

Chief Executive: Dr Ann Black

22-24 North Road
Lerwick
Shetland
ZE1 0NQ

Telephone: 01595 744994
mail@shetlandcharitabletrust.co.uk
www.shetlandcharitabletrust.co.uk

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

Our Ref: TA48

Date: 15 November 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)
Wednesday 22 November 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 meetings held on 14 September 2023 (*enclosed*).

For Decision

1. Budget 2024/25. *Report enclosed.*
2. Schedule of Meetings 2024. *Report enclosed.*

For Information

3. Investment Performance Update – Six Months to 30 September 2023. *Report enclosed.*
4. Management Accounts – Six Months to 30 September 2023. *Report enclosed.*
5. Capital Works Bridging Loan Scheme. *Report enclosed.*

The following items contain **CONFIDENTIAL** information

For Decision

6. Main Grant Scheme 2024/25 – Approval of Disbursements. *Report enclosed.*
7. Capital Grant Scheme. *Report enclosed.*

For Information

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

REPORT

To: Shetland Charitable Trust

Date: 22 November 2023

From: Chief Executive

Report: CT2311027

Budget 2024/25

1. Introduction

- 1.1 The purpose of this report is to seek Trustee approval of the recommended budget of £10,982,000 for 2024/25.

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 2025 to be £15.7 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 £10.982 million is proposed as a variation to the Financial Plan for 2024/25 (CT2109016) as noted in point 2.4 in previous section.

3.2 The table below provides a summary of the overall recommended budget for 2024/25 against the approved 2023/24 budget:

	2024/25 Proposed Budget £'000	2023/24 Approved Budget £'000
Income	500	500
Expenditure		
Disbursements (See 5 below)	(9,000)	(15,578)
Trust Administration	(985)	(917)
Investment Management	(1,497)	(1,371)
Total Expenditure	(11,482)	(17,866)
Recommended Budget	(10,982)	(17,366)

3.3 A full list of the Trust's budgets is given in Appendix A. In summary, the recommended budget shows a net expenditure of £10.982 million.

3.4 The budget does not take into account possible gains or losses on the value of the Trust investments over the year.

3.5 In addition to the recommended budget, existing funding commitments to the Capital Grant Scheme and MRI Scanner are anticipated during the period. These financial commitments will require recall from investments in addition to the recommended budget.

4 Income - £500,000

4.1 The budgeted income includes rental payments on the land at Sullom Voe Oil Terminal, estimated at £500,000.

5 Disbursements - £9,000,000

5.1 Overview

5.1.1 Funding **up to a maximum of £9,000,000** is recommended.

5.1.2 The table below provides a summary of the recommended maximum disbursement budgets for 2024/25 against the approved 2023/24 budgets:

	2024/25 Proposed Budget £'000	2023/24 Approved Budget £'000
Main Grant Scheme	8,900	8,678
Capital Grant Scheme	0	6,800
Small Grant Scheme	100	100
Total Disbursements	9,000	15,578

5.2 **Main Grant Scheme – £8,900,000**

5.2.1 The recommended awards for the Main Grant Scheme for 2024/25 are set out in the “Main Grant Scheme - Approval of Disbursements” paper (CT2311032). Funding of up to **£8.9 million** is recommended. These have been considered and recommended by the General Purposes Advisory Committee (GPAC).

5.3 **Small Grant Scheme - £100,000**

5.3.1 Trustees approved a Small Gant Scheme for 2024/25 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.

5.4 **Draw Down of Funding**

5.4.1 Trustees are asked to approve the drawdown of funding for the grant schemes in sections 5.2 to 5.3, above.

6. **Management and Administration – £985,000**

6.1 Funding of **£985,000** is recommended. The 2024/25 budget is shown in detail in Appendix A.

7. **Investment Management - £1,497,000**

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.

8. **Financial Implications**

8.1 If approved, the budgeted income will be £0.5 million with expenditure of £11.482 million giving a projected recall from investments of £10.982 million for the year to 31 March 2025.

