

MINUTES

Public

Shetland Charitable Trust
Room 9, Islesburgh Community Centre, Lerwick
Thursday 12 September 2019 at 5.30pm

Present:

A Cooper	J Garriock
K Harrison	Y Hopkins
R C Leask	R M Leask
R Leith	I Napier
E Miller	A Ockendon (<i>by telephone</i>)
M Roberts (<i>by telephone</i>)	

Apologies:

None

In Attendance (Officers):

A Black, Chief Executive - SCT
R Mainland, Executive Business Manager – SCT
K Mouat, Admin and Finance Assistant - SCT
L Geddes, Committee Officer – SIC

Chair:

Dr Cooper, Chair of the Trust, presided.

Circular:

The circular calling the meeting was held as read.

Declarations of Interest:

None

Minutes:

The minutes of the meeting held on 27 May 2019 were confirmed on the motion of Ms Roberts, seconded by Ms Hopkins.

The minutes of the meeting held on 6 June 2019 were confirmed on the motion of Ms Miller, seconded by Mr R C Leask.

30/19 **Shetland Charitable Trust Annual Report and Accounts for the Year Ended 31 March 2019**

The Trust considered a report by the Chief Executive (CT1909026) presenting the Annual Report and Accounts for approval.

The Executive Business Manager summarised the main terms of the report, advising that he was pleased to report that the Trust had received another clean audit this year, and that the audit process had gone very smoothly.

He went on to say that the Trust's reserves at 31 March 2019 were £309.3million - an increase of £25million from 2018. This was mainly attributable to the strong performance of the Trust's externally managed investments, which had resulted in a total return of £29million from dividends and capital appreciation. The decision by Trustees in 2016 to implement a new investment plan had been very positive for the Trust and its reserves. However it was important to note that the continued political uncertainty had caused significant volatility in world markets over the last 12 months, with markets dropping as much as 20% on occasion. This volatile picture was likely to continue in the short to medium term, with the probability of poor market returns increasing.

He concluded by advising that the income for the year was £7.7million - £1.5million higher than the previous year. Expenditure had been well within budget at £9.4million, which was £0.4million less than the previous year. The net result – taking account of gains on investments and disposals – was a £24.9million increase on funds, so this was a strong outcome.

Responding to questions, he confirmed that the peak value of the Trust's funds had been £327million in 2000 and, in cash terms, the equivalent current value was not far away from this figure. The Trust's reserves had dropped to £160million in the 2009 market crash, but had grown significantly lately - largely as a result of the decision taken in 2016 and the reductions in expenditure.

Mr R C Leask, Chair of the Audit and Governance Advisory Committee, commended staff for the clean audit, which was a great result in what had been a very busy year for the Trust.

On the motion of Dr Napier, seconded by Ms Hopkins, Trustees approved the recommendations in the report.

Decision:

The Trust:

- approved the Annual Report and Accounts for the year to 31 March 2019, attached as Appendix A to the report
- authorised the Chair and the Chair of the Audit and Governance Advisory Committee to sign the accounts
- authorised the Chair to sign the Letter of Representation reproduced as Appendix C to the report
- noted the summary report from KPMG LLP, the Trust's auditors, attached as Appendix B to the report

Service Performance of Funded Organisations – Year Ended 31 March 2018

The Trust considered a report by the Chief Executive (CT1909027) presenting information regarding service performance of various organisations to which the Trust provides funding.

The Chief Executive advised that the following corrections had been made to the report:

Appendix A: Shetland Arts Development Agency

The SCT targets on the first table should read:

4,219	3,000	3,000	155,962	150,000	160,000
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Appendix A: Shetland Islands Citizens Advice Bureau

The date in the first sentence of the Performance Summary box should read **2018/19**, not 2017/18

It was noted that the key targets in respect of Shetland Recreational Trust's usage figures for the Clickimin Centre had been revised last year to take account of school use, and it was suggested that it would be useful for separate figures to be available for both school use and public use.

It was further suggested that the targets for the Senior Leisure Club Attendances could be revised, given that it had previously been noted that senior users tended to attend the general classes that were available.

