



MINUTES

Public

Shetland Charitable Trust
Room 12, Islesburgh Community Centre, Lerwick
Thursday 19 February 2015 at 10.00am

Present:

M Bell	A Duncan
B Fullerton	R Henderson
B Hunter	A Manson
S Morgan	I Napier
J Smith	A Westlake

By teleconference:

K Massey	D Ratter
J Wills	

Apologies:

None

In Attendance (Officers):

A Black, Chief Executive - SCT
K Eunson, Accountant - SCT
E Mainland, Administration Manager – SCT
M Duncan, External Funding Officer - SIC
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 referred to the email that had been issued the day previously in relation to the conflict of interest for Councillor Trustees with regard to Agenda Item 2 "Approval of Disbursements" in respect of the funding for the Rural Care Model, and questioned if it was in order for Councillor Trustees to participate in Agenda Item 1 "Budget 2015/16", given that the Council put more than £6 million into residential care funding, and Agenda Item 5 "Appointment of Adviser", given that the Trust currently received treasury investment services from Shetland Islands Council.

The Chair advised that the advice received from the Trust's solicitors related to Agenda Item 2 only, and that the advice received from Turcan Connell was that

Councillor Trustees would be conflicted with regard to the approval of funding for the Rural Care Model.

Mr Bell referred to the email that had been circulated in respect of the advice received, and questioned why it had been sent out so late and close to the Trust meeting. This was an area of concern, as it was important that Trustees had the opportunity to consider the conflict of interest.

The Chair explained that there had been no ulterior motive in sending out the email so close to the meeting. The issue had only been raised a couple of days previously by a Trustee, and advice had been sought following that.

The Chief Executive added that there was no requirement, according to the Trust's Administrative Regulations, to circulate changes to the recommendations prior to the meeting, but that Turcan Connell had been of the opinion that it should be circulated in advance of the meeting.

Mr Bell expressed concern that the papers had been issued the week prior to the meeting, but Councillor Trustees had only been told the day before that they could not participate in that particular item. He referred to the Partnership Agreement that had been signed by the Trust's Chief Executive in 2010, and said that the advice received would have serious implications for the future involvement of Councillor Trustees on the Trust. He questioned how Councillor Trustees could be excluded from participating in discussion relating to funding for the Rural Care Model, but could participate in the discussion relating to the budget. It could be argued that all decisions in respect of the budget would have implications for the Council and, if this argument was accepted, it called into question the future involvement of Councillors on the Trust. It also raised a fundamental issue as to whether there were two types of Trustees, and this would have to be clarified. He went on to question the legal advice received by Mr Morgan, who was a non-Councillor Trustee but a Council employee, and questioned the advice that he had received that it was acceptable that he could take part in the discussion.

The Chair reiterated that the legal advice received was that Councillor Trustees should not take part in the decision relating to the funding for the Rural Care Model, but could take part in the decision relating to the remaining disbursements to be approved. This was the legal opinion he had received from Turcan Connell, and he was obliged to take cognisance of it.

Mr Bell advised that he was accordingly declaring an interest in Agenda Items 1 and 2, and would be leaving the room and not taking part in the discussion.

Mr Duncan confirmed that he had raised the conflict of interest issue with Trust officials two days previously. Councillor Trustees had already been in a position where they had had to leave the room when discussion had taken place in relation to Shetland Arts Development Agency (SADA). He accepted the advice that had been given by Turcan Connell, but said that he had concerns about the repercussions of this advice in future as there would be many occasions where Councillor Trustees would have to declare an interest.

The Chair advised that he had instructed the Chief Executive to call an informal meeting of all Trustees to discuss the legal advice and potential future implications. Trustees had a number of different interests, and it was important to find a way forward.

Mr Henderson declared an interest in Agenda Items 1 and 2, as a Councillor, and Agenda Item 12 "Loans to Local Industry – Agricultural Loan Scheme Update", as a relative, and advised that he would be leaving the room during the discussion.

Dr Wills referred to the Chair's ruling in respect of Agenda Item 2, and advised that he would not be taking part in this item.

Ms Manson and Ms Westlake declared an interest as Councillors in Agenda Items 1, 2, 5, 6 "Fund Manager Transactions" and 7 "Recommended Disbursement – Approvals", advising that in respect of Agenda Items 5, 6 and 7, payments were made to Shetland Islands Council.

Mr Duncan advised that he would be leaving the meeting in protest.

