

Chief Executive: Dr Ann Black

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

Our Ref: TA48

Date: 30 May 2023

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 8 June 2023 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 20 April 2023 (*enclosed*).

For Decision

1. Appointment of Chair and Vice Chair. *Report enclosed.*

For Information

2. Small Grant Scheme Awards in the year to 31 March 2023. *Report enclosed.*
3. Trustee Attendance at Meetings in the year to 31 March 2023. *Report enclosed.*
4. Payments to Trustees in the year to 31 March 2023. *Report enclosed.*
5. Investment Performance Update – Year to 31 March 2023. *Report enclosed.*
6. Management Accounts – Year to 31 March 2023. *Report enclosed.*
7. Capital Works Bridging Loan Scheme Update – Year to 31 March 2023. *Report enclosed.*

The following items contain **CONFIDENTIAL** information

For Information

8. Deeds Executed. *Report enclosed.*
9. Update from Chairs of Advisory Committees.
10. Update from Subsidiary Companies.

REPORT

To: Shetland Charitable Trust

Date 8 June 2023

From: Chief Executive

Report: CT2306013

Appointment of Chair (and Vice Chair)

1. Introduction

- 1.1 Trustees are asked to appoint a Chair, to support the strategic direction and business of the Trust.

2. Background

- 2.1 Trustees are required to appoint a Chair in accordance with the Schedule of Governance Arrangements referred to in the Supplementary Deed of Trust by the Trustees dated 24 January 2019 and registered in the Books of Council and Session on 18 March 2019.
- 2.2 Paragraph 6(c) of the Schedule of Governance Arrangements states, "There shall be a Chair and Vice Chair of the Trust. The Chair and Vice Chair shall be elected by the Trustees for the remainder of their current Term unless removed as Chair or Vice Chair by resolution of the other Trustees".

3. Present Position

- 3.1 The present Chair of the Trust retired from office on 31 May 2023.
- 3.2 Trustees are now required, as per 2.2 above, to appoint a Chair to support the strategic direction of the Trust.
- 3.3 All Trustees are eligible for appointment.

4. Method of Appointment

- 4.1 The method of appointment is set out in paragraph 2.5 of the Trust's Administrative Regulations and is described below.
 - a) The election of the Chair will be the first business transacted at the first Trustees' meeting following the retiral of the outgoing Chair. At that meeting, until the Chair is elected, a Trustee selected by the meeting, shall preside.

- b) Prior to voting, nominations for the position of Chair shall be sought and nominees shall be permitted to address the meeting as to their candidature. No questions will be permitted in response, and no further nominations will be allowed after voting begins.
- c) If there is only one candidate, that candidate shall be elected.
- d) If there is more than one candidate, voting shall be by secret ballot.
- e) Regardless of the number of candidates, each Trustee will vote for one candidate at each ballot.
- f) After the first ballot, the candidate who secures a clear majority of the total votes cast shall be elected. However, in the case of no clear majority, the lowest scoring candidate shall drop out and the second ballot will take place.
- g) This method shall continue until the appointment is made either by clear majority or a choice between two remaining candidates.
- h) In the case of an equality of votes, the Chair shall be elected by lot as between those who received equal votes, and proceed on the basis that the person to whom the lot falls upon had received the additional vote.
- i) If a casual vacancy arises in the office of Chair, an election to fill the vacancy shall be held as soon as practicable.
- j) The Vice Chair of the Trust shall act as the Chair until such time as a new Chair is elected. The notice of the Trustees' meeting at which the election is to be held shall specify the filling of the vacancy as an item of business and election shall take place in the usual manner.
- k) The Vice Chair shall be elected in the same way as the Chair and will be eligible for re-election for one further term thereafter.

5. Financial Implications

- 5.1 Trustees are entitled to reimbursement of all expenses reasonably incurred by him or her in connection with the necessary performance of his or her duties as a Trustee.

6. Recommendations

- 6.1 Trustees are asked to:
 - (a) Appoint a Chair, through the process set out in 4 above
 - And
 - (b) Appoint a Vice Chair, through the same process as set out in 4 above, if required.

