

Chief Executive: Dr Ann Black

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

Our Ref: EM/TA48

Date: 19 November 2018

Dear Sir/Madam

You are invited to the following meeting:

**Shetland Charitable Trust
Room 9, Islesburgh Complex, Lerwick
Thursday 29 November 2018 at 5.30pm**

Apologies for absence should be notified to Lynne Geddes on 01595 744592.

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 (i) 11 September 2018 and (ii) 22 October 2018 (enclosed).

For Decision

1. Budget 2019/20. Report enclosed.
2. Governance Arrangements for Shetland Charitable Trust. Report enclosed.
3. Schedule of Meetings 2019. Report enclosed.

For Information

4. Investment Review Report – Quarter to 30 September 2018. Report enclosed.
5. Management Accounts – Six Months Ended 30 September 2018. Report enclosed.
6. Capital Works Bridging Loan Scheme. Report enclosed.
7. Small Grant Schemes – Approvals. Report enclosed.

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

For Decision

8. Investment Review. Report enclosed.

For Information

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

REPORT

To: Shetland Charitable Trust

Date: 29 November 2018

From: Chief Executive

Report: CT1811031

Budget 2019/20

1. Introduction

- 1.1 The purpose of this report is to seek Trustee approval of the recommended budget and disbursements for 2019/20.

2. Background

- 2.1 The Trust's long term financial strategy is to use the average investment growth above inflation on the Trust's reserves to support annual expenditure, and so be able to pass on the reserves, preserved against inflation, to future generations (Min Ref CT/34/08). This financial strategy is known as "self-sustainable use of reserves" or sometimes simply "self-sustainability".
- 2.2 In order to meet its financial strategy the Trust approved its new Financial Plan (CT1505022) at its meeting on 28 May 2015. This financial plan will see expenditure reduce to £8.5 million over the four years to 31 March 2020.
- 2.3 Following the implementation of the Trust's Investment Review the Trust appointed an active equity manager. As a result, the Trust's fund management fees are around £0.6m higher than when the Financial Plan was approved. Therefore, the financial plan will see expenditure reduce to £9.1 million over the four years to 31 March 2020.
- 2.4 A disbursement review was carried out in 2014/15, to bring the Trust's disbursements into line with its Financial Plan. Trustees agreed to enter into a 4 year funding period which ends at 31 March 2020. An indicative budget for 2017-2020 was approved at the Trust meeting on 28 May 2015 (CT1505038).

3. Present Position

- 3.1 The table below provides a summary of the overall recommended budget for 2019/20 against the approved 2018/19 budget:

	Recommended Budget 2019/20 £'000	Approved Budget 2018/19 £'000
Income	1,686	4,644
<u>Expenditure</u>		
Disbursements (See 3.2 below)	(7,383)	(7,721)
Trust Administration	(638)	(650)
Investment Management	(1,033)	(935)
Total Expenditure	(9,054)	(9,306)
Investment Recall (See 3.3 below)	(7,368)	(4,662)

3.2 A full list of the Trust's budgets is given in Appendix A. In summary, the proposed budget shows an investment recall is required.

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

4 Income - £1,686,250

4.1 The budgeted income excludes managed fund dividend interest. Managed fund dividend interest is included as income in the Trust's Annual Accounts for accounting purposes. The Trust does not receive this income as cash, but it is automatically reinvested in the Trust's managed funds.

4.2 The budgeted income for Local Equity Gift Aid has been reduced to zero, following the sale of Shetland Leasing and Property Developments Limited and uncertainty on forecast gift aid from Shetland Heat Energy and Power Limited.

5. Disbursements - £7,383,167

5.1 Funding up to a maximum of £7,383,167 is recommended. This is a decrease of £337,812 on the prior year. These savings have been made through the agreed changes in disbursements to help the Trust to achieve its financial plan.

