

Chief Executive: Dr Ann Black

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If calling please ask for
Edna Flaws
Direct Dial: 01595 744994

Our Ref: TA48

Date: 16 November 2022

Dear Sir/Madam

You are invited to the following meeting:

Shetland Charitable Trust
22-24 North Road, Lerwick, ZE1 0NQ (and remotely via Zoom)
Thursday 24 November 2022 at 11.00am

Apologies for absence should be notified to Edna Flaws on 01595 744994.

(Please note that a Zoom invitation will be sent separately for those attending remotely)

Yours faithfully

(signed) Dr Ann Black
Chief Executive

AGENDA

- (a) Hold circular calling the meeting as read.
- (b) Apologies for absence, if any.
- (c) Declarations of Interest - Trustees are asked to consider whether they have an interest to declare in relation to any item on the agenda for this meeting. Any Trustee making a declaration of interest should indicate whether it is a financial or non-financial interest and include some information on the nature of the interest. Advice may be sought from Officers prior to the meeting taking place.

(d) Confirm minutes of meeting held on 6 October 2022 (enclosed).

For Decision

1. Budget 2023/24. *Report enclosed.*
2. Schedule of Meetings 2023. *Report enclosed.*

For Information

3. Investment Performance Update – Six Months to 30 September 2022. *Report enclosed.*
4. Management Accounts – Six Months to 30 September 2022. *Report enclosed.*
5. Capital Works Bridging Loan Scheme Update. *Report enclosed.*

*The following items contain **CONFIDENTIAL** information*

For Decision

6. Main Grant Scheme 2023/24 – Approval of Disbursements. *Report enclosed.*
7. Shetland Heat Energy and Power Limited. *Report enclosed.*

For Information

8. Update from Chairs of Advisory Committees.
9. Update from Subsidiary Companies.

REPORT

To: Shetland Charitable Trust

Date: 24 November 2022

From: Chief Executive

Report: CT2211032

Budget 2023/24

1. Introduction

1.1 The purpose of this report is to seek Trustee approval of the recommended budget of £17,867,000 for 2023/24.

2. Background

2.1 At the Trust meeting on 12 September 2019, Trustees approved a new Strategy for 2020 - 2025 (CT1909031). The Strategy states that the Trust aims “to use its available funds to benefit and improve the quality of life of all people living in Shetland and to preserve the Trust reserves for future generations”.

2.2 In order to preserve the Trust reserves for future generations, Trustees approved a new Financial Plan 2020 - 2025 (CT1909029) at their meeting on 12 September 2019.

2.3 On 16 September 2021, Trustees approved a revised Financial Plan 2022–25 (CT2109016) to take into account the increase in the Trust’s externally managed investments since the approval of the original plan.

2.4 The Financial Plan uses the average investment growth above inflation on the Trust’s reserves to support annual expenditure. The Financial Plan envisaged the maximum available expenditure for the year to 31 March 2024 to be £15.35 million, including £4.0 million towards a Capital Grant Scheme.

2.5 On 16 September 2021, Trustees also approved a revised Disbursement Plan 2022–25 (CT2109017) to include a new Capital Grant Scheme. The new Capital Grant Scheme will operate for the period 2022 – 2025, with a maximum budget over the three years of £12.0 million.

3. Present Position

- 3.1 A budget of £17.866 million is proposed as a variation to the Financial Plan for 2023/24, to provide up to £6.8 million of funding towards the Capital Grant Scheme in the second year of its operation.
- 3.2 The approved budget for financial year 2022/23 allowed for £7.7 million of funding in the first year of the Capital Grant Scheme. Recent updates from successful applicants forecasts an anticipated £0.9 million will be claimed before the end of the current financial year due a variety of pressures and delays.
- 3.3 The budget for financial year 2024/25 will require a variation according to the position of existing and any future approved awards from the Capital Grant Scheme. In accordance with the Financial Plan the total award will remain within the £12.0 million budget allocated to the Capital Grant Scheme over the three years to the end of financial year 2024/25.
- 3.4 The table below provides a summary of the overall recommended budget for 2023/24 against the approved 2022/23 budget:

| | 2023/24 Proposed Budget £'000 | 2022/23 Approved Budget £'000 |
|--------------------------------|--|--|
| Income | 500 | 500 |
| Expenditure | | |
| Disbursements (See 5 below) | (15,578) | (16,400) |
| Trust Administration | (917) | (680) |
| Investment Management | (1,371) | (1,740) |
| Total Expenditure | (17,866) | (18,820) |
| Income less Expenditure | (17,366) | (18,320) |

- 3.5 A full list of the Trust's budgets is given in Appendix A. In summary, the proposed budget shows a net expenditure of £17.366 million. To meet this budget, funds of £17.866 million would have to be recalled from the Trust's Investments.
- 3.6 The budget does not take into account possible gains or losses on the value of the Trust investments over the year.