REPORT

To: Shetland Charitable Trust

Date: 8 June 2023

From: Chief Executive

Report No: CT2306014

Small Grant Scheme 2022/23

1. Purpose

- 1.1 The purpose of this report is to ask Trustees to note the Small Grant Scheme awards for 2022/23.

2. Background

- 2.1 On 12 September 2019, Trustees approved the Disbursement Plan 2020-2025 (CT1909030). Then on 16 September 2021, Trustees approved a revised Disbursement Plan 2022–25 (CT2109019).
- 2.2 The Disbursement Plan states that the Trust will operate a Main Grant Scheme and Small Grant Scheme over the period 2020 - 2025.
- 2.3 On 17 September 2020, Trustees approved the Small Grant Scheme 2020-2025 (CT2009024).
- 2.4 On 25 November 2021, Trustees approved a maximum budget of £100,000 for the Small Grant Scheme 2022/23.

3. Approved Grant Awards

- 3.1 The following Small Grant Scheme awards were approved and drawn down in 2022/23:

Organisation	Grant £
Cunningsburgh Football Club	2,214
MS Society Shetland	2,520
Northmavine Under 5s	542

Shetland Folk Society	2,300
Shetland Probus Club	1,500
Shetland Classic Motor Show	1,500
Shetland Girls Football	5,000
Walls Regatta Club	3,150
Shetland Heritage Association	5,000
Space2Face	4,974
Gulberwick, Quarff & Cunningsburgh Community Council	4,500
Islesburgh 60+ Club	1,224
Shetland Samaritans	4,000
Yell Senior Leisure Club	3,100
Sandwick Carnegie Hall	5,000
Win Furt	4,500
TOTAL	51,024

3.2

In addition to the above, one organisation had funding approved but did not draw down their grant award. This was due to the club not getting up and running again after the Covid-19 pandemic. This grant award is noted below:

Organisation	Grant £
South Mainland Community Association – Senior Citizens (Social Club)	2,500
TOTAL	2,500

4. Recommendation

- 4.1 Trustees are asked to note the approvals listed in paragraph 3.1 and 3.2.

Ref: D33

Report No: CT2306014

REPORT

TO: Shetland Charitable Trust

8 June 2023

FROM: Chief Executive

Report: CT2306015

Trustee Attendance at meetings in the year to 31 March 2023

1. Introduction

- 1.1 This report is presented to record Trustee attendance at Trust Meetings in the financial year to 31 March 2023.

2. Background

- 2.1 The Schedule of Governance Arrangements attached to the current Trust Deed states at paragraph 5(d) "Trustees shall be required to attend in person at least one-half of Trustee meetings in each financial year of the Trust and if they do not such failure to attend may be treated as grounds on which the remaining Trustees may remove such Trustees under paragraph 4(c)(iv)"

3. Present Position

- 3.1 A table is attached as Appendix A, showing Trustee attendance at Trustee Meetings in the financial year to 31 March 2023.

4. Recommendation

- 4.1 Trustees are asked to note this report.

Reference: TA48

Report Number CT2306015

Trustee Attendance at Meetings in the year to 31 March 2023
CT2306015 – Appendix A

Name	2 June 2022	6 October 2022	6 October 2022 AGM	24 November 2022	9 February 2023
E Adamson		✓	✓	A	A
A Cooper	✓	✓	✓	✓	✓
A Ferguson		✓	✓	✓	✓
J Garriock	✓				
S Gray		✓	✓	✓	✓
K Harrison	✓	A	A	✓	✓
Y Hopkins	✓	✓	✓	✓	✓
R Leask	✓	✓	✓	✓	✓
R Leith	✓	✓	✓	✓	✓
E Miller	A	✓	✓	✓	✓
I Napier	✓	✓	✓	✓	✓
A Ockendon	✓				
M Roberts	✓	✓	✓	✓	✓
R Stevenson		✓	✓	✓	✓

Attendance = ✓
Apologies = A

REPORT

To: Shetland Charitable Trust

8 June 2023

From: Chief Executive

Report: CT2306016

Payments to Trustees in the year to 31 March 2023

1. Introduction

- 1.1 This report is presented to show any payments which have been made to Trustees in the year to 31 March 2023.