	<u>2019/20 Budget</u>	<u>2018/19 Budget</u>
Revenue Grants	7,353,167	7,685,979
Arts Grant Scheme	15,000	20,000
Senior Citizens Clubs	15,000	15,000
Total Disbursements	<u>7,383,167</u>	<u>7,720,979</u>

5.2 Revenue Grants - £7,353,167

- 5.2.1 Full details of the service targets for each organisation have been included in Appendix B.
- 5.2.2 **Shetland Amenity Trust (SAT)** – funding of **£1,142,988** is recommended. The grant provides core and project funding to support the organisational and staffing costs of SAT. External funding is levered in where possible especially for capital projects. SAT seeks to deliver an effective holistic service which enhances all aspects of Shetland's cultural and natural heritage. The service supports, encourages and facilitates the sound management and sustainable development of Shetland's natural and cultural resources.
- 5.2.3 **Shetland Arts Development Agency (SADA)** – funding of **£603,522** is recommended. The grant goes towards meeting some of the core and project costs of promoting, developing and delivering activities in the fields of dance, drama, theatre, film, literature, music, crafts and visual arts with a view to the advancement of arts and culture and improving the quality of life for the inhabitants of Shetland. External funding is levered in where possible.
- 5.2.4 **Shetland Recreational Trust (SRT)** – funding of **£2,972,802** is recommended. The grant assists with the cost of providing leisure and sports facilities at locations throughout Shetland. The facilities are seen as places where communities meet, socialise and play, as well as an attraction for tourists in Shetland's unpredictable climate.
- 5.2.5 **Disability Shetland (Recreation Club & Social Activities)** – funding of **£12,641** is recommended. The grant supports the running costs of the Adult Recreation club and also contributes to the costs of delivering the Social Club and Yoga Club activities at Islesburgh.
- 5.2.6 **Shetland Befriending Scheme** – funding of **£54,418** is recommended. The scheme provides young people with an opportunity to form a trusting relationship with an adult, to promote the young person's welfare and personal development. The grant covers salary costs and volunteers' expenses. Funding also supports the salary costs of the overall Project Coordinator for the Befriending Scheme.
- 5.2.7 **Citizens Advice Bureau (CAB)** – funding of **£132,265** is recommended. The grant is used towards the core costs of providing a general information and advice service.
- 5.2.8 **Voluntary Action Shetland (Core and Market House)** – funding of **£144,361** is recommended. The grant funds some of the core costs of providing a central point for advice and information to the voluntary sector in Shetland and the operation of Market House.

- 5.2.9 **Royal Voluntary Service** – funding of **£46,985** is recommended. The grant funds much of the core costs of providing a range of community projects for elderly and disabled people in Shetland.
- 5.2.10 **COPE Ltd** –funding of **£154,967** is recommended. The grant funds some of the core costs of the organisation to allow it to provide focused placements, training, support and employment opportunities to adults with learning and/or physical disabilities.
- 5.2.11 **Shetland Link Up** –funding of **£47,994** is recommended. The grant funds the core costs of the organisation enabling it to provide an informal meeting place to support people who are affected by mental health problems.
- 5.2.12 **Bus Services for Elderly and Disabled Persons** – funding of **£42,484** is recommended. This scheme supports the cost of daily transport services in Lerwick, to/ from clients' homes and/ or various social work establishments for elderly and disabled persons.
- 5.2.13 **Rural Care Model** - funding of **£1,986,188** is recommended. The funding is used to add value to the community care provided in Shetland, as the level of service is over and above that which would normally be provided by a local authority.
- 5.2.14 **Shetland Samaritans** – funding of **£4,000** is recommended. This budget supports the organisation to provide care/welfare services and activities in the community.
- 5.2.15 **Dunrossness Inter-Church Fellowship** – funding of **£7,552** is recommended. This budget supports the organisation to provide care/welfare services and activities in the community.