4 Income - £500,000

- 4.1 The budgeted income includes rental payments on the land at Sullom Voe Oil Terminal, estimated at £450,000.
- 4.2 The budgeted income includes Local Equity Gift Aid from Shetland Heat Energy and Power Limited, estimated at £50,000.

5 Disbursements - £15,578,000

5.1 Overview

5.1.1 Funding **up to a maximum of £15,578,000** is recommended.

5.1.2 The table below provides a summary of the recommended maximum disbursement budgets for 2023/24 against the approved 2022/23 budgets:

| | 2023/24 Proposed Budget | 2022/23 Approved Budget |
|----------------------------|-------------------------------|-------------------------------|
| Main Grant Scheme | 8,678,000 | 8,600,000 |
| Capital Grant Scheme | 6,800,000 | 7,700,000 |
| Small Grant Scheme | 100,000 | 100,000 |
| Total Disbursements | 15,578,00 | 16,400,00 |

5.2 Main Grant Scheme – £8,678,000

5.2.1 The recommended awards for the Main Grant Scheme for 2023/24 are set out in the “Main Grant Scheme - Approval of Disbursements” paper (CT2211037), item 6 on the agenda. Funding of up to **£8.678 million** is recommended. These have been considered and recommended by the General Purposes Advisory Committee (GPAC).

5.3 Capital Grant Scheme – £6,800,000

5.3.1 On 16 September 2021, Trustees approved a revised Disbursement Plan 2022–25 (CT2109017) to include a new Capital Grant Scheme. The Capital Grant Scheme will operate for the period 2022 – 2025, with a maximum budget over the three years of £12.0 million.

5.3.2 In the first round of applications, bids totalling £9.8 million were received. Successful applications totalled £7.9 million, with the anticipated disbursement to occur in financial years 2022/23, 2023/24 and 2024/25.

5.3.3 According to recent updates on the status of approved grant awards it is anticipated that £900,000 will be claimed before the end of financial year 2022/23. The underutilised budget is to be carried forward into financial year 2023/24, with a proposed budget of £6.8 million. This is summarised in the following table:

| Capital Grant Scheme | <u>FY22/23</u> | <u>FY23/24</u> | <u>FY24/25</u> | <u>TOTAL</u> |
|--------------------------------|----------------|----------------|----------------|--------------|
| Indicative approved budget | £6.8 M | £0.9 M | £0.2 M | £7.9 M |
| Revised approved budget | £0.9 M | £6.8 M | £0.2 M | £7.9 M |

5.3.4 The remainder of the already approved budget, of up to a maximum of £12.0 million, will be allocated to projects and works in 2024/25 as required.

5.4 **Small Grant Scheme - £100,000**

5.4.1 Trustees approved a Small Grant Scheme for 2023/24 at their meeting of 17 September 2020 (CT2009024). Funding of up to **£100,000** is recommended. The scheme is open for applications and seeks to give smaller organisations the opportunity to deliver activities and outcomes that support the objectives of the Trust's Strategy 2020 – 2025.

5.5 **Draw Down of Funding**

5.5.1 Trustees are asked to approve the drawdown of funding for the grant schemes in sections 5.2 to 5.4, above.

6. **Management and Administration – £917,000**

6.1 Funding of **£0.917 million** is recommended. The 2023/24 budget is shown in detail in Appendix A.

7. **Investment Management - £1,371,000**

7.1 This is a best estimate of fees as it is not possible to predict the cost with certainty as it is linked to the value of investments.

7.2 For BlackRock's "iShares MSCI World SRI" product fees are charged daily within the fund and the Trust will not be invoiced separately for these. They have therefore, not been included in the estimated fees above. The estimated fee for BlackRock for 2023/24 is £199,000.

8. **Financial Implications**

8.1 If approved, the budgeted income will be £0.5 million with expenditure of £17.866 million giving a projected maximum recall from investments of £17.366 million for the year to 31 March 2024.

