
MINUTES**Public**

**Shetland Charitable Trust
Room 16, Islesburgh Community Centre, Lerwick
Thursday 15 November 2012 at 10.00am**

Present:

M Burgess	A Cooper
S Coutts	A Duncan
R Henderson	B Hunter
D Ratter	F Robertson
G Smith	T Smith
M Stout	J Wills
A Wishart	

Apologies:

M Bell	P Campbell
V Nicolson	G Robinson
D Sandison	A Westlake

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 reorganise the order of business of the meeting in order that items of business requiring a decision could be considered while the meeting was quorate, as some Trustees had indicated they would have to leave early. Therefore Agenda Item 9 “Governance of Subsidiary Companies” would be considered prior to confirming the minutes of the previous meetings and the remainder of the agenda.

In response to a query as to whether it was permitted to continue with the meeting if it was inquorate, the Chair advised that items of business requiring a decision could only be discussed when the meeting was quorate. However legal advice had been received at an earlier meeting that it was permissible to discuss items of business that were for noting if the meeting was inquorate.

Declarations of Interest

Mr Coutts declared an interest in Agenda Item 8 as he owned a property within close proximity to windfarm, and advised that he would be leaving the meeting during the discussion.

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 item of business.

(The media left the meeting)

50/12 **Governance of Subsidiary Companies – New Boards**

The Trust considered a joint report by the Chief Executive and Financial Controller which recommended three new non-executive directors for each of Shetland Leasing and Property Developments Limited, SLAP, and Shetland Heat Energy and Power Limited, SHEAP.

The Financial Controller advised that the recruitment process had now been completed, and he advised Trustees of the appointments that were proposed.

The Chair explained that the recruitment process had gone very well, and those involved were content with the outcome of the process.

The recruitment process for a new Board for Viking Energy Shetland LLP (VES LLP) was currently being run by Munro Consulting. He was unable to release the names of those proposed at this stage, as Munro Consulting had advised that names should not be released until missives had been signed. A press release would be issued when appropriate, and the names of the successful candidates for VES LLP would be issued to Trustees as soon as they were available.

On the motion of Mr A Wishart, seconded by Mr F Robertson, Trustees approved the recommendation in the report.

Decision:

The Trust appointed the non-Executive Directors to SHEAP and SLAP as proposed by the Selection Panel.

(The media returned to the meeting)

Minutes

Except as undernoted, the minutes of the meetings held on 13 September and 15 October 2012 were confirmed on the motion of Dr Wills, seconded by Mr Hunter.

13 September 2012: 33/12 – Future Governance of Shetland Charitable Trust

It was noted that the following amendments should be made:

Page 7 – the penultimate sentence should read “The Trust was a public Trust not *only* because its money was held in *trust for the* public, but *also* because its money was a gift from public funds...”.

Page 8 – the first sentence of the first paragraph should read “... the proposed scheme ignored the need for *popular* consent...”

Page 8 – the fifth sentence of the first paragraph should read “...did not solve the *most serious problem* facing the Trust...”

Page 8 – the sixth sentence of the first paragraph should read “...to be elected to *the Chair*...”

Page 8 – the eighth sentence should read “...open to continuing allegations *that*...”

51/12 **Schedule of Meetings 2013**

The Trust considered a report by the Chief Executive (CT1211052), which sought approval of the schedule of meetings for 2013.

On the motion of Dr Wills, seconded by Mr Robertson, Trustees approved the recommendation in the report.

Decision:

The Trust approved the schedule of meetings for 2013.2

(Mr Cooper attended the meeting)

52/12 **Management Accounts – Six Months ended 30 September 2012**

The Trust noted a report by the Financial Controller (CT1211055), which presented the Trust’s Management Accounts to the end of September 2012.

The Financial Controller summarised the main terms of the report, advising that some of the variances in the appendix related to timing differences for grants being drawn down. He drew Trustees’ attention to the overspend on legal fees, and said he was hopeful that this could be managed within the overall budget for the year.

It was noted that the Trust funded 27 different organisations, and questioned how often these grants were reviewed by Trustees in order to ensure that the grant sum was appropriate and the Trust was receiving value for money.

The Chair advised that organisations were funded on a three-year basis, and that Trustees had thoroughly reviewed each organisation before the grant was awarded. However the new Trust that is appointed may wish to commence looking at its priorities.

Decision:

The Trust noted the satisfactory financial performance to September 2012.

53/12 **Recommended Disbursements – Social Care**

The Trust noted a report by the Chief Executive (CT1211056), which presented approvals by the Council’s Director of Community Care Services in the period to 26 October 2012.

Decision:

The Trust noted the Social Assistance Grants totalling £199.54.

54/12

Recommended Disbursements – Approvals

The Trust noted a report by the Chief Executive (CT1211057), which presented the approvals made in relation to Community Grants up to 26 October 2012.

Decision:

The Trust noted the approvals.

55/12

Capital Works Bridging Loan Scheme – Update

The Trust noted a report by the Financial Controller (CT1211053), which provided an update on the Capital Works Bridging Loan Scheme.