Mr Morgan advised that he was currently the Council's Interim Executive Manager for Adult Social Work, and his sister was the Interim Executive Manager for Community Care Resources. Community Care Resources received funding for the Rural Care Model. He had asked the Trust to contact Turcan Connell, and the advice received was that he had no legal conflict of interest. However he personally felt that there may be a perception of a conflict of interest, and he had decided that he would not take part in any vote in respect of funding for the Rural Care Model, and probably would not participate in the discussion due to the issue of perception of conflict of interest.

Mr Bell questioned this declaration of interest, stating that he could not see how a Trustee could declare an interest, remain part of the quorum, and probably not take part in the discussion or vote.

The Chair advised that it was for each Trustee to make their own decision.

Mr Ratter declared an interest in terms of the advice given by Turcan Connell.

(Mr Bell, Mr Duncan, Mr Henderson, Ms Manson and Ms Westlake left the meeting)

Minutes

The minutes of the meeting held on 11 December 2014 were confirmed on the motion of Mr Smith, seconded by Dr Wills.

01/15 Budget 2015/16

The Chief Executive presented a report to the Trust (CT1502001) which sought approval of the recommended budget for 2015/16.

On the motion of Mr Smith, seconded by Mrs Fullerton, Trustees approved the recommendations in the report.

Decision:

The Trust approved:

- Budgeted income of £8,181,290 as detailed in Section 4 of the report
- Budgeted disbursements of up to £8,874,052, as detailed in Section 5 of the report

- Budgeted management and administration expenses of £652,130, as detailed in Section 6 of the report
- Budgeted investment management expenses of £412,324, as detailed in Section 7 of the report

(The Chair confirmed with Mr Ratter and Dr Wills that they were leaving the meeting via teleconference)

02/15 **Approval of Disbursements**

The Trust considered a report by the Chief Executive (CT1502012) which sought approval of the recommended disbursements for the year to 31 March 2016.

The Chair advised that in consultation with the Chief Executive and the Trust's solicitors, he had determined that circumstances had arisen capable of giving rise to a conflict between the Trust and the Council in relation to this agenda item. As such, the provisions under 2.9.4 of the Trust's Administrative Regulations would apply. The report concerned recommendations relating to the approval of funding for the Rural Care Model. This was based on a variance between the funding requested by the Shetland Islands Council, and the amount recommended by the officers of the Trust. In order to deal with this matter, the recommendations of the report had been amended and must be dealt with as outlined below:

10. Recommendations

10.1 Appointed Trustees only are asked to approve:

- (a) the recommended Rural Care Model Funding, per section 6, of £2,407,500

OR

- (b) funding of £2,491,000 towards the Rural Care Model, as requested by Shetland Islands Council

AND

10.2 All Trustees are asked to approve:

- (a) the recommended grant budgets in sections 4, 5 and 7
- (b) the draw down of the approved grant budgets in 4.1 to 7.7, including the preparation of the Grant Offer Letters, which set out simple statements of the services and standards expected to be received for the grants awarded
- (c) that SADA's grant should be awarded in two instalments in line with other recipients of the Revenue Grants

It was questioned if a reduction in funding for the Rural Care Model would have an impact on planned maintenance, and concern was expressed that this may result in care centres deteriorating to a level

where they would require additional funds to bring them back up to standard in future.

The Chair advised that at the last meeting of the Trust, it had been agreed that there would be a 25% reduction in the Trust's planned maintenance budget. The reduction proposed for the Rural Care Model was equivalent to the 25% reduction in planned maintenance that had been applied to the three larger Trusts.

It was questioned where the funding for the increased figure requested would be found from, should it be approved.

The Chair advised that the Trust had earlier agreed to reduce its budgets between now and 2020. If cuts were not made to the budget this year, the funding would have to be found from elsewhere next year.

Mr Smith moved that the Trust approve recommendation 10.1(a), as outlined above, and Dr Napier seconded.

(Mr Ratter and Dr Wills rejoined the meeting via teleconference)

Mr Smith moved that the Trust approve recommendation 10.2, as outlined above, and Dr Napier seconded.

Decision:

The Trust approved:

- (a) the recommended Rural Care Model Funding, per section 6, of £2,407,500
- (b) the recommended grant budgets in Sections 4, 5 and 7 of the report
- (c) the draw down of the approved grant budgets in 4.1 to 7.7 of the report, including the preparation of the Grant Offer Letters, which set out simple statements of the services and standards expected to be received for the grants awarded
- (d) that SADA's grant should be awarded in two instalments in line with other recipients of the Revenue Grants

03/15

Insight Bond Portfolio

The Trust considered a report by the Chief Executive (CT1502002) which sought approval to make a change to the Insight Bonds Portfolio.