2. Background

- 2.1 Trustees are entitled by law and in terms of their Trust Deed, to “reimburse the Trustees out of the Trust Fund for all expenses reasonably incurred by them in connection with the administration of the Trust”.
- 2.2 At their meeting on 28 May 2009, Trustees requested that the payments made to Trustees are published (Min Ref CT/39/09).

3. Present Position

- 3.1 During the financial year 2022/23 no expenses were claimed by Trustees.

4. Financial Implications

- 4.1 A budget of £1,500 was set aside for payments to Trustees.

5. Recommendation

- 5.1 Trustees are asked to note this report.

Reference: TA21/2

Report Number CT2306016

REPORT

To: Shetland Charitable Trust**Date:** 8 June 2023**From:** Chief Executive**Report:** CT2306017

Investment Performance Update – Year to 31 March 2023

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 year to 31 March 2023.

2. Market Performance

- 2.1 Equity markets have fluctuated during financial year 2022/23. The first half of the financial year saw significant diminution in value of investments, particularly in active equities. However, the second half of year has shown gradual improvements, and the first quarter of 2023 posted double digit relative returns for active equities after an improved start to the year.
- 2.2 Property markets saw significant falls in capital values throughout 2022, however the first quarter of 2023 saw a degree of stabilisation.

3. Overall External Fund Performance

- 3.1 This report concentrates on the year from April 2022 to March 2023. However, as the Trust is a long-term investor, the report also considers the performance over three and five years.
- 3.2 The Trust has four fund managers with total investments under management at the end of March 2023 of £377.8 million. The funds, type of mandate and market values at the end of March 2023 are as follows:

Manager	Mandate	Market Value 2023 (£m)	% of Reserves
Baillie Gifford	Active Equities	163.1	43.2
BlackRock	Passive Equities	94.0	24.9
Schroders	UK Property	75.3	19.9
Insight	Diversified Growth	45.4	12.0
Total		377.8	100.0

- 3.3 In the year, the Trust made a net withdrawal from the fund managers of £12.0 million.
- 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 %
1 Year	(10.5)	(1.1)	(9.4)
3 Years	10.3	12.2	(1.9)
5 Years	9.3	7.2	2.1

- 3.6 The return over the last 12 months is below the benchmark and Financial Plan Return. However, the Trust's external investments have exceeded the Trusts Financial Plan assumed returns over longer periods, and above benchmark return over 5 years.

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 twelve months, the last three years and the last five years.

Annualised Performance over	Actual Return %	Benchmark Return %	Over/ (Under) Performance %
1 Year	(16.6)	(1.4)	(15.2)
3 Years	10.3	15.5	(5.1)
5 Years	13.4	9.7	3.7

- 4.3 Baillie Gifford returned minus 16.6% over the year, compared to the broad market return of minus 1.4%, which was 15.2% below the benchmark return.
- 4.4 Net withdrawal from Baillie Gifford by the Trust during the fiscal year totalled £11.0 million.
- 4.5 Growth stocks, which Baillie Gifford invest in, have been particularly hard hit by inflationary pressures, interest rate rises, downturn in consumer spending, the war in Ukraine and wider market sentiment.

However, the first quarter of 2023 has seen double digit relative returns in an improved start to the year.

- 4.6 Over the last three years, Baillie Gifford have returned 36.2%, equivalent to a return of 10.3% per annum.
- 4.7 Performance over three-year term has failed to meet benchmark return, however over longer five-year term it has exceeded benchmark. Withdrawals to meet Trust funding requirements have been preferred from Baillie Gifford. For the three-year period withdrawals have totalled £25 million.

5. Fund Manager Performance BlackRock

- 5.1 The fund with BlackRock is invested in passive equities, and the product invested is the iShares MSCI World SRI UCITS EFT. This fund focuses on “socially responsible investment” (SRI).
- 5.2 The benchmark for these funds 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 twelve months, the last three years and the last five years.

