

MINUTES**Public**

**Shetland Charitable Trust
Bowlers Bar, Clickimin Leisure Complex, Lerwick
Thursday 16 February 2017 at 5.30pm**

Present:

M Bell	A Cooper
A Duncan	R Henderson
B Hunter	P Malcolmson
A Manson	K Massey
I Napier	J Smith
J Wills	

Apologies:

T Macintyre	D Ratter
A Westlake	

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 Duncan declared an interest in Agenda Item 4 “Aged Debtors at 2 February 2017” and advised he would leave the room during the discussion.

Mr Henderson also declared an interest in the above item.

Mr Massey declared an interest in Agenda Item 3 “Shetland Heat Energy and Power Limited”.

Minutes

The Trust confirmed the minutes of the meeting held on 24 November 2016, on the motion of Mr Henderson, seconded by Mr Smith.

56/16 – Schedule of Meetings

Mr Duncan said he was of the view that holding meetings at 5.30pm did not allow enough time for those from rural areas to attend meetings in Lerwick if they were working, and suggested that meetings should instead be held at 7.30pm to allow for this.

Mr Massey advised that this was something that was under review by the Audit and Governance Advisory Committee. The schedule of meetings had recently been amended following discussion with Trustees, and it was being monitored. There had also been discussion about holding some meetings outwith Lerwick, and this was something that was also under consideration. It was the desire of the Trust to make meetings more accessible to the public, and the current schedule was the first attempt.

01/17 Investment Review Report – Quarter to 31 December 2016

The Trust noted a report by the Chief Executive (CT1702001) which reviewed investment performance for the quarter to 31 December 2016.

In response to questions, the Chair advised that it was too early to tell whether the change in strategic direction was having an impact. This may become more apparent towards the end of the financial year.

Caution was expressed at looking at these investments over a short-period of time, and it was suggested that even a year would not be a long enough period to provide a reasonable assessment.

The Chief Executive advised that the Investment Advisory Committee were looking at investments over a five-year period, but could consider whether an annual review should be provided.

Decision:

The Trust noted the report.

02/17 Management Accounts – Nine Months Ended 31 December 2016

The Trust noted a report by the Chief Executive (CT1702002) which presented the Trust's Management Accounts for the nine months ended 31 December 2016.

It was commented that it was difficult to make any assessments from quarterly updates unless budgets were profiled, and it was questioned if there was any likelihood of doing this in future. It was suggested that it may be more useful to just have reports on exceptions, as the production of quarterly reports involved staff resources.

The Chief Executive advised that there was nothing to stop budgets from being profiled. Quarterly reports were presented in order that any major departure from the budgets could be reported but, if this was the case, it would be reported to Trustees in a separate report.

It was questioned if it would be possible to increase expenditure, given that the return on investments had been very good and there were many worthy causes seeking funding.

The Chair advised that it was the Trust's policy to spend only income and capital gains above inflation. He pointed out that more capital was having to be disinvested than planned to meet existing budgets, before introducing any additional spending.

It was pointed out that that capital gain could be withdrawn and disbursed in the community, whereas there was a risk that any gains made could be lost if they were left in investments.

The Chief Executive advised that fund managers had pointed out that it had been an exceptional year, and that this had not been predicted. It was therefore important for Trustees to be mindful of this advice and to note that the return had been good over this short-term period.

It was suggested that the Investment Advisory Committee should consider a contingency fund which could be used for urgent items requiring funding in Shetland, and that it should consider the possibility of increasing disbursements that could be made.

The Chair said that this request could be put to the Investment Advisory Committee.

Mr Massey reminded Trustees of the process agreed by Trustees when setting the budget – part of this process being the agreement of a four-year budget, with figures being looked at on an annual basis and a process in place for manoeuvre if there had been an exceptionally good year. This process would come up when the annual budget was reviewed at the year-end.

It was questioned if the Arts Grant Scheme could instead be supported by Shetland Arts Development Agency (SADA), and the Chief Executive advised that SADA was involved in the decision-making.

It was noted that the increase in investment expenses was as a result of the new investment strategy, and that the budget had been amended to reflect this

Trustees commented that they were pleased to see the reduction in administrative expenditure.

Decision:

The Trust noted the satisfactory financial performance to 31 December 2016, as shown in the Management Accounts in Appendix A.

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

03/17 **Shetland Heat Energy and Power Limited (SHEAP)**

The Trust considered a report by the Chief Executive.

Mr Massey declared an interest as someone who was waiting for a connection to the District Heating Scheme, so he may be a benefactor if the network was expanded. He was also a Director of SHEAP between 2014 and 2016.

The Executive Business Manager responded to questions from Trustees.

Following some discussion, Mr Smith moved that Trustees approve recommendation 7.1(a) in the report, and Dr Cooper seconded.

Mr Massey moved that Trustees approve recommendation 7.2(a) in the report, and Dr Wills seconded.

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

Recommendation 7.2(a) (Mr Massey)	4
Recommendation 7.1(a) (Mr Smith)	5

Dr Napier moved that the recommendations be rejected and Trustees seek a more detailed report.

Mr Duncan seconded.

Voting took place by show of hands, and the result was as follows:

Rejection (Dr Napier)	3
Recommendation 7.1(a) (Mr Smith)	7

Decision:

The Trust approved recommendation 7.1(a) in the report.

(Mr Duncan and Dr Wills left the meeting)

04/17 **Aged Debtors at 2 February 2017**

The Trust noted a report by the Chief Executive.

Decision:

The Trust noted the content of the report.

(Mr Duncan and Dr Wills returned to the meeting)

05/17 **Update from Chairs of Advisory Committees**

Mr Massey, Chair of the Audit and Governance Advisory Committee (AGAC), and Mr Hunter, Chair of the General Purposes Advisory Committee (GPAC), gave an update to Trustees.

In the absence of the Chair of the Investment Advisory Committee (IAC), the Chief Executive gave an update to Trustees.

Decision:

The Trust noted the updates.

06/17

Update from Subsidiary Companies

Trustees noted an update regarding subsidiary companies.

Decision:

The Trust noted the update.

The Chair advised that this would be the last formal meeting of the Trust before Council elections took place in May, and he wished to put on record both his own and the Trust’s gratitude for the enormous contribution that councillor-trustees had made to the Shetland Charitable Trust, both the current group of councillor-trustees, and also their predecessors. They had brought to the Trust a wealth of knowledge and understanding that would be missed. Whether or not there would be a new group of four councillor-trustees after May would be up to the new Council, but the Trust would welcome this.

To the departing Trustees – Malcolm Bell, Drew Ratter, Robert Henderson, Andrea Manson, Amanda Westlake, Jonathan Wills and Allison Duncan – he expressed his thanks, advising that their commitment to the Trust and to Shetland had been absolute. They had given freely large amounts of their time and shown both insight and passion, and the Trust wished them all the best for the future.

Trustees concurred with applause.

The meeting concluded at 6.35pm.

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CHAIR