In moving that the recommendation in the report be approved, Mr Ratter highlighted the work taken place by the Investment Committee to consider this issue, the options reviewed, and the advice received from Hymans Robertson.

Mr Smith seconded.

Decision:

The Trust approved the transfer of £11.6 million from UK index-linked bonds to Insights Broad Opportunities Bond Fund.

04/15

Grant Offer Letter Amendment

The Trust considered a report by the Chief Executive (CT1502004) which sought approval to amend the Grant Offer Letters sent to organisations, notifying them of their approved budget and also setting out details of the level of service to be provided.

Dr Napier moved that the recommendation in the report be approved, commenting that it was entirely appropriate that organisations should publicly acknowledge the funds they receive from the Trust.

Dr Wills seconded.

Decision:

The Trust approved the amendment to the Grant Offer Letter, as detailed in paragraph 4.1 of the report.

05/15 **Appointment of Advisor**

The Trust considered a report by the Chief Executive (CT1502011) which sought approval of the appointment of Noble Grossart as Advisors to the Trust.

In moving that the recommendation in the report be approved, Mr Ratter highlighted that there were a number of investment decisions that would require to be taken by the Trust, and it had been identified that there was a need for the Trust to get appropriate advice in order to make an informed decision.

Mr Smith seconded.

Decision:

The Trust approved the appointment of Noble Grossart for an initial term of one year.

06/15 **Fund Manager Transactions**

The Trust noted a report by the Chief Executive (CT1502005) which provided details of Fund Manager transactions between 1 October and 31 December 2014.

Decision:

The Trust noted the contents of the report.

07/15 **Recommended Disbursements - Approvals**

The Trust noted a report by the Chief Executive (CT1502006) which presented the recommended disbursements approvals.

Decision:

The Trust noted the approvals listed in paragraphs 2.1 and 3.1 of the report.

08/15 **Capital Works Bridging Loan Scheme**

The Trust noted a report by the Chief Executive (CT1502007) which provided an update regarding the Capital Works Bridging Loan Scheme.

Decision:

The Trust noted the contents of the report.

In order to prevent the disclosure of exempt information, Mr Hunter moved, Mr Smith 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 and public left the meeting)

09/15 **Appointment of External Auditor**

The Trust considered a report by the Chief Executive which sought formal appointment of a new External Auditor for the Trust.

Mr Massey outlined the selection process that had taken place which had resulted in the recommendation to the Trust.

Mrs Fullerton moved that the recommendation in the report be approved, adding her thanks to Mr Massey for the work he had carried out in her absence.

Mr Morgan seconded.

Decision:

The Trust approved the recommendation in the report.

(The Trust's staff left the meeting during consideration of the following item)

10/15 **Staffing**

The Trust considered a report by the Chair.

(Mr Ratter ended his participation in the teleconference during the following item and left the meeting)

The Chair responded to queries from Trustees and following some further discussion, Dr Wills moved that the recommendation in the report be approved, and Mr Smith seconded.

Mrs Fullerton moved an amendment to the recommendation in the report, and Mr Morgan seconded.

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

Amendment (Mrs Fullerton)	2
Motion (Dr Wills)	3

Decision:

The Trust approved the recommendation in the report.

(Trust staff returned to the meeting)

11/15 **Loans to Local Industry – Sums Due But Unpaid Over One Month Old as at 15 January 2015**

The Trust noted a report by the Chief Executive.

Decision:

The Trust noted the report.

Before consideration of the next agenda item, the Chair advised that this was Mrs Fullerton's last meeting, as she was resigning from the Trust. On behalf of Trustees, he thanked her for all the work she had carried out for the Trust.

(Mrs Fullerton left the meeting)

12/15 **Loans to Local Industry – Agricultural Loan Scheme Update**

The Trust noted a report by the Chief Executive.

Decision:

The Trust noted the contents of the report.

13/15 **Update from Subsidiary Companies**

The Chair provided Trustees with an update from the subsidiary companies.

Decision:

The Trust noted the update.

14/15 **Update from Chairs of Advisory Committees**

The Chair provided Trustees with an update on the work of the General Purposes Committee.

Mr Massey provided Trustees with an update on the work of the Audit Committee.

Decision:

The Trust noted the update.

The meeting concluded at 11.10am.

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CHAIR