Annualised Performance over	Actual Return %	Benchmark Return %	Over/ (Under) Performance %
1 Year	(2.9)	2.1	(5.0)
3 Years	12.9	14.6	(1.7)
5 Years	6.6	6.9	(0.3)

- 5.4 The mandate with BlackRock over the year has produced a return of minus 2.9%, compared to the broad market return of 2.1%, which was 5% below the benchmark return.
- 5.5 Net withdrawal from BlackRock by the Trust during the fiscal year totalled £1.0 million.
- 5.6 Over the last three years, BlackRock have returned 44.5%, equivalent to a return of 12.9% per annum.
- 5.7 Performance over three year period has failed to meet benchmark return. Historically BlackRock was the preferred fund to make withdrawals for Trust funding requirements, however this has not been the case in recent years. For the three-year period withdrawals have totalled £11 million.

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 twelve months, the last three years and the last five years.

Annualised Performance over	Actual Return %	Benchmark Return %	Over/ (Under) Performance %
1 Year	(5.5)	(14.5)	9.0
3 Years	4.0	2.5	1.5
5 Years	3.7	2.5	1.2

- 6.3 In financial year 2022/23 the fund returned minus 5.5%, which was 9.0% above the property benchmark used.
- 6.4 Having previously lagged behind the benchmark used, Schroders' performance is now above the benchmark across all timelines reported, albeit that the 1 year performance is negative.
- 6.5 The portfolio of assets was restructured to include more defensive style strategies, via allocations to real estate debt and convenience retail, to provide downside protection. During the weaker economic environment this have proven beneficial.
- 6.6 Over the last three years, Schroders have returned 14.1%, equivalent to a return of 4.0% 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 twelve months, the last three years and the last five years.

Annualised Performance over	Actual Return %	Benchmark Return %	Over/ (Under) Performance %
1 Year	(6.5)	6.3	(12.8)
3 Years	3.5	4.8	(1.3)
5 Years	1.3	4.8	(3.5)

- 7.3 Insight produced a return of minus 6.5% over the period, which was 12.8% below the benchmark return.

- 7.4 Over the last three years, Insight have returned 12.2%, equivalent to a return of 3.5% 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.

Reference: IA7

Report Number: CT2306017

REPORT

To: Shetland Charitable Trust

Date: 8 June 2023

From: Chief Executive

Report: CT2306018

Management Accounts – Twelve Months to 31 March 2023

1 Introduction

- 1.1 The purpose of this report is to present Shetland Charitable Trust's (the Trust) Management Accounts for the twelve months ended 31 March 2023, 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 twelve months to 31 March 2023.

Table 1: Summary Management Accounts 2022/23

Item	Annual Budget £m	Actual to Mar 2023 £m
Income	2.5	3.6
Disbursements	(16.4)	(10.2)
Management and Administration	(0.7)	(0.6)
Fund Managers Fees	(1.7)	(1.4)
Gain/(Loss) on Investments	27.7	(48.3)
Total	11.4	(56.9)

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

- 2.3 In the twelve months ended 31 March 2023 the Trust made a loss on its investments of £48.3 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 satisfactory financial performance in the twelve months ended 31 March 2023 as shown in the Management Accounts in Appendix A.

Reference: DA5/1

Report No: CT2306018



Management Accounts
Year Ended 31 March 2023

Shetland Charitable Trust
Income and Expenditure
Period to 31 March 2023

	12 Month Actual £	Annual Budget £	Variance £
<u>Income</u>			
Managed fund dividends	423,787	-	423,787
Managed fund interest	2,626,870	2,000,000 *	626,870
Agricultural loan interest	-	-	-
Local equity gift aid	25,000	-	25,000
Rental income	507,815	500,000	7,815
Bank interest	-	-	-
Miscellaneous income	-	-	-
	<u>3,583,472</u>	<u>2,500,000</u>	<u>1,083,472</u>
<u>Expenditure</u>			
Disbursements	(10,184,169)	(16,400,000)	6,215,831
Management and administration	(590,404)	(680,000)	89,596
Fund managers	(1,422,931)	(1,740,000)	317,069
	<u>(12,197,504)</u>	<u>(18,820,000)</u>	<u>6,622,496</u>
Gain on investments	(48,281,601)	27,700,000	(75,981,601)
Surplus/(Deficit)	<u>(56,895,633)</u>	<u>11,380,000</u>	<u>(68,275,633)</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 31 March 2023

