December 2012 at 10.00am**

**Present:**

M Bell	M Burgess
P Campbell	S Coutts
B Hunter	A Manson
V Nicolson	D Ratter
D Sandison	G Smith
T Smith	A Westlake
J Wills	A Wishart

**Apologies:**

A Cooper	F Robertson
G Robinson	M Stout
V Wishart	

**In Attendance (Officers):**

A Black, Chief Executive - SCT  
J Goddard, Financial Controller – SCT  
E Mainland, Office Administrator – SCT  
L Geddes, Committee Officer - SIC

**Chair:**

Mr D Ratter, Chair of the Trust, presided.

**Circular:**

The circular calling the meeting was held as read.

The Chair advised that he proposed to reorder the items of business in order that the confidential items could be considered first as Ms V Nicolson, who would be presenting Agenda Item 5 “Future Governance of Shetland Charitable Trust”, had to leave the meeting early.

**Declarations of Interest**

Mr Burgess declared an interest in Agenda Item 4 “Capital Works Bridging Loan Scheme”, as he had been part of the project management team for Scalloway Museum.

Mr Hunter declared an interest in Agenda Item 5 “Future Governance of Shetland Charitable Trust”, and advised he would leave the meeting during discussion of this item.

Mr T Smith declared an interest in Agenda Item 3 “ Recommended Disbursement – Approvals” as a Trustee of the Germatwatt Centre.

### **Minutes**

The minutes of the meeting held on 15 November 2012 were confirmed on the motion of Dr Wills, seconded by Ms Nicolson.

**In order to prevent the disclosure of exempt information, Mr Ratter moved, Dr Wills seconded, and the Trust resolved, in terms of the relevant Regulations, to exclude the public during consideration of the following four items of business.**

*(The media and Mr Hunter left the meeting)*

#### 59/12 **Future Governance of Shetland Charitable Trust – Appointment of Trustees**

The Trust considered a report by the Chief Executive.

The Chair pointed out that both himself and the Vice Chair had just been informed of the names of the proposed First Appointed Trustees, as they had not been involved with the selection process. Ms Nicolson and Mr Bell had been on the appointment panel, and they advised Trustees of the process followed and the names of those proposed for appointment.

Trustees noted the names of those recommended to serve as First Appointed Trustees.

It was noted that Shetland Islands Council, at its meeting on 5 December 2012, had appointed the following Councillors to Shetland Charitable Trust:

Councillor M Bell  
Councillor P Campbell  
Councillor R Henderson  
Councillor A Manson  
Councillor D Ratter  
Councillor G Smith  
Councillor J Wills

On the motion of Ms Manson, seconded by Mr Wishart, the Trust approved the recommendations in the report.

#### **Decision:**

The Trust **RESOLVED** to:

- (a) approve the appointment of the individuals to become the First Appointed Trustees of the SCT;
- (b) note the appointment by SIC of the Councillors as the First Councillor Trustees of the SCT; and

- (c) advance the Effective Date in terms of the Schedule of Governance Arrangements annexed to the 2012 Deed of Trust to 20 February 2013.

*(Mr Hunter returned to the meeting)*

60/12 **Governance of Subsidiary Companies – Viking Energy Limited**

The Trust considered a report by the Financial Controller.

*(Ms Nicolson left the meeting and Mr Wishart attended the meeting during the following discussion)*

The Financial Controller summarised the main terms of the report and, on the motion of Mr Sandison, seconded by Mr Bell, Trustees approved the recommendation in the report.

**Decision:**

The Trust approved the recommendations in the report.

61/12 **Loans to Local Industry – Sums Due But Unpaid Over One Month Old as at 30 November 2012**

The Trust noted a report by the Financial Controller.

**Decision:**

The Trust noted the contents of the report.

62/12 **Loans to Local Industry – Agricultural Loan Scheme: Update on Loan 1308**

The Trust noted a report by the Financial Controller, which presented an update on Loan 1308.

**Decision:**

The Trust noted the contents of the report.

*(The media returned to the meeting)*

63/12 **Fund Manager Transactions**

The Trust noted a report by the Financial Controller (CT1212061), which provided an update on the Fund Manager Transactions.

In response to a query regarding recent meetings in London with fund managers, the Chair advised that meetings had taken place with Insight Investment Management, BlackRock and Schroder Investment Management. There were difficulties, particularly with property investments, given the current European financial situation. However if changes were made at this point, the Trust may end up consolidating its losses. He went on to say he had been asked to enquire about payments made to BlackRock, as they were passive fund managers. He had been advised that if the money was invested in a tracker fund, the Trust would pay for each transaction, and their overall fee would be significantly more. He had also been asked to raise the question of ethical investments. The point had been made that it was difficult to find a mechanism for defining if something was unethical if it could be shown to be legal, taxed and highly regulated.

The Financial Controller added that the fund managers were performing quite well, but all had felt that the Trust's investment strategy to achieve 5% above inflation each year was at the high end of what was reasonable. This was something that the new Trust would have to consider.

It was requested that the issue of ethical investments be put on the agenda for a future meeting. The Chair advised that this would be for the new Trust to discuss.

It was noted that the Trust would have an important role to play in the community planning process and using its funds to improve lives for the people in Shetland. Therefore it was felt that it was important that the new Trust debated its strategies, and that agendas were not process-driven.

In response to a query, the Chair advised that both the Trust and the Council had a process of engaging with their fund managers through annual visits, and visits by the fund managers where Trustees had the opportunity to question them. The fund managers had indicated that the 5% return was at the top end of what could be achieved, due to the current global economic climate.

The Financial Controller added that that Trustees had set a three-year financial plan based on long-term assumptions on investment returns, and this had commenced in 2011. Whilst there could be a set of circumstances that would lead to a review of this plan, his advice at the moment was that there was a need to review long-term assumptions. This would need to be done in a measured way, and brought into plans in the future.

The Chief Executive added that it was hoped to have sub-committees, such as an investment sub-committee, in the future and to increase engagement with Trustees who had a particular interest in investments.

In response to a query, the Financial Controller confirmed that with over half the Trust's money invested in shares, income from these investments varied hugely each year. Over the last three years, the return had been relatively stable, but there were likely to be swings in future given the current economic climate.

Dr Wills requested that since it was the last meeting of the Trust in its current form, it was recorded how successful the Trust had been over the years. It currently held £215 million in assets, and had disbursed £264 million since 1976.

**Decision:**

The Trust noted the contents of the report.

64/12

**Recommended Disbursements – Social Care**

The Trust noted a report by the Chief Executive (CT1212062), which presented approvals by the Council's Director of Community Care Services in the period to 16 November 2012.

**Decision:**

The Trust noted the Social Assistance Grants totalling £270.19.

65/12

**Recommended Disbursements – Approvals**

The Trust noted a report by the Chief Executive (CT1212063), which presented the approvals made in relation to Community Grants up to 27 November 2012.

**Decision:**

The Trust noted the approvals.

66/12

**Capital Works Bridging Loan Scheme**

The Trust noted a report by the Financial Controller (CT1212064), which provided an update on the Capital Works Bridging Loan Scheme.

It was noted that the scheme had been very successful, but questioned whether the Trust could continue to afford the cost and if it should be charging interest.

**Decision:**

The Trust noted the contents of the report.

The Chair thanked Trustees for their support to the Trust.

The Trust meeting concluded at 10.50am.

CHAIR