8.2 This represents a reduction of £6.384 million in the budget for 2024/25 compared with 2023/24.

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** £9,000,000 as detailed in section 5;
- c) budgeted management and administration expenses of £985,000 as stated in section 6;
- d) budgeted investment management expenses of £1,497,000 as stated in section 7;

Reference: DA5 & D32

Report Number: CT2311027

	FY25 Budget £	FY24 Budget £
<u>Income and Expenditure</u>		
Local Equity Gift Aid	0	50,000
Rental income	500,000	450,000
Miscellaneous income	0	0
Total Income	500,000	500,000
Main Grant Scheme	-8,900,000	-8,678,000
Capital Grant Scheme	0	-6,800,000
Small Grant Scheme	-100,000	-100,000
Total Disbursements	-9,000,000	-15,578,000
Total Staffing Costs	-414,400	-441,700
Property Costs	-155,300	-163,500
Insurance	-16,500	-16,000
Administration	-6,300	-5,350
Supplies and services	-6,250	-6,400
Legal fees	-75,000	-50,000
Professional fees	-75,000	-60,000
Financial Advice	-100,000	-40,000
External audit fees	-25,500	-22,500
Trustees expenses	-1,000	-1,000
Meeting expenses	-1,750	-1,750
Trustee recruitment	-1,500	-2,500
Bank charges	-400	-400
Bought in services	-106,100	-105,900
Total management and admin	-985,000	-917,000
Fund managers fees	-1,497,000	-1,371,000
Total investment costs	-1,497,000	-1,371,000
Total Expenditure	-11,482,000	-17,866,000
Recommended Budget	-10,982,000	-17,366,000

REPORT

To: Shetland Charitable Trust

Date: 22 November 2023

From: Chief Executive

Report: CT2311028

Schedule of Meetings 2024**1. Introduction**

- 1.1 The purpose of this report is to seek Trustees' approval to the schedule of meetings for 2024.

2. Present Position

- 2.1 During 2023, there were five scheduled Trust meetings. It is proposed to hold four Trust Meetings during 2024. Special Meetings will be called if and when required.

3. Proposed Schedule

- 3.1 For 2024, the following meeting dates are proposed and have been reviewed and recommended by the Audit & Governance Advisory Committee:

Thursday 08 February 2024

Thursday 06 June 2024

Thursday 12 September 2024 + AGM

Thursday 21 November 2024

- 3.2 Trustees have agreed to adopt the method of hybrid meetings using Zoom and the Shetland Charitable Trust Boardroom as appropriate. It is proposed that this is continued during 2024. 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 2024.

Ref: TA48

Report Number CT2311028

REPORT

To: Shetland Charitable Trust**Date:** 22 November 2023**From:** Chief Executive**Report:** CT2311029

Investment Performance Update – Six Months to 30th September 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 six months to 30 September 2023.

2. Market Performance

- 2.1 From the beginning of 2023 there was a gradual improvement in market value of investments, and at the beginning of August 2023 this had reached £404 million. However, with continued volatility from the middle of September there has been a steady decline in market value of investments.
- 2.2 The diminution in market value of investments is across all fund managers. However, active equities has been the most fragile of mandates due to ongoing macroeconomic and geopolitical uncertainty.

3. Overall External Fund Performance

- 3.1 This report concentrates on the six months from April 2023 to September 2023. However, as the Trust is a long term investor, the report also considers the performance over one, three and five years.
- 3.2 The Trust has four fund managers with total investments under management at the end of September 2023 of £377.9 million. The funds, type of mandate and market values at the end of September 2023 are as follows:

Manager	Mandate	Market Value Sept 2023 (£m)	% of Reserves
Baillie Gifford	Active Equities	160.9	42.6
BlackRock	Passive Equities	97.9	25.9
Schroders	UK Property	73.6	19.5
Insight	Diversified Growth	45.5	12.0
Total		377.9	100.0

- 3.3 In the year, the Trust made a net withdrawal from the fund managers of £5.0 million
- 3.4 The return on the Trust's external investments over the six month period was 1.7%.
- 3.5 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.
- 3.6 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	1.7	2.5	(0.9)
1 Year	5.1	7.5	(2.5)
3 Years	(0.5)	8.4	(8.9)
5 Years	7.0	5.9	1.1

- 3.7 Over the long term, the Trust's external investments have exceeded the composite benchmark return and have met the Financial Plan assumed return.

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, one year, three years and five years.

Annualised Performance over	Actual Return %	Benchmark Return %	Over/ (Under) Performance %
6 Months	1.4	3.9	(2.5)
1 Year	8.5	10.5	(2.0)
3 Years	(6.4)	9.0	(15.4)
5 Years	9.4	7.9	1.5

- 4.3 Baillie Gifford returned 1.4% over the six months to 30 September 2023, compared to the broad market return of 3.9%, which was 2.5% below the benchmark return.
- 4.4 Net withdrawal from Baillie Gifford by the Trust during the fiscal year totals £5.0 million.
- 4.5 Over the three year period, Baillie Gifford have returned minus 18.0%, equivalent to a return of minus 6.4% per annum. However,

over the five year period Baillie Gifford have returned 56.4%, equivalent to a return of 9.4% 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, one year, three years and five years.