8.2 This represents a reduction of £0.954 million in the budget for 2023/24 compared with 2022/23.

9. Recommendations

9.1 It is recommended that Trustees approve:

- a) budgeted income of £500,000 as detailed in section 4;
- b) budgeted disbursements of **up to** £15,578,000 as detailed in section 5;
- c) budgeted management and administration expenses of £917,000 as stated in section 6;
- d) budgeted investment management expenses of £1,371,000 as stated in section 7;

Reference: DA5 & D32

Report Number: CT2211032

| | FY24 Budget £ | FY23 Budget £ |
|--------------------------------------|----------------------------|----------------------------|
| <u>Income and Expenditure</u> | | |
| Managed fund dividends | - | - |
| Local Equity Gift Aid | - | - |
| Rental income | 500,000 | 500,000 |
| Miscellaneous income | - | - |
| Total Income | <u>500,000</u> | <u>500,000</u> |
| | | |
| Main Grant Scheme | 8,678,000 | 8,600,000 |
| Capital Grant Scheme | 6,800,000 | 7,700,000 |
| Main Grant Scheme Contingency | - | - |
| Small Grant Scheme | 100,000 | 100,000 |
| Total Disbursements | <u>15,578,000</u> | <u>16,400,000</u> |
| | | |
| Total Staffing Costs | 441,700 | 361,500 |
| Property Costs | 163,500 | 63,500 |
| Insurance | 16,000 | 14,000 |
| Administration | 5,350 | 5,600 |
| Supplies and services | 6,400 | 6,400 |
| Legal fees | 50,000 | 50,000 |
| Professional fees | 60,000 | 20,000 |
| Financial Advice | 40,000 | 30,000 |
| External audit fees | 22,500 | 20,000 |
| Trustees expenses | 1,000 | 1,500 |
| Meeting expenses | 1,750 | 2,000 |
| Trustee recruitment | 2,500 | 2,500 |
| Bank charges | 400 | 400 |
| Bought in services | 105,900 | 102,600 |
| Total management and admin | <u>917,000</u> | <u>680,000</u> |
| | | |
| Fund managers fees | 1,371,000 | 1,740,000 |
| Total investment costs | <u>1,371,000</u> | <u>1,740,000</u> |
| | | |
| Total Expenditure | <u>17,866,000</u> | <u>18,820,000</u> |
| | | |
| Investment Recall | <u>(17,366,000)</u> | <u>(18,320,000)</u> |

REPORT

To: Shetland Charitable Trust

Date: 24 November 2022

From: Chief Executive

Report: CT2211033

Schedule of Meetings 2023

1. Introduction

- 1.1 The purpose of this report is to seek Trustees' approval to the schedule of meetings for 2023.

2. Present Position

- 2.1 During 2022, there were four scheduled Trust meetings. It is proposed to hold five Trust Meetings during 2023. Special Meetings will be called if and when required.

3. Proposed Schedule

- 3.1 For 2023, the following meeting dates are proposed and have been reviewed and recommended by the Audit & Governance Advisory Committee:

Thursday 09 February 2023

Thursday 20 April 2023

Thursday 08 June 2023

Thursday 14 September 2023 + AGM

Wednesday 22 November 2023

- 3.2 Trustees have agreed to adopt the method of hybrid meetings using Zoom and the Shetland Charitable Trust Boardroom as appropriate, and it is proposed that this is continued during 2023. The time of each meeting will be agreed in advance.

4. Recommendations

- 4.1 The Audit & Governance Advisory Committee recommend that Trustees adopt the diary of meetings set out at 3.1 above for 2023.

Ref: TA48

Report Number CT2211033

REPORT

To: Shetland Charitable Trust

Date: 24 November 2022

From: Chief Executive

Report: CT2211034

Investment Performance Update – Six Months to 30 September 2022

1. Introduction

- 1.1 The Trust's external investments are managed on its behalf by fund managers. The purpose of this report is to review investment performance for the six months to 30 September 2022.

2. Market Performance

- 2.1 Equities markets have continued to decline over the last six months, with growth stocks being particularly hard hit. Economic uncertainty remains high and volatility is likely to continue until inflationary pressures ease.