5.3 **Other Schemes - £30,000**

- 5.3.1 **Arts Grant Scheme** – funding of **£15,000** is recommended, which has been included in the overall budget. This budget is designed to assist and support individuals aged under 18 and/or community groups who are working with those aged under 18, or carrying out projects that are for the benefit of people aged under 18 with a wide range of arts genres, development projects and activities.
- 5.3.2 **Senior Citizens Clubs** – funding of **£15,000** is recommended. This budget supports senior citizens clubs with a programme of activities.

5.4 **Draw Down of Funding**

- 5.4.1 Trustees are required to formally agree the “draw down” (ie paying the grant) of funding to each of the organisations, which have successfully applied for funding from the Shetland Charitable Trust. Rather than considering each application separately, Trustees are asked to approve drawing down funding for all the organisations as listed above.

5.4.2 The costs highlighted above and the level of service set out in Appendix B have been agreed as part of the budgeting process through the application process. This enables payment (usually 50% of the total grant) to be made to the organisations on, or as soon as possible after, 1 April 2018.

5.4.3 The service provision targets for Shetland Amenity Trust, Voluntary Action Shetland and the Bus Services for Elderly and Disabled Persons are being revised and are yet to be agreed. These will be presented to Trustees for approval at the next Trust meeting. This supports the Trustees' request to review and revise service targets.

6. Management and Administration – £637,610

6.1 Funding of **£637,610** is recommended. The 2019/20 budget is shown in detail in Appendix A.

6.2 This is a reduction of £12,000 on the prior year. The main reasons for the reduction are:

- A reduction of £16,000 in bought in services, following a review of Service Level Agreements with Shetland Islands Council

7. Investment Management - £1,033,400

7.1 This takes full account of the Investment Review and the changes in asset allocation and fund managers implemented on 30 September 2016. It 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 £1,686,250 with expenditure of £9,054,177 giving a projected recall from investments of £7,367,927 for the year to 31 March 2020. This does not take into account any increase or decrease in the value of Trust investments in the year.

9. Conclusion

9.1 The recommended disbursements and management and administration costs of the Trust are £9,054,177 for the year to 31 March 2020.

9.2 The projected recall from Investments is £7,367,927 for the year to 31 March 2020.

10. Recommendations

10.1 It is recommended that Trustees approve:

- a) budgeted income of £1,686,250 as detailed at 4 above.
- b) budgeted disbursements of **up to** £7,383,167 as detailed at 5 above.

- c) grant budgets detailed in 5.2.1 to 5.3.2
- d) the drawdown of the approved grant budgets in 5.2.1 to 5.3.2, 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.
- e) budgeted management and administration expenses of £637,610 as detailed at 6 above.
- f) budgeted investment management expenses of £1,033,400 as detailed at 7 above.