	Mar-23	
	£	£
Tangible fixed assets		23,000
Investments		389,510,541
		<u>389,533,541</u>
Trade debtors	39	
Prepayments and Accrued income	216,114	
Other debtors	875,813	
Bank	6,346,732	
	<u>7,438,698</u>	
Trade creditors	69,543	
Accruals and deferred income	2,454,285	
Other creditors	(782)	
	<u>2,523,046</u>	
Net current assets		<u>4,915,652</u>
		394,449,193
Pension liability		(307,000)
		<u>394,142,193</u>
Opening reserves		451,037,826
Surplus for period		<u>(56,895,633)</u>
Closing reserves		<u>394,142,193</u>

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Shetland Charitable Trust
Rental Income
Period to 31 March 2023

	<u>12 Month Actual £</u>	<u>Annual Budget £</u>	<u>Variance £</u>
Sullom Voe Site	507,315	499,500	7,815
Shetland Golf Course	500	500	-
	<u>507,815</u>	<u>500,000</u>	<u>7,815</u>

Shetland Charitable Trust
Disbursements
Period to 31 March 2023

	12 Month Actual £	Annual Budget £	Variance £
<u>Main Grant Scheme</u>			
Ability Shetland	40,000	40,000	-
British Red Cross	23,900	23,900	-
Clan Cancer Support	20,100	20,100	-
COPE Limited	230,600	230,600	-
Dogs Against Drugs	20,500	20,500	-
Gaada	43,900	43,900	-
Mind Your Head	76,900	76,900	-
Moving On	35,900	35,900	-
NSPCC Scotland	4,000	4,000	-
OPEN Project	31,300	31,300	-
Relationships Scotland - Shetland	-	30,600	(30,600)
Royal Voluntary Service	64,100	64,100	-
Sandwick Social and Economic Development SCIO	15,600	15,600	-
Shetland Amenity Trust	1,200,900	1,200,900	-
Shetland Arts Development Agency	682,500	682,500	-
Shetland Befriending Scheme - 16+	13,000	13,000	-
Shetland Befriending Scheme - CYP	54,000	54,000	-
Shetland Care Attendants Scheme	75,700	75,700	-
Shetland Community Connections	15,000	15,000	-
Shetland Islands Citizen Advice Bureau	272,300	272,300	-
Shetland Islands Council Rural Care Model	1,986,200	1,986,200	-
Shetland Link Up	56,700	56,700	-
Shetland Rape Crisis	33,000	33,000	-
Shetland Recreational Trust	3,225,900	3,225,900	-
Shetland Women's Aid	100,000	100,000	-
The Swan Trust	28,300	28,300	-
Voluntary Action Shetland - Core	88,600	88,600	-
Voluntary Action Shetland - Market House	95,400	95,400	-
Who Cares? Scotland	35,100	35,100	-
Sub Total Main Grant Scheme	8,569,400	8,600,000	(30,600)
<u>Small Grant Scheme</u>	51,024	100,000	(48,976)
<u>Main Grant Scheme Contingency</u>	868,651	-	-
<u>Capital Grant Scheme</u>	1,062,434	7,700,000	(6,637,566)
Surplus Grants Refunded	(367,340)	-	(367,340)
Total	10,184,169	16,400,000	(7,084,482)

Shetland Charitable Trust
Management and Administration Expenditure
Period to 31 March 2023