3. Overall External Fund Performance

- 3.1 This report concentrates on the six months from April 2022 to September 2022. However, as the Trust is a long term investor, the report also considers the performance over one and three years.
- 3.2 The Trust has four fund managers with total investments under management at the end of September 2022 of £370.6 million. A drawdown of £5.0m was made from Baillie Gifford in September to meet Trust's disbursement commitments due in October 2022. The funds, type of mandate and market values at the end of September 2022 are as follows:

| Manager | Mandate | Market Value Sept 2022 (£m) | % of Reserves |
|-----------------|--------------------|--------------------------------|---------------|
| Baillie Gifford | Active Equities | 157.7 | 42.5 |
| BlackRock | Passive Equities | 88.5 | 24.0 |
| Schroders | UK Property | 79.8 | 21.5 |
| Insight | Diversified Growth | 44.6 | 12.0 |
| Total | | 370.6 | 100.0 |

- 3.3 The return on the Trust's external investments over the six month period was minus 13.46%.

- 3.4 The Trust's Financial Plan 2020-25 assumes a medium term return of 6.5% per annum. This is the return the Trust seeks over the medium term to meet its planned expenditure and to preserve the value of reserves in real terms.
- 3.5 The Trust also agrees a benchmark return for each fund manager to assess their performance against. Detailed below is the overall returns achieved against the combined benchmark:

| Annualised Performance over | Actual Return % | Benchmark Return % | Over/ (Under) Performance % |
|-----------------------------|-----------------|--------------------|-----------------------------|
| 6 Months | (13.5) | (5.7) | (7.8) |
| 1 Year | (21.8) | (1.4) | (20.4) |
| 3 Years | 9.4 | 5.4 | 4.0 |

- 3.6 Over the long term, the Trust's external investments have exceeded the benchmark return and have met the Financial Plan assumed return.
- 3.7 The returns over the last 12 months have been poor reflecting the world economic slowdown caused by inflationary pressures and geopolitical tensions.

4. Fund Manager Performance Baillie Gifford

- 4.1 Baillie Gifford has an active equity mandate which invests in around 30-50 shares throughout the world. The benchmark for Baillie Gifford is the MSCI All Country World Index.
- 4.2 Detailed below is Baillie Gifford's performance for the last six months, the last year and the last three years.

| Annualised Performance over | Actual Return % | Benchmark Return % | Over/ (Under) Performance % |
|-----------------------------|-----------------|--------------------|-----------------------------|
| 6 Months | (22.1) | (7.3) | (14.8) |
| 1 Year | (38.0) | (4.2) | (33.8) |
| 3 Years | 13.6 | 7.2 | 6.4 |

- 4.3 Baillie Gifford returned a minus 22.1% over the six months to 30 September 2022, compared to the broad market return of minus 7.3%, which was 14.8% below the benchmark return.
- 4.4 Growth stocks, which Baillie Gifford invest in, have been particularly hard hit by inflationary pressures, the downturn in consumer spending, the war in Ukraine and wider market sentiment. Although, these have started to recover again
- 4.5 Over the longer term. Baillie Gifford have delivered excellent returns for the Trust. Despite the recent downturns, over the last three years, Baillie Gifford have returned 46.6%, equivalent to a return of 13.6% per annum.

5. Fund Manager Performance BlackRock

- 5.1 The fund with BlackRock is invested passively in equities, and the product invested in is the iShares MSCI World SRI UCITS EFT. This fund focuses on “socially responsible investment” (SRI).
- 5.2 The benchmark for this fund is the MSCI World SRI Select RFF Index. However, this is not currently available to Northern Trust and therefore it has been agreed that they will continue to use the previous benchmark, which is made up of the All Share indices in each region the funds are invested in.
- 5.3 Detailed below is BlackRock’s performance for the last six months, the last year and the last three years.

| Annualised Performance over | Actual Return % | Benchmark Return % | Over/ (Under) Performance % |
|--------------------------------|--------------------|-----------------------|-----------------------------------|
| 6 Months | (8.4) | (8.4) | 0.0 |
| 1 Year | (7.8) | (5.7) | (2.1) |
| 3 Years | 3.6 | 2.8 | 0.8 |

- 5.3 The mandate with BlackRock over the six months to 30 September 2022 produced a return of minus 8.4%, equal to the benchmark for the period.
- 5.4 Over the last three years, BlackRock have returned 11.2%, equivalent to a return of 3.6% per annum.