Annualised Performance over	Actual Return %	Benchmark Return %	Over/ (Under) Performance %
6 Months	4.0	1.8	2.2
1 Year	10.3	13.6	(3.3)
3 Years	8.2	10.2	(2.1)
5 Years	5.5	5.3	0.2

- 5.3 The mandate with BlackRock over the six months to 30 September 2023 produced a return of 4.0%, which was 2.2% above the benchmark for the period.
- 5.4 Over the three year period, BlackRock have returned 26.5%, equivalent to a return of 8.2% per annum. Over the five year period BlackRock have returned 30.6%, equivalent to a return of 5.5% 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, one year, three years and five years.

Annualised Performance over	Actual Return %	Benchmark Return %	Over/ (Under) Performance %
6 Months	0.0	0.0	0.0
1 Year	(5.8)	(14.3)	8.5
3 Years	4.3	3.2	1.1
5 Years	2.8	1.8	1.0

- 6.3 The mandate with Schroders over the six months to 30 September 2023 has returned 0.0%, which is in line with the property benchmark.
- 6.4 Over the three year period, Schroders have returned 13.4%, equivalent to a return of 4.3% per annum. Over the five year period Schroders have returned 14.8%, equivalent to a return of 2.8% 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, one year, three years and five years.

Annualised Performance over	Actual Return %	Benchmark Return %	Over/ (Under) Performance %
6 Months	0.2	4.4	(4.2)
1 Year	1.6	8.1	(6.5)
3 Years	1.2	5.6	(4.3)
5 Years	1.0	5.2	(4.2)

- 7.3 The mandate with Insight over the six months to 30 September 2023 has returned 0.2% over the period, which was 4.2% below the benchmark return.
- 7.4 Over the last three years, Insight have returned 3.8%, equivalent to a return of 1.2% per annum. Over the five year period Insight have returned 5.0%, equivalent to a return of 1.0% 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: CT2311029

REPORT

To: Shetland Charitable Trust**Date:** 22 November 2023**From:** Chief Executive**Report:** CT2311030

Management Accounts – Six Months to 30 September 2023

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 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 2023/24 and the results in the six months to 30 September 2023.

Table 1: Summary Management Accounts 2023/24

Item	Actual to Sept 2023 £m	Annual Budget £m
Income	2.0	2.5
Disbursements	(4.4)	(15.6)
Management and Administration	(0.25)	(0.9)
Fund Managers Fees	(0.8)	(1.4)
Gain/(Loss) on Investments	3.85	28.6
Total	0.4	13.2

- 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 2023 the Trust made a gain on its investments of £3.85M.

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 position at the six months ended 30 September 2023 as shown in the Management Accounts in Appendix A.

Reference: DA5/1

Report No: CT2311030



Management Accounts
6 Months Ended 30 September 2023

Shetland Charitable Trust
Income and Expenditure
Period to 30 September 2023

	6 Month Actual £	6 Month Budget £	Variance £	Annual Budget £
<u>Income</u>				
Managed fund dividends	0	0	0	0
Managed fund interest	1,585,822	1,000,000	585,822	2,000,000 *
Local equity gift aid	0	25,000	-25,000	50,000
Rental income	263,386	225,000	38,386	450,000
Bank interest	0	0	0	0
Miscellaneous income	168,260	0	168,260	0
	<u>2,017,468</u>	<u>1,250,000</u>	<u>767,468</u>	<u>2,500,000</u>
<u>Expenditure</u>				
Disbursements	-4,408,239	-7,838,450	3,430,211	-15,577,600
Management and administration	-260,690	-458,500	197,810	-917,000
Fund managers	-777,535	-685,500	-92,035	-1,371,000
	<u>-5,446,464</u>	<u>-8,982,450</u>	<u>3,535,986</u>	<u>-17,865,600</u>
Gain on investments	3,843,173	14,300,000	-10,456,827	28,600,000
Surplus/(Deficit)	<u>414,176</u>	<u>6,567,550</u>	<u>-6,153,374</u>	<u>13,234,400</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 2023

