

MINUTES**Public**

**Shetland Charitable Trust
Bowlers Bar, Clickimin Leisure Complex, Lerwick
Thursday 14 September 2017 at 5.30pm**

Present:

A Cooper B Hunter
P Malcolmson I Napier
K Massey M Roberts
G Hay

Apologies:

T Macintyre D Ratter
J Smith

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 2 “Service Performance of Funded Organisations – Year Ending 31 March 2017”, 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 15 June 2017, on the motion of Mr Malcolmson, seconded by Dr Napier.

23/17 **Shetland Charitable Trust Annual Report and Accounts for the year to 31 March 2017**

The Trust considered a report by the Chief Executive (CT1709017) which presented the Annual Report and Accounts for the year to 31 March 2017.

The Chair introduced the report, advising that he was pleased to report that the Trust had performed well over the past year. It had been a good year for the Trust's investments on the world's financial markets, with the value of the Trust's investments increasing from £200million to £231million. However, it was important to remember that the Trust was a long-term investor, so the returns should not be looked at in isolation. Last year performance had been good, but returns over the previous financial year had been poor.

The Trust had succeeded in reducing its spending to the planned levels, and was on its way to achieving the disbursement plan it set to 2020 to ensure the Trust remained sustainable in the future. The Trust continued to provide support of nearly £9million for a number of local charities and organisations.

He went on to say that the Trust's three Advisory Committees had also had a busy year.

The Investment Advisory Committee had overseen the implementation of the Trust's new Investment Strategy. Two new managers had been appointed - Insight Investment Management as diversified growth manager and Baillie Gifford Investment Management Company as an active equity manager. The returns from the new Strategy had been good since it was put in place on 1 October 2016.

The General Purposes Advisory Committee had reviewed the Trust's public relations, and had commissioned a short film and information leaflet highlighting the work of the Trust and the impact that the funded organisations have on the quality of life in Shetland.

The Audit and Governance Advisory Committee had implemented changes in governance arrangements approved by the Trustees in May 2016. The formal reorganisation scheme was submitted to the Office of the Scottish Charities Regulator (OSCR) in December 2016, and it had been approved by OSCR on 5 April 2017.

In concluding, he thanked all the Trust staff for their hard work over the past year, and said that he was also very grateful for the help and support received from all Trustees, especially the Chairs of the Advisory Committees.

The Executive Business Manager advised that there was a typographical error in the Trust's consolidated statement of financial activities. The net income figure should read £31,607 instead of £31,005, and this had been corrected in the accounts that would be signed. He went on to highlight that disbursements were broadly on target, although slightly less had been disbursed than budgeted for as a result of a reduced take up in the Arts Grants Scheme and fewer Senior Citizens' Clubs. The Trust's administration and governance costs were also under budget. Income from investments was lower this year as a result of moving some funds from BlackRock Investment Management to Baillie Gifford Investment Management Company. The dividends from Baillie Gifford would be reinvested rather than being paid as a dividend to the Trust. Gift aid of

£2.2million had been received, and it had been a good year on the financial markets, with the equity markets performing particularly well. The Trust's fixed assets had reduced as a result of transferring district heating infrastructure to SHEAP, and there had been a corresponding increase in programme-related investments.

It was pointed out that it was important to note that the Trust was on target to achieve the plans it set out for 2020. Although it had been a successful year on the financial markets, it was important to bear in mind that there were still challenges for the Trust in maintaining its budget reduction programmes.

It was noted that there had been a reduction in gift aid from SHEAP, and the Chair agreed to a request for SHEAP to be invited to attend a meeting of the Investment Advisory Committee to provide an update to Trustees when the company was more certain of its position.

The Chief Executive also agreed to circulate a list of assets owned by the Trust to Trustees.

On the motion of Mr Massey, seconded by Dr Cooper, the Trust approved the recommendations in the report.

Decision:

The Trust:

- Approved the Annual Report and Accounts for the year to 31 March 2017 attached as Appendix A
- Authorised the Chair and the Chair of Audit and Governance Advisory Committee to sign the accounts
- Authorised the Chair to sign the Letter of Representation reproduced as Appendix C
- Noted the summary report from KPMG LLP, the Trust's auditors, attached as Appendix B

24/17

Service Performance of Funded Organisations – Year Ending 31 March 2017

The Trust considered a report by the Chief Executive (CT1709019) which presented information regarding the service performance of various organisations to which the Trust provides funding.

The Chair advised that Trustees had previously agreed the format of this report in order to capture the key outputs delivered by the organisations. It was important to recognise and acknowledge the impact that their activities had on improving the quality of life in Shetland, and he highlighted some examples of this. The Trust had recently received a presentation from the Citizens Advice Bureau which highlighted the scale and diversity of their work, and the real impact on people's lives, and he looked forward to receiving more presentations from organisations funded by the Trust in future.