6. Fund Manager Performance Schroders

- 6.1 Schroders invests in property via a fund of funds approach where they invest in various different property funds to spread investment risk. The Benchmark for Schroders is the IPD UK All Balanced Fund Index.
- 6.2 Detailed below is Schroders’ performance for the last six months, the last year and the last three years.

| Annualised Performance over | Actual Return % | Benchmark Return % | Over/ (Under) Performance % |
|--------------------------------|--------------------|-----------------------|-----------------------------------|
| 6 Months | 0.3 | (0.3) | 0.6 |
| 1 Year | 9.0 | 13.2 | (4.2) |
| 3 Years | 5.9 | 7.6 | (1.7) |

- 6.3 Over the six months to 30 September 2022 Schroders have returned 0.3%, which was above the property benchmark.
- 6.4 Over the last three years, Schroders have returned 18.8%, equivalent to a return of 5.9% per annum.

7. Fund Manager Performance Insight

- 7.1 Insight has a diversified growth fund mandate, which invests into various different asset classes to spread risk and smooth returns. The benchmark return for Insight is an annual return of cash plus 4.0% over rolling five year periods.
- 7.2 Detailed below is Insight's performance for the last six months, the last year and the last three years.

| Annualised Performance over | Actual Return % | Benchmark Return % | Over/ (Under) Performance % |
|-----------------------------|-----------------|--------------------|-----------------------------|
| 6 Months | (7.8) | 2.6 | (10.4) |
| 1 Year | (8.0) | 4.7 | (12.7) |
| 3 Years | (0.7) | 4.4 | (5.1) |

- 7.3 Overall, Insight produced a return of minus 7.8% over the period, which was 10.4% below the benchmark return. Insight's portfolio has affected by the downturn in equity markets.
- 7.4 Over the last three years, Insight have returned minus 2.0%, equivalent to a return of minus 0.7% per annum.

8. Financial Implications

- 8.1 The long term investments and their performance are important to the Trust and the achievements of its outcomes and objectives.
- 8.2 The Trust undertook an External Investment Review during 2021 and the recommendations of this review were approved at the Trust meeting held on 16 September 2021 (CT2109021). No changes were made to the Investment Plan 2020–25
- 8.3 The Investment Plan for the Trust is overseen by the Investment Advisory Committee (IAC), who meet regularly and report to the Board of Trustees. It is recognised that the actual investment performance each year will be different to what is expected. The IAC monitor the medium to long term performance against the Trust's objectives.

9. Recommendations

- 9.1 Trustees are asked to note this report.

REPORT

To: Shetland Charitable Trust

Date: 24 November 2022

From: Chief Executive

Report: CT2211035

Management Accounts – Six Months to 30 September 2022

1 Introduction

1.1 The purpose of this report is to present Shetland Charitable Trust's (the Trust) Management Accounts for the six months ended 30 September 2022, for noting. These Management Accounts deal with all income and expenditure of the Trust.

2 Management Accounts

2.1 Table 1 below shows the Summary Budget for the Trust for 2022/23 and the results in the six months to 30 September 2022.

Table 1: Summary Management Accounts 2022/23

| Item | Annual Budget £m | Actual to Sept 2022 £m |
|-------------------------------|---------------------------------|---------------------------------------|
| Income | 2.5 | 1.5 |
| Disbursements | (16.4) | (5.2) |
| Management and Administration | (0.7) | (0.3) |
| Fund Managers Fees | (1.7) | (0.7) |
| Gain / (Loss) on Investments | 27.7 | (59.7) |
| Total | 11.4 | (64.4) |

2.2 A more detailed analysis of the figures above is set out in Appendix A.

2.3 In the six months ended 30 September 2022 the Trust made a loss on its investments of £59.7 million.

3 Financial Implications

3.1 No direct financial implications flow from this information report.

4 Recommendations

4.1 Trustees are asked to note the Trust's financial performance in the six months ended 30 September 2022 as shown in the Management Accounts in Appendix A.