The Financial Controller advised that this would be the first in a series of reports updating Trustees on the Capital Works Bridging Loan Scheme. 11 bodies had taken advantage of the scheme so far, six loans had been fully repaid, and another £141,000 should be repaid before Christmas.

The Chair pointed out that the bodies involved felt that it was a very valuable scheme for the community, although the Trust did lose some money in making these loans, as the funds were not earning during the period they were being used by the Scheme.

It was questioned if it would be worthwhile for the Trust to charge a very low rate of interest for the scheme. The Financial Controller advised that it had been his original recommendation that there should be a charge, and it was an option that Trustees may wish to reconsider when it was reviewed next year. In response to a query, he confirmed that the scheme was delegated to officers, and it operated within a set of parameters.

Decision:

The Trust noted the contents of the report.

56/12

Fund Manager Transactions

The Trust noted a report by the Financial Controller (CT1211058), which provided an update on the Fund Manager Transactions.

In response to a query, the Chair confirmed that the Trust did have the capacity to reassess its three-year policy, and this was something that the future Trust would probably wish to reassess but it was unlikely to happen in the current Trust.

Decision:

The Trust noted the contents of the report.

57/12

Investment Monitoring

The Trust noted a report by the Financial Controller (CT1211054), which informed Trustees of investment performance over the financial year 2011/12, and recent performance.

(During discussion of the above item, Mr Cooper declared an interest in Appendix D as a Director of Viking Energy, and advised that he would not participate discussion relating to this)

The Financial Controller summarised the main terms of the report, advising that the Trust relied entirely on investment returns and would not be able to carry out any charitable activity if it did not receive these returns. He referred Trustees to the investment strategy, summarised in paragraph 3.1 of the report. Whilst the stockmarkets produced good average returns over the longer term, there would be variations from year to year. The performance of fund managers was set out in Appendix A of the report. Blackrock had achieved the Trust's target for the Trust's shares portfolio, Insight had outperformed the Trust's target for its bonds portfolio for the last five years, and Schroders management of the Trust's investment in commercial property had not achieved the target set. Trustees normally reviewed its investments in May each year, but this had not happened this year due to the local government elections. However a delegation from the Trust would shortly be visiting the fund managers to review and discuss performance.

With regard to the local investments set out in Appendix B, SLAP had produced a good return for the Trust. Viking Energy was a long-term investment that was not expected to produce a return at the moment. SHEAP had started producing good returns and this should continue for at least another 20 years. The investment in land at Sullom Voe Terminal had been very successful, and this looked like continuing for the longer term. Appendices C, D and E were progress reports, and it had been agreed earlier that the relevant Chairs would present the reports to Trustees in future. There were some important decisions that would have to be made in the future regarding the Trust's investments given average market returns.

In response to queries, he confirmed that the new SLAP Board would be looking at the redevelopment of the Commercial Road site, that the care centres were classed as 'non-investment' assets, and that Viking Energy had drawn down £1.8million of the £6.3million agreed at the June meeting.

Some discussion took place regarding the Viking Wind Farm, the value of which has been stated to be between £50 million to £130 million.

(Mr Cooper declared an interest as a Director of Viking Energy, and advised that he would not participate in any discussion relating to this)

The Chair advised that the valuation was a credible one that had been made at an earlier stage for the purposes of taking the project forward. The Trust was engaged in the project as an investor and until the three main issues affecting the problem – the judicial review, the cost of the cable, and cost of transmission – were resolved, the project would not move towards the stage of due diligence referred to in the appendix. The Chair also advised that he had received an update from Dr Sarah Taylor, who was carrying out the health impact study, prior to the meeting. He advised that she should be in a position to finalise her reporting timescales in February/March.

Decision:

The Trust noted the contents of the report.

(Mr Coutts, Mr Cooper and Mr Wishart left the meeting. It was noted that the meeting was now inquorate and should Trustees require to make a decision on any of the remaining reports for noting, this would require to be presented to the meeting in December)

58/12 **Windfarms and Property Values**

The Trust considered a report by the Financial Controller (CT1211060), which provided the opportunity to note a further response from the Shetland partner in the Viking Energy project concerning property values and windfarms.

The Chair advised that he had contacted the Royal Institute of Chartered Surveyors (RICS) and had been advised that they were currently reviewing all documentation relating to windfarms and were therefore unwilling to comment on individual cases.

Some Trustees expressed their disappointment at the response from Viking Energy. Whilst Viking Energy had stated that no renewable industry precedent exists for establishing a compensation fund, it was suggested that there was nothing to stop such a fund being set up.

The Chair advised that this issue would be kept under review, and that he had suggested that one of the first meetings the new VES LLP Board should have was with the Trust. He agreed to the suggestion that he should write to extend this invitation when the new Board was in place. The question of a compensation fund was something that would have to be considered by the three investors involved, and this was something that could be further investigated.

Decision:

The Trust noted the contents of the report.

The Trust meeting concluded at 11.25am.

CHAIR