It was noted that occupancy rates in rural care centres had reduced, but as rural care homes were being used more for respite care rather than long-term care, bed occupancy rates were not comparable to the past.

The Chief Executive advised that the General Purposes Advisory Committee (GPAC) had been discussing a revised reporting style and revised targets based on outcomes for performance management reports. She also confirmed that two performance management reports had not been received on time, and appropriate action would be taken the following week through the Chair.

On the motion of Mr R M Leask, seconded by Mr R C Leask, Trustees approved the recommendation in the report.

Decision:

The Trust considered the content of Appendix A to the report, and noted the service performance of organisations that received funding from Shetland Charitable Trust.

Before consideration of the next item, the Chair commented that the next three reports on the agenda for consideration were the result of a lot of work by Trustees and staff. It marked the end of a time when the budgets given to the funded organisations had been held at standstill levels, cut, or dropped altogether, and it had been a difficult period for the funded organisations. Trustees had earlier heard how the Trust had been

extremely successful in growing its reserves. As a result of that, and the difficult choices that had been made in the past, it was now in a much healthier position and could increase the amount of money it spent each year. He looked forward to seeing how it would work in practice and was confident it would be a positive change for Shetland, though it was appreciated there may be some teething problems, and some organisations hoping to bid may be disappointed.

32/19

Investment Plan 2020-2025

The Trust considered a report by the Chief Executive (CT1909028) presenting the Investment Plan 2020-2025 for approval.

The Executive Business Manager summarised the main terms of the report, referring to the decision made in 2016 to move away from bonds and increase equity exposure. All parts of the strategy were currently performing well against the benchmark, and it was hoped to maintain this in the medium term.

Mr Ockendon complimented the Trustees who had been involved in this work prior to the appointment of the new Trustees, and went on to comment that it was unrealistic to ask the Trustees to “ensure” long-term strategic and financial objectives. Trustees could only attempt to ensure that this happened.

The Chair also paid tribute to the Investment Advisory Committee (IAC), and its Chair at the time, for the work that had been carried out to reach this position.

On the motion of Mr R M Leask, seconded by Mr Leith, Trustees approved the recommendation in the report.

Decision:

The Trust approved the Investment Plan 2020-2025, attached as Appendix A to the report.

33/19

Financial Plan 2020-2025

The Trust considered a report by the Chief Executive (CT1909029) presenting the Financial Plan for approval.

The Executive Business Manager summarised the main terms of the report, advising that the IAC had considered the Plan in detail, and all Trustees had had the opportunity to consider its recommendation. It would afford the Trust more flexibility in disbursements, and was attempting to preserve reserves against inflation. A number of assumptions had been adopted - including that inflation would be 3% for the period - and the return of 6.5% had been based on professional advice. A buffer had been introduced against future market volatility and the real possibility of a severe crash in markets.

Mr R M Leask added that attempts had been made to strike a balance between distributing funds while protecting reserves, The Plan was linked to the investment strategy, and would allow the Trust to increase funds going forward.

In moving that the recommendation in the report be approved, Dr Napier commented that it represented a real turnaround in the Trust's position. The Trust had previously taken difficult decisions to bring expenditure back into line with income and the success of this, and the decisions taken in respect of the Investment Strategy, meant that the Trust would be entering a new era where it could pay out more. However it was important to bear in mind that the only income the Trust received was the return on its investments, so the preservation of this should remain a priority.

Mr R C Leask seconded.

Decision:

The Trust approved the Financial Plan 2020-2025 attached as Appendix A to the report.

34/19

Disbursement Plan 2020-2025

The Trust considered a report by the Chief Executive (CT1909030) presenting the Disbursement Plan for approval.

The Chair advised that the Plan would give the Trust greater flexibility, but it would remain to be seen how things developed in terms of demand. Organisations would be required to demonstrate how the funding they were getting was meeting particular outcomes, and helping the population.

The Chief Executive advised that the small grants scheme would continue to operate, with a view to reviewing it in future.