Reference: DA5/1

Report No: CT2211035



Shetland Charitable Trust

Management Accounts

6 Months Ended 30 September 2022

Shetland Charitable Trust
Income and Expenditure
Period to 30 September 2022

| | <u>6 Month</u> Actual £ | <u>Annual</u> Budget £ | <u>Variance</u> £ |
|-------------------------------|-------------------------------|------------------------------|----------------------------|
| <u>Income</u> | | | |
| Managed fund dividends | 10,977 | - | 10,977 |
| Managed fund interest | 1,250,130 | 2,000,000 * | (749,870) |
| Agricultural loan interest | - | - | - |
| Local equity gift aid | - | - | - |
| Rental income | 222,549 | 500,000 | (277,451) |
| Bank interest | - | - | - |
| Miscellaneous income | - | - | - |
| | <u>1,483,656</u> | <u>2,500,000</u> | <u>(1,016,344)</u> |
| <u>Expenditure</u> | | | |
| Disbursements | (5,225,142) | (16,400,000) | 11,174,858 |
| Management and administration | (258,064) | (680,000) | 421,936 |
| Fund managers | (741,462) | (1,740,000) | 998,538 |
| | <u>(6,224,668)</u> | <u>(18,820,000)</u> | <u>12,595,332</u> |
| Gain on investments | (59,662,634) | 27,700,000 | (87,362,634) |
| Surplus/(Deficit) | <u>(64,403,646)</u> | <u>11,380,000</u> | <u>(75,783,646)</u> |

* Managed Fund Interest is not cash funds received by the Trust. It represents income that the fund managers receive (mainly property rental), that for Accounting purposes the Trust is required to show as income. These funds are reinvested by the fund managers.

Shetland Charitable Trust
Balance Sheet
Period to 30 September 2022

| | Sep-22 | |
|--------------------------------|------------------|---------------------|
| | £ | £ |
| Tangible fixed assets | | 23,000 |
| Investments | | <u>382,426,046</u> |
| | | 382,449,046 |
| Trade debtors | 543 | |
| Prepayments and Accrued income | 197,891 | |
| Other debtors | 600,250 | |
| Bank | <u>5,144,784</u> | |
| | 5,943,468 | |
| Trade creditors | 13,932 | |
| Accruals and deferred income | 1,438,184 | |
| Other creditors | <u>(782)</u> | |
| | 1,451,334 | |
| Net current assets | | <u>4,492,134</u> |
| | | 386,941,180 |
| Pension liability | | (1,895,000) |
| | | <u>385,046,180</u> |
| Opening reserves | | 449,449,826 |
| Surplus for period | | <u>(64,403,646)</u> |
| Closing reserves | | <u>385,046,180</u> |

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Shetland Charitable Trust
Rental Income
Period to 30 September 2022

| | <u>6 Month Actual £</u> | <u>Annual Budget £</u> | <u>Variance £</u> |
|----------------------|---------------------------------|--------------------------------|-----------------------|
| Sullom Voe Site | 222,049 | 499,500 | (277,451) |
| Shetland Golf Course | 500 | 500 | - |
| | <u>222,549</u> | <u>500,000</u> | <u>(277,451)</u> |

Shetland Charitable Trust
Disbursements
Period to 30 September 2022

| | 6 Month Actual £ | Annual Budget £ | Variance £ |
|---|------------------------|-----------------------|---------------------|
| <u>Main Grant Scheme</u> | | | |
| Ability Shetland | 20,000 | 40,000 | (20,000) |
| British Red Cross | 11,950 | 23,900 | (11,950) |
| Clan Cancer Support | 20,100 | 20,100 | - |
| COPE Limited | 115,300 | 230,600 | (115,300) |
| Dogs Against Drugs | 20,500 | 20,500 | - |
| Gaada | 21,950 | 43,900 | (21,950) |
| Mind Your Head | 38,450 | 76,900 | (38,450) |
| Moving On | 17,950 | 35,900 | (17,950) |
| NSPCC Scotland | 4,000 | 4,000 | - |
| OPEN Project | 15,650 | 31,300 | (15,650) |
| Relationships Scotland - Shetland | 15,300 | 30,600 | (15,300) |
| Royal Voluntary Service | 32,050 | 64,100 | (32,050) |
| Sandwick Social and Economic Development SCIO | 15,600 | 15,600 | - |
| Shetland Amenity Trust | 600,450 | 1,200,900 | (600,450) |
| Shetland Arts Development Agency | 341,250 | 682,500 | (341,250) |
| Shetland Befriending Scheme - 16+ | 13,000 | 13,000 | - |
| Shetland Befriending Scheme - CYP | 27,000 | 54,000 | (27,000) |
| Shetland Care Attendants Schme | 37,850 | 75,700 | (37,850) |
| Shetland Community Connections | 15,000 | 15,000 | - |
| Shetland Islands Citizen Advice Bureau | 136,150 | 272,300 | (136,150) |
| Shetland Islands Council Rural Care Model | 993,100 | 1,986,200 | (993,100) |
| Shetland Link Up | 28,350 | 56,700 | (28,350) |
| Shetland Rape Crisis | 16,500 | 33,000 | (16,500) |
| Shetland Recreational Trust | 2,102,468 | 3,225,900 | (1,123,432) |
| Shetland Women's Aid | 50,000 | 100,000 | (50,000) |
| The Swan Trust | 14,150 | 28,300 | (14,150) |
| Voluntary Action Shetland - Core | 44,300 | 88,600 | (44,300) |
| Voluntary Action Shetland - Market House | 47,700 | 95,400 | (47,700) |
| Who Cares? Scotland | 17,550 | 35,100 | (17,550) |
| Sub Total Main Grant Scheme | 4,833,618 | 8,600,000 | (3,766,382) |
| <u>Small Grant Scheme</u> | 41,524 | 100,000 | (58,476) |
| <u>Main Grant Scheme Contingency</u> | - | - | - |
| <u>Capital Grant Scheme</u> | 350,000 | 7,700,000 | (7,350,000) |
| Surplus Grants Refunded | - | - | - |
| Total | 5,225,142 | 16,400,000 | (11,174,858) |