	12 Month Actual £	Annual Budget £	Variance £
Basic Pay and Allowances	332,626	344,700	(12,074)
Professional Membership Fees	272	500	(228)
Staff recruitment	1,307	1,500	(193)
Travel and Subsistence	1,834	6,000	(4,166)
Training and Staff Development	636	8,800	(8,164)
Sub Total Staffing Costs	336,674	361,500	(24,826)
Operating Costs			
Insurance	15,784	14,000	1,784
Administration	3,830	5,600	(1,770)
Supplies and Services	6,177	6,400	(223)
Bank Charges	190	400	(210)
Professional Fees	3,858	20,000	(16,142)
External Audit Fees	46,027	20,000	26,027
Financial advice	-	30,000	(30,000)
Trustees Expenses	14	1,500	(1,486)
Meeting expenses	942	2,000	(1,058)
Legal Fees	41,539	50,000	(8,461)
Trustee Recruitment Costs	1,569	2,500	(931)
Sub Total Operating Costs	119,929	152,400	(32,471)
Property Costs			
Energy Costs	4,877	9,000	(4,123)
Water Rates	1,267	1,500	(233)
Building Maintenance	33,904	51,000	(17,096)
Cleaning	1,619	2,000	(381)
Sub Total Property Costs	41,667	63,500	(21,833)
Bad debt write off	-	-	-
Reduction in Bad Debt Provision	-	-	-
Bought In Services			
Treasury	19,800	20,000	(200)
Payroll	676	650	26
Building Maintenance	47,375	47,000	375
Committee Services	7,200	7,200	-
Computer Services	9,650	10,000	(350)
Messenger Service	-	-	-
Peninsula	2,234	2,750	(516)
Public Relations	5,200	15,000	(9,800)
Sub Total Bought In Services	92,134	102,600	(10,466)
Total	590,404	680,000	(89,596)

Shetland Charitable Trust
Investment expenses
Period to 31 March 2023

	<u>12 Month Actual £</u>	<u>Annual Budget £</u>	<u>Variance £</u>
Management Expenses	9,612	-	9,612
Northern trust fees	49,225	49,000	225
Insight investment fees	214,610	234,000	(19,390)
Schroders fees	168,876	187,000	(18,124)
Baillie Gifford fees	797,636	1,270,000	(472,364)
Blackrock fees	182,972		182,972
	<u>1,422,931</u>	<u>1,740,000</u>	<u>(317,069)</u>

REPORT

To: Shetland Charitable Trust

Date: 8 June 2023

From: Chief Executive

Report: CT2306019

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 March 2023, five organisations fully repaid their loan.

- 3.3 Appendix A lists the outstanding loans as at 31 March 2023.
- 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. Building work has now commenced and payment was made to the Group in February 2023.
- 3.6 Application for funding of circa £500,000 is expected from Fair Isle Bird Observatory Trust for the purpose of rebuilding the Fair Isle Bird Observatory.
- 3.7 Application for funding of £41,272 was approved and paid in February 2023 for Sandwick Youth & Community Centre for the purpose of the installation of Upvc windows and hardwood door-sets at Sandwick Youth & Community Centre.

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 Three loans brought forward at 1 April 2022 remain active, with six new applications for a bridging loan received this financial year.

6. Recommendation

- 6.1 Trustees are asked to note this report.

Reference: D19

Report Number: CT2306019

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 31/03/23 £	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 2023
Legion Scotland Lerwick Branch	110,082	60,000	60,000	-	60,000	60,000.00	-	Repaid January 2023
Scalloway Community Development Company	669,755	400,000	400,000	-	400,000	-	400,000	Extension requested - Repayment expected May 2023
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	160,000	-	-	-	160,000	Repayment expected September 2023
Community Development Company of Nesting	112,117	100,905	100,905	-	-	-	100,905	Repayment expected May 2023
Whalsay Sports Development Trust	44,106	39,246	39,246	-	-	-	39,246	Repaid April 2023
Sandwich Carnegie Hall	39,103	26,412	26,412	-	-	-	26,412	Repayment expected July 2023
Tingwall Agricultural Museum & Heritage Centre	13,800	9,000	9,000	-	-	-	9,000	Repayment expected May 2023
Sandwich Youth & Community Centre	45,858	41,272	41,272	-	-	41,272	-	Repaid March 2023
TOTAL	2,739,921	1,770,935	1,770,935	125,985	1,005,177	464,927	875,813	