	Sep-23	
	£	£
Tangible fixed assets		23,000
Investments		<u>389,761,697</u>
		389,784,697
Trade debtors	33	
Prepayments and Accrued income	220,132	
Other debtors	521,024	
Bank	<u>6,457,332</u>	
	7,198,521	
Trade creditors	58,435	
Accruals and Deferred income	2,921,444	
Other creditors	<u>123</u>	
	2,980,002	
Net current assets		<u>4,218,519</u>
		394,003,216
Pension liability		-307,000
		<u>393,696,216</u>
Opening reserves		393,282,040
Surplus for period		<u>414,176</u>
Closing reserves		<u>393,696,216</u>

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Shetland Charitable Trust
Rental Income
Period to 30 September 2023

	6 Month Actual £	6 Month Budget £	Variance £	Annual Budget £
Sullom Voe Site	262,886	224,750	38,136	449,500
Shetland Golf Course	500	250	250	500
	<u>263,386</u>	<u>225,000</u>	<u>38,386</u>	<u>450,000</u>

Shetland Charitable Trust
Disbursements
Period to 30 September 2023

	6 Month Actual £	6 Month Budget £	Variance £	Annual Budget £
<u>Main Grant Scheme</u>				
Ability Shetland	20,000	20,000	-	40,000
Alzheimer Scotland	23,000	23,000	-	23,000
Clan Cancer Support	20,300	20,300	-	20,300
COPE Limited	118,200	118,200	-	236,400
Dogs Against Drugs	21,000	21,000	-	21,000
Gaada	22,500	22,500	-	45,000
Moving On	18,400	18,400	-	36,800
NSPCC Scotland	-	4,000	4,000	4,000
OPEN Project	16,050	16,050	-	32,100
Royal Voluntary Service	32,850	32,850	-	65,700
Shetland Amenity Trust	615,450	615,450	-	1,230,900
Shetland Arts Development Agency	358,300	358,300	-	716,600
Shetland Befriending Scheme - 16+	13,300	13,300	-	13,300
Shetland Befriending Scheme - CYP	27,550	27,550	-	55,100
Shetland Care Attendants Schme	26,500	26,500	-	53,000
Shetland Community Connections	17,700	17,700	-	17,700
Shetland Islands Citizen Advice Bureau	139,550	139,550	-	279,100
Shetland Islands Council Rural Care Model	993,100	993,100	-	1,986,200
Shetland Link Up	28,750	28,750	-	57,500
Shetland Recreational Trust	1,653,250	1,653,250	-	3,306,500
Shetland Women's Aid	51,250	51,250	-	102,500
The Compass Centre	23,400	23,400	-	46,800
The Swan Trust	14,500	14,500	-	29,000
Voluntary Action Shetland - Core	45,400	45,400	-	90,800
Voluntary Action Shetland - Market House	48,850	48,850	-	97,700
Voluntary Action Shetlnad - Carers Service	18,050	18,050	-	36,100
Who Cares? Scotland	17,250	17,250	-	34,500
<i>Sub Total Main Grant Scheme</i>	4,384,450	4,388,450	4,000	8,677,600
<u>Small Grant Scheme</u>	27,789	50,000	22,211	100,000
<u>Capital Grant Scheme</u>	-	3,400,000	3,400,000	6,800,000
Surplus Grants Refunded	-4,000	-	4,000	-
Total	4,408,239	7,838,450	3,430,211	15,577,600

Shetland Charitable Trust
Management and Administration Expenditure
Period to 30 September 2023

	6 Month Actual £	6 Month Budget £	Variance £	Annual Budget £
Basic Pay and Allowances	150,563	212,500	61,937	425,000
Professional Membership Fees	201	250	49	500
Staff recruitment	-	750	750	1,500
Travel and Subsistence	50	3,000	2,950	6,000
Training and Staff Development	620	4,350	3,730	8,700
Sub Total Staffing Costs	151,434	220,850	69,416	441,700
Operating Costs				
Insurance	6,757	8,000	1,243	16,000
Administration	1,628	2,675	1,047	5,350
Supplies and Services	2,512	3,200	688	6,400
Bank Charges	34	200	166	400
Professional Fees	22,191	30,000	7,809	60,000
External Audit Fees	11,310	11,250	-60	22,500
Financial advice	-	20,000	20,000	40,000
Trustees Expenses	-	500	500	1,000
Meeting expenses	1,278	875	-403	1,750
Legal Fees	14,233	25,000	10,767	50,000
Trustee Recruitment Costs	15	1,250	1,235	2,500
Sub Total Operating Costs	59,958	102,950	42,992	205,900
Property Costs				
Energy Costs	1,069	4,500	3,431	9,000
Water Rates	973	750	-223	1,500
Building Maintenance	2,086	75,500	73,414	151,000
Cleaning	951	1,000	49	2,000
Sub Total Property Costs	5,078	81,750	76,672	163,500
Bad debt write off	-		0	-
Reduction in Bad Debt Provision	-		0	-
Bought In Services				
Treasury	10,000	10,000	0	20,000
Payroll	325	325	0	650
Building Maintenance	24,150	24,150	0	48,300
Committee Services	3,600	3,600	0	7,200
Computer Services	4,428	6,000	1,572	12,000
Peninsula	1,117	1,375	258	2,750
Public Relations	600	7,500	6,900	15,000
Sub Total Bought In Services	44,220	52,950	8,730	105,900
Total	260,690	458,500	197,810	917,000