Shetland Charitable Trust
Management and Administration Expenditure
Period to 30 September 2022

| | 6 Month Actual £ | Annual Budget £ | Variance £ |
|--|------------------------|-----------------------|------------------|
| Basic Pay and Allowances | 156,921 | 344,700 | (187,779) |
| Professional Membership Fees | 192 | 500 | (308) |
| Staff recruitment | 1,307 | 1,500 | (193) |
| Travel and Subsistence | 1,744 | 6,000 | (4,256) |
| Training and Staff Development | 636 | 8,800 | (8,164) |
| Sub Total Staffing Costs | 160,799 | 361,500 | (200,701) |
| Operating Costs | | | |
| Insurance | 16,322 | 14,000 | 2,322 |
| Administration | 1,531 | 5,600 | (4,069) |
| Supplies and Services | 2,966 | 6,400 | (3,434) |
| Bank Charges | 98 | 400 | (302) |
| Professional Fees | 3,749 | 20,000 | (16,251) |
| External Audit Fees | 21,511 | 20,000 | 1,511 |
| Financial advice | - | 30,000 | (30,000) |
| Trustees Expenses | - | 1,500 | (1,500) |
| Meeting expenses | 565 | 2,000 | (1,435) |
| Legal Fees | 12,026 | 50,000 | (37,974) |
| Trustee Recruitment Costs | 681 | 2,500 | (1,819) |
| Sub Total Operating Costs | 59,448 | 152,400 | (92,952) |
| Property Costs | | | |
| Energy Costs | 1,064 | 9,000 | (7,936) |
| Water Rates | 313 | 1,500 | (1,187) |
| Building Maintenance | 23,545 | 51,000 | (27,455) |
| Cleaning | 818 | 2,000 | (1,182) |
| Sub Total Property Costs | 25,740 | 63,500 | (37,760) |
| Bad debt write off | - | - | - |
| Reduction in Bad Debt Provision | - | - | - |
| Bought In Services | | | |
| Treasury | - | 20,000 | (20,000) |
| Payroll | - | 650 | (650) |
| Building Maintenance | - | 47,000 | (47,000) |
| Committee Services | - | 7,200 | (7,200) |
| Computer Services | 9,360 | 10,000 | (640) |
| Messenger Service | - | - | - |
| Peninsula | 1,117 | 2,750 | (1,633) |
| Public Relations | 1,600 | 15,000 | (13,400) |
| Sub Total Bought In Services | 12,077 | 102,600 | (90,523) |
| Total | 258,064 | 680,000 | (421,936) |

Shetland Charitable Trust
Investment expenses
Period to 30 September 2022

| | 6 Month Actual £ | Annual Budget £ | Variance £ |
|-------------------------|------------------------|-----------------------|---------------|
| Management Expenses | 106,497 | - | 106,497 |
| Northern trust fees | 24,500 | 49,000 | (24,500) |
| Insight investment fees | 113,659 | 234,000 | (120,341) |
| Schroders fees | 82,800 | 187,000 | (104,200) |
| Baillie Gifford fees | 414,005 | 1,270,000 | (855,995) |
| | 741,462 | 1,740,000 | (998,538) |

REPORT

To: Shetland Charitable Trust

Date: 24 November 2022

From: Chief Executive

Report: CT2211036

Capital Works Bridging Loan Scheme

1. Introduction

- 1.1 The purpose of this report is to provide Trustees with an update of the Capital Works Bridging Loan Scheme.