Some discussion took place regarding the format of the report, and it was suggested that some more work should be done in order to focus on targets, and their relevance to objects of the organisations, rather than focusing on increasing targets set previously. It was also suggested that the organisations could focus more on areas where their performance could be improved, and that more information could be included regarding funding they received from other sources.

It was also pointed out that it was difficult for Shetland Amenity Trust (SAT) to report using this format. It was requested that discussions should take place with SAT regarding how funding from the Trust was used to achieve outcomes, and that more information could be sought regarding the restructuring that was being carried out.

The Chair agreed that this was something that could be discussed once SAT had held their AGM. He added that the General Purposes Advisory Committee would be looking again at the reporting format, so it would take comments on board.

It was noted that reporting in relation to the rural care centre model 2017/18 was the first year that this funding was provided through a grant offer letter with targets set, so this would be reported on next year.

Decision:

The Trust:

- Considered the content of Appendix A
- Highlighted issues or areas where Trustees might wish to receive further information or clarification
- Otherwise noted the satisfactory service performance of the organisations that received funding from Shetland Charitable

25/17

Update to Grant Offer Letter

The Trust considered a report by the Chief Executive (CT1709020) seeking approval of an updated grant offer letter.

The Chair thanked Dr Napier for the work of the PR Working Group and his input in developing the Grant Acknowledgement Guidance.

The proposals would bring the Trust into line with most other funding bodies requiring organisations to acknowledge their funders, and guidance was provided as to how this should be done.

On the motion of Dr Napier, seconded by Ms Roberts, Trustees approved the recommendation in the report.

Decision:

The Trust approved the updated grant offer letter, Condition K, for use in the 2018/19 grant year.

26/17

Amendment to Administrative Regulations

The Trust noted a report by the Chief Executive (CT1709021) seeking approval of an update to the Trust's Administrative Regulations to reflect the new governance arrangements.

The Chief Executive summarised the main terms of the report, outlining the changes that had been made to the Administrative Regulations at the present time. The Audit and Governance Advisory Committee had been overseeing the work and the Chair, Mr Massey, thanked all those who had contributed to the work. As the Trust moved forward, there would be further changes that required to be made.

On the motion of Ms Roberts, seconded by Dr Napier, Trustees approved the recommendation in the report.

Decision:

The Trust approved the amendments to the Administrative Regulations attached as Appendix B.

27/17 **Investment Review Report – Quarter to 30 June 2017**

The Trust noted a report by the Chief Executive (CT1709022) reviewing investment performance for the quarter to 30 June 2017.

It was noted that following the changes made to fund managers, all cash was now fully invested.

Decision:

The Trust noted the report.

28/17 **Small Grant Schemes – Approvals**

The Trust noted a report by the Chief Executive (CT1709023) listing the grants approved in the period 30 May 2017 to 30 August 2017.

Decision:

The Trust noted the report.

29/17 **Management Accounts – Three Months Ended 30 June 2017**

The Trust noted a report by the Chief Executive (CT1709024) which presented the Trust's Management Accounts for the three months ended 30 June 2017.

Decision:

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

30/17 **Capital Works Bridging Loan Scheme**

The Trust noted a report by the Chief Executive (CT1709025) updating Trustees on the Capital Works Bridging Loan Scheme.

Trustees commented positively on the Scheme, remarking that although the money could have been invested, the benefit to the community was significant.

In response to queries, the Chief Executive advised that two new applications had just been approved, and a third was currently being processed. The Scheme was publicised via the Council's Grants Officer and community workers, and HIE staff also signposted organisations. The period of pay back varied depending on the project and this

information could be supplied, but it would usually be around one year. It was suggested it would be useful to also have information available regarding the total project costs, and that consideration could be given to asking the organisations involved to acknowledge the support they had received.

Decision:

The Trust noted the report.

In order to prevent the disclosure of exempt information, Mr Hunter moved, Dr Napier 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)

31/17 **Risk Management Annual Review**

The Trust considered a report by the Chief Executive.

The Chief Executive summarised the main terms of the report and on the motion of Dr Cooper, seconded by Dr Napier, Trustees approved the recommendation in the report.

Decision:

The Trust approved the recommendation in the report.

32/17 **Deeds Executed**

The Trust noted a report by the Chief Executive.

Decision:

The Trust noted the report.

33/17 **Update from Chairs of Advisory Committees**

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

The Chair gave an update on the work of the Investment Advisory Committee and the General Purposes Advisory Committee.

Decision:

The Trust noted the updates.

(The meeting adjourned at 6.15pm and reconvened at 6.35pm)

(Mr Malcolmson left the meeting and Mr Hay attended the meeting)

34/17 **Update from Subsidiary Companies**

Trustees noted an update circulated earlier regarding the subsidiary companies.

Decision:

The Trust noted the update.

The meeting concluded at 6.50pm.

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CHAIR