Shetland Charitable Trust
Investment expenses
Period to 30 September 2023

	6 Month Actual £	6 Month Budget £	Variance £	Annual Budget £
Management Expenses	66,850	-	(66,850)	- *
Northern trust fees	24,438	24,500	62	49,000
Insight investment fees	103,659	110,000	6,341	220,000
BlackRock	96,772	-	(96,772)	- *
Schroders fees	81,876	108,500	26,624	217,000
Baillie Gifford fees	403,939	442,500	38,561	885,000
	<u>777,535</u>	<u>685,500</u>	<u>(92,035)</u>	<u>1,371,000</u>

* Managment Expenses and BlackRock Management Fees are not invoiced. It represents expenditure that the fund managers deduct, that for Accounting purposes the Trust is required to show as expenditure.

REPORT

To: Shetland Charitable Trust

Date: 22 November 2023

From: Chief Executive

Report: CT2311031

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 2023, there were eight loans outstanding.
- 3.2 In the period 1 April 2023 to 30 September 2023, one organisation fully repaid their loan.

- 3.3 Appendix A lists the outstanding loans as at 30 September 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 £500,000 was approved to Fair Isle Bird Observatory Trust for the purpose of rebuilding the Fair Isle Bird Observatory and payment of the loan was made in October 2023.
- 3.6 Application for funding of £40,500 was approved and paid in October 2023 to Sandwick Youth and Community Centre for the purpose of upgrade of extension roof, new profile sheeting and insulation in roof spaces.
- 3.7 Application for funding of £217,000 was approved and paid in October 2023 to Unst Boating and Swimming Club for the purpose of Upgrade of facilities at existing Clubhouse, including disabled access and fully accessible shower and toilet cubicles, addition of laundry room, insulation, double-glazing, re-covering roof with solar panels to reduce carbon emissions, re-harling exterior of building, re-surfacing carpark.
- 3.8 Application for funding of £87,837 was approved to Community Development Company of Nesting for the purpose of the creation of a community growing space on CDCN's land at the Auld Skül, South Nesting. Payment of the loan will be made in November 2023.
- 3.9 Application for funding of £124,570 was approved to Shetland UHI for the purpose of upgrade of the existing maritime bridge simulator. Payment of the loan will be made in November 2023.

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 Seven loans brought forward at 1 April 2023 remain active.

6. Recommendation

- 6.1 Trustees are asked to note this report.

Project	Project Costs £	Bridging Loan Approved £	Drawn Down to Date £	Repaid to 31/03/23 £	Due to SCT at 01/04/23 £	Repaid £ 2023/24	Due to SCT at 30/09/23 £	Notes
Loans approved 2019/20								
Hillswick Wildlife Sanctuary	428,100	366,000	366,000	279,210	86,790	25,000	61,790	Repayment plan implemented - further £25,000 repaid October 2023
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
Scalloway Community Development Company	669,755	400,000	400,000	-	400,000	-	200,000	Extension requested - £100,000 repaid October 2023, further repayment expected November 2023
Loans approved 2022/23								
Papa Stour History & Community Group	452,379	160,000	160,000	-	160,000	100,000	60,000	£60,000 repaid October 2023
Community Development Company of Nesting	112,117	100,905	100,905	-	100,905	-	100,905	£65,905 Repaid October 2023
Sandwick Carnegie Hall	39,103	26,412	26,412	-	26,412	-	26,412	Extension requested - repayment expected November 2023
Tingwall Agricultural Museum & Heritage Centre	13,800	9,000	9,000	-	9,000	-	9,000	Repayment received November 2023
TOTAL	1,781,254	1,115,777	1,115,777	279,210	836,567	125,000	511,567	