In commenting on the high level of detail and consideration that had gone into preparing the Plan, Ms Miller moved that Trustees approve the recommendation in the report, and Ms Garriock seconded.

Decision:

The Trust approved:

- a) the Disbursement Plan 2020-2025, attached as Appendix A to the report
- b) the Main Grant Scheme Application Guidance attached as Appendix B to the report

35/19

Strategy 2020-2025

The Trust considered a report by the Chief Executive (CT1909031) seeking approval of the Strategy 2020-2025.

The Chair advised that elements of the Strategy had already been discussed, but it particularly focused on achieving specific outcomes and achieving more with spending. While the Trust was not a formal member of the Shetland Partnership, it had agreed to take note of what the Partnership was trying to achieve, particularly in terms of vulnerable people in Shetland and reducing inequality. It would be an evolving picture over the next few years, and consideration would be given to putting enhanced monitoring into place.

The Trust's Chief Executive and staff were commended for the amount of work they had put in to producing the Strategy, and Trustees were thanked for their work in reviewing it.

The Chair added that with the help of the external facilitator leading the Trust through the process, a document had been produced that Trustees were satisfied with, and which staff felt was workable. He went on to highlight the risks of oversubscription and in raising expectations, and advised that the Trust would do its best to implement it fairly and consistently.

In commenting that it was a document that could evolve as things changed, so it may come back to Trustees for further consideration, Ms Hopkins moved that the recommendation in the report be approved.

Mr R C Leask seconded.

Decision:

The Trust approved the Strategy 2020-2025.

36/19

Investment Review Report – Quarter to 30 June 2019

The Trust noted a report by the Chief Executive (CT1909032) reviewing investment performance for the quarter to 30 June 2019.

It was noted that Trustees had received an update by email, and commented that it was very appropriate that the Trust had mechanisms in place to recognise and manage risks given the current volatility in stock markets.

Decision:

The Trust noted the report.

37/19

Management Accounts – Three Months Ended 30 June 2019

The Trust noted a report by the Chief Executive (CT1909033) presenting the Trust's Management Accounts for the three months ending 30 June 2019.

It was noted that disbursements were paid out in April and October, and this was the reason why spend was higher at this particular point in the year.

Decision:

The Trust noted the Management Accounts for three months ended 30 June 2019.

38/19

Capital Works Bridging Loan Scheme Update

The Trust noted a report by the Chief Executive (CT1909034) providing Trustees with an update on the Capital Works Bridging Loan Scheme.

The Chief Executive advised that there had been a further three loans issued since the last meeting. The Scheme had been extremely successful in helping to secure funding for Shetland, as could be demonstrated in the total project costs. However it would be interesting

to see what impact the end of the LEADER scheme would have on applications.

It was commented that it would be useful to see how much funding, in total, had been brought into Shetland supported by this Scheme.

Decision:

The Trust noted the report.

39/19 **Small Grant Schemes - Approvals**

The Trust noted a report by the Chief Executive (CT1909035) listing the grants approved for the period 15 February 2019 to 28 August 2019.

Decision:

The Trust noted the approvals listed.

In order to prevent the disclosure of confidential information, Dr Cooper moved, Mr R M Leask seconded, and the Trust resolved, in terms of the relevant Regulations, to exclude the public during consideration of the following items of business.

40/19 **Shetland Heat Energy and Power Limited**

The Trust considered a report by the Chief Executive.

On the motion of Ms Miller, seconded by Ms Hopkins, Trustees approved the recommendation in the report.

Decision:

The Trust approved the recommendation in the report.

41/19 **Deeds Executed**

The Trust noted a report by the Chief Executive.

Decision:

The Trust noted the report.

42/19 **Update from Chairs of Advisory Committees**

Mr R C Leask, Chair of the AGAC, provided an update to Trustees on the work of the AGAC.

The Chief Executive gave an update in respect of the IAC, and the Chair gave an update in respect of the work of the GPAC.

Trustees noted the updates.

43/19 **Update from Subsidiary Companies**

Trustees noted the updates that had been provided earlier in the meeting.

The meeting concluded at 6.25pm.

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CHAIR