2. Background

- 2.1 On 18 March 2010, Trustees agreed to provide short term bridging finance to community organisations undertaking capital projects. The interest free loans are used to alleviate cash flow problems when waiting for funding from EU, Scottish Government, SRDP, LEADER, ERDF and/or lottery grants to be received. (Min. Ref. CT15/10)
- 2.2 Funding for capital projects is often only released once work has been completed and invoices paid. This can create insurmountable cash flow burdens for some organisations.
- 2.3 A total of £1 million was set as the maximum available at any one time.
- 2.4 At the Trust meeting on 27 February 2020 it was noted that in future, only the projects relating to the current financial year would be reported on rather than including all the historical information.
- 2.5 At the Trust Meeting on 25 November 2021, Trustees agreed to increase the maximum loan capital available at any one time under the Scheme to £1.5 million (CT2111026).

3. Present Position

- 3.1 As at 1 April 2022, there were seven loans outstanding.
- 3.2 In the period 1 April 2022 to 31 August 2022, three organisations fully repaid their loan.

- 3.3 Appendix A lists the outstanding loans as at 30 September 2022.
- 3.4 Covid-19 had an impact on some of these projects and their timeline for repayment. Organisations are also now experiencing delays as a result of difficulty securing contractors and materials. The Trust is in contact with all organisations to receive updates on repayments.
- 3.5 Application for funding of £160,000.00 was approved in September 2022 for Papa Stour History and Community Group for the purpose of making the Papa Stour Kirk wind and watertight. Drawdown date is still to be confirmed due to delays in the commencement of the work.
- 3.6 Application for funding of circa £500,000.00 is expected in spring 2023 from Fair Isle Bird Observatory Trust for the purpose of rebuilding the Fair Isle Bird Observatory.

4. Financial Implications

- 4.1 There are no new financial implications arising from this report. However, it should be noted that the provision of interest free loans means that the capital involved is not generating investment returns.

5. Conclusion

- 5.1 Four loans remain active, with one new application for a bridging loan received this financial year.

6. Recommendation

- 6.1 Trustees are asked to note this report.

Reference: D19

Report Number: CT2211036

| Project | Project Costs £ | Bridging Loan Approved £ | Drawn Down to Date £ | Repaid to 31/03/22 £ | Due to SCT at 01/04/22 £ | Repaid £ 2022/23 | Due to SCT at 30/09/22 £ | Notes |
|--|------------------|--------------------------|----------------------|----------------------|--------------------------|------------------|--------------------------|--|
| Loans approved 2019/20 | | | | | | | | |
| Hillswick Wildlife Sanctuary | 428,100 | 366,000 | 366,000 | - | 86,790 | | 86,790 | Extension requested |
| Community Development Company of Nesting | 211,377 | 175,985 | 175,985 | 125,985 | 25,000 | 25,000 | - | Repaid August 2022 |
| Loans approved 2021/22 | | | | | | | | |
| South Nesting Boating Club (SCIO) | 66,000 | 53,460 | 53,460 | - | 53,460 | - | 53,460 | Extension requested - Repayment expected December 2022 |
| Legion Scotland Lerwick Branch | 110,082 | 60,000 | 60,000 | - | 60,000 | - | 60,000 | Extension requested - Repayment expected November 2022 |
| Scalloway Community Development Company | 669,755 | 400,000 | 400,000 | - | 400,000 | - | 400,000 | Extension requested - Repayment expected November 2022 |
| North Yell Development Company | 554,265 | 350,000 | 350,000 | - | 350,000 | 350,000.00 | - | Repaid June 2022 |
| Uyeasound Waterfront Trust | 38,837 | 29,927 | 29,927 | - | 29,927 | 29,927 | - | Repaid April 2022 |
| Loans approved 2022/23 | | | | | | | | |
| Papa Stour History & Community Group | 452,379 | 160,000 | 0 | - | - | - | - | Drawdown date still to be confirmed |
| TOTAL | 2,530,795 | 1,595,372 | 1,435,372 | 125,985 | 1,005,177 | 404,927 | 600,250 | |