Reference: DA1 & DA5

Report Number: CT1811031

	FY 20 Budget £	FY 19 Budget £
Income and Expenditure		
Managed fund dividends	985,000	1,842,792
Agricultural loan interest	750	1,059
Local Equity Gift Aid	-	2,000,000
Rental income	700,500	800,500
Miscellaneous income	-	-
Total Income	1,686,250	4,644,351
<i>Shetland Amenity Trust</i>	1,142,988	1,189,045
<i>Shetland Arts Development Agency</i>	603,522	633,974
<i>Shetland Recreational Trust</i>	2,972,802	3,082,989
<i>Disability Shetland - Recreation club</i>	12,641	12,641
<i>The Swan Trust</i>	-	17,913
<i>Shetland Churches Council Trust</i>	-	13,501
<i>Shetland Befriending Scheme</i>	54,418	54,418
<i>Shetland Islands Citizens Advice Bureau</i>	132,265	132,265
<i>COPE Limited</i>	154,967	154,967
<i>Shetland Link Up</i>	47,994	47,994
<i>Voluntary Action Shetland</i>	144,361	144,361
<i>Support to Rural Care Model</i>	1,986,188	2,091,516
<i>Buses for elderly and disabled</i>	42,484	44,358
<i>Festival grants</i>	-	7,500
<i>Local Charitable Organisations</i>	-	0
<i>Shetland Samaritans</i>	4,000	4,000
<i>Dunrossness Inter-Church Fellowship</i>	7,552	7,552
<i>Royal Voluntary Service</i>	46,985	46,985
Revenue Grants	7,353,167	7,685,979
Total schemes	30,000	35,000
Total Disbursements	7,383,167	7,720,979
Total Staffing Costs	306,000	304,600
Property Costs	62,400	61,700
Insurance	10,000	9,500
Administration	2,250	2,250
Supplies and services	6,500	6,000
Legal fees	50,000	50,000
Professional fees	20,000	20,000
Financial Advice	50,000	50,000
External audit fees	23,250	23,250
Trustees expenses	5,000	5,000
Meeting expenses	3,000	3,000
Trustee recruitment	5,000	5,000
Bank charges	250	250
Bought In services	93,960	109,203
Total management and admin	637,610	649,753
Fund managers fees	1,033,400	935,304
Total investment costs	1,033,400	935,304
Total Expenditure	9,054,177	9,306,037
Investment Recall	(7,367,927)	(4,661,686)

Shetland Arts Development Agency

Purpose

The objects of SADA shall be to **advance the education of the public resident in Shetland in the Arts**, in particular the Arts of Dance, Drama, Theatre, Film, Literature, Music, Crafts, Visual Arts and any new form of Media.

In furtherance of the said objectives but not otherwise, the Trustees shall seek to:

- I. **encourage and assist in promoting and advancing the creation, practice, presentation and study** of all forms of art – visual, performing and creative;
 - II. **support and encourage the continual development** of all arts forms;
 - III. **support existing and encourage new work;**
 - IV. **improve access** to the arts and **create opportunities** for individuals, geographical communities and communities of interest, at all levels of expertise and ability, to participate in and enjoy a diverse range of arts activity through performance, exhibitions and educational activities;
 - V. **create opportunities for personal development** through arts activities;
 - VI. **promote a culture of lifelong learning** through a community development approach within the arts;
 - VII. **support professional artists** through residencies, workshops and performances;
 - VIII. **promote excellence** in artistic quality;
 - IX. **develop the skills experience** of artist practitioners, and participants and encourage learning; and
 - X. **provide facilities** to support artistic activities
-

Key Targets 2019-20

Concerts/screenings/exhibition days – 4,229

Audience attendances – 161,112

Development sessions – 2,218

Participations – 20,902

Practitioners supported – 1,900

Groups supported – 200

Micro Businesses supported – 73

Total voluntary hours – 2,000

Shetland Recreational Trust**Purpose**

To provide a wide range of leisure and sport activities and facilities at 8 locations throughout Shetland.

The facilities are professionally operated, well maintained to a high standard with appropriate opening hours.

The facilities are seen as places for whole communities to meet, socialise and play.

They are a major attraction for local residents and an important factor in attracting tourists.

Key Targets 2019-20

Continue to manage and operate 8 leisure facilities across Shetland, whilst maintaining the minimum number of opening hours for each facility at:

Annual Target Opening Hours:

Clickimin Leisure Complex	4,900
Unst Leisure Centre	3,500
Yell Leisure Centre	3,500
North Mainland Leisure Centre	3,640
Whalsay Leisure Centre	3,255
South Mainland Pool	2,450
Scalloway Pool	2,625
West Mainland Leisure Centre	3,380

Annual Target Admissions

Clickimin Leisure Complex	420,000
Unst Leisure Centre	26,000
Yell Leisure Centre	38,000
North Mainland Leisure Centre	50,000
Whalsay Leisure Centre	44,000
South Mainland Pool	32,000
Scalloway Pool	36,000
West Mainland Leisure Centre	50,000

Maintain an average of 400 SRT and rural subscription members.

Maintain an average of 500 corporate subscription members.

Achieve attendances of 30,000 through swimming classes and courses.

Achieve attendances of 40,000 in sport and exercise classes.

Achieve attendances of 1,200 at health specific promoting classes

Undertake an annual survey to assess customer satisfaction rates with the services and facilities being provided by SRT

Continue to provide Senior Leisure Clubs for older adults at West Mainland, Clickimin, Unst, Whalsay and Yell.

Maintain attendance figure of 2,600 for Senior Leisure Clubs.

Work in partnership with local event organisers to deliver a minimum of 6 large scale community events at Clickimin for the people of Shetland.

Ensure that a consistent charging policy is implemented across all facilities, including standard and concessionary charges for those below 18 years of age, people with a disability and older adults (60+).

Provide 8 case studies which highlight the positive impact of SRT services on the lives of service users.

Disability Shetland

Purpose

To support the running costs of the Adult Recreation Club, including hiring venues, transport, volunteer expenses and training.

To contribute to the costs of delivering the Social Club and Yoga Club.

Key Targets 2019-20

Dry Sports – 36 sessions

Bowls Competitions – 1 per year

Swimming – 9 sessions

Swimming Gala – 1 per year

Yoga – 20 sessions

Wednesday Social Club – 48 sessions

Arts and crafts club – 12 sessions

Case studies – 2 per year

Shetland Befriending Scheme

Purpose

Offering the Shetland Befriending Scheme co-ordinated management through the support of a Project Co-ordinator.

Offering young people between 7–15 years the opportunity to form a trusting relationship with an adult to promote the young person's welfare and personal development.

Key Targets 2019-20

In 2019-20, the Project Co-ordinator is expected to achieve the following key targets;

- To undertake the general day to day running of the overall services and support and supervise 3 development workers on a daily basis;
- To identify future funding to enable sustainability and development of services to occur;
- To liaise with voluntary and statutory agencies to actively promote the befriending service;
- To identify a further need for befriending services and develop service delivery to meet the needs of vulnerable people at a local level;

In 2019-20, Shetland Befriending Scheme is expected to achieve the following key targets; -

- To continue to provide a high quality Befriending Service to Children and Young People Shetland wide. Up to 25 young people per annum will receive a service. 75% of young people receiving a service will achieve a positive outcome.
 - To continue to support, monitor and review matches occurring on a regular basis to ensure the befriending is benefiting the young person.
 - To continue to actively promote the service to the Shetland Community and engage in recruitment drives to seek new volunteers.
 - To recruit up to 8 new volunteers in the next financial year to offer the befriending service to young people.
 - To have up to 8 newly trained volunteers ready to be matched to a young person.
 - To offer a minimum of 6 group activity days for volunteers and their young person to participate in.
-

Shetland Islands Citizens Advice Bureau

Purpose

Providing an independent advice and information service to:

1. Ensure that individuals do not suffer through lack of knowledge of their rights and responsibilities, or of the services available to them, or through an inability to express their need effectively and
 2. To exercise a responsible influence on the development of social policies and services, both locally and nationally.
-

Key Targets 2019-20

- Deliver information and advice services for at least 30.5 hours per week
 - Number of new clients / new cases opened – 2,000
 - Total number of issues supported – 8,000
 - Confirmed financial gains from generalist advice - £15,000
 - Collaboration with partner organisations – 10
 - Training and supported work experience for volunteers – 25
 - Including new trainees – 4
-

Royal Voluntary Service

Purpose

RVS exists to enable older people to get more out of life by delivering practical support and a range of community based services tailored to individual need.

Key Targets 2019-20

In 2019/20, RVS is expected to achieve the following key targets: -

- 50% of New Referrals supported by RVS will see an improvement in wellbeing measured against the key outcomes of:
 - Happiness
 - Anxiety
 - Confidence
 - Companionship
 - Inclusion
 - Isolation
 - Fitness
 - Minimum of 120 Service Users receive RVS support.
 - Minimum of 10 new referrals supported.
 - Minimum of 20 carers supported.
 - Minimum of 6,000 passenger journeys supported.
 - Produce quarterly case studies.
-

COPE Limited

Purpose

To provide focused placements, training, support and employment opportunities to adults with learning or physical disabilities

Key Targets 2019-20

PRIORITY 1: Stimulating Social Enterprise

- Extend the reach of COPEs visibility by demonstrating the quality and excellence in supporting people with learning disabilities and ASD to thrive within their community.
- To increase joint working with other stakeholders to strengthen organisational outputs.
- Contribute to the national development of social enterprise as a business model.

PRIORITY 2: Developing Stronger Organisations

- Strengthen business support functions and systems to ensure effective and efficient management of the organisation.
- Review business growth opportunities for all business units.
- Encourage the pursuit of skill development opportunities to all staff.

PRIORITY 3: Realising Market Opportunity

- To engage in opportunities to promote the COPE Ltd brand and realise market opportunities locally, nationally and internationally.
 - To develop additional retail supply chains for COPE products locally, nationally and internationally.
-

Shetland Link Up

Purpose

Providing support to people who are affected by mental health problems

Key Targets 2019-20

PROPOSED OUTCOMES.

- **Promotion and extension of social inclusion**

a. Support up to 37 clients a year by attendance at drop-in, telephone and other contacts to access and maintain social contact. (Measured by maintaining a log of the number of and type of contacts.)

b. Number of clients who see company, opportunities for social inclusion, contact with others and friendship as their main need from the service to be identified from service agreements and reviews and success of this measured from reviews as well as the quarterly satisfaction ballot (anonymous).

c. Achievement of greater social inclusion measured by satisfaction ballot and service reviews.

d. Aim to support clients from all over Shetland.

- **Enabling people to access other services and facilities more easily and be more easily integrated into the wider community.**

a. Number of referrals to other agencies to be recorded by staff (on contact log?) Uptake or otherwise and reasons to be sought (but not obligatory).

b. In a year, at least 5 other services/support agencies or facilities to be invited to come to Link Up for clients to find out more about them and how to access them and for clients to meet staff.

c. At least 6 activities to be organised each year to for users of Link Up which enable access to other facilities (e.g. Clickimin, Shetland Arts) or build/improve skills (e.g courses/workshops in a variety of subjects such as crafts, cookery, sports etc.)

These to be chosen from annual activities questionnaire. Feedback to be obtained.

- **Support clients in recovery and maintaining it but also in relapse. Recognising that for some clients prevention of mental health deteriorating may be an outcome.**

a. Measured by comments on service agreement reviews and satisfaction ballot

b. Number of people returning to the service to be recorded from contact logs.

- **Promotion of factors which may assist improvement in mental health, for example improvement of self-esteem, exercise, diet etc (see above). May also be done by provision of information , e.g. MIND's leaflets, relaxation techniques etc.**

a. Measured as activities

b. Provision of information within drop-in recorded

Shetland Islands Council – Rural Care Model

Purpose

To Deliver a Rural Care Model

The Trust's contribution is to assist with cost of the additional overheads/fixed costs associated with the diseconomies of scale and the additional costs due to providing local services throughout Shetland.

Key Targets 2019-20

In 2018/19, Shetland islands Council – Rural Care Model is expected to achieve the following targets: -

- To maintain the number of permanent beds available for residential and respite care;
 - To ensure resources are used effectively, maintaining high Care Home occupancy;
 - To maintain performance against the national health and wellbeing outcomes;
 - To maintain positive Care Inspectorate results.
-

Shetland Samaritans

Purpose

To support the organisation to provide care/welfare services and activities in the community.

Key Targets 2019-20

1. To continue to offer services at the same level e.g. telephone/face to face service.
 2. To continue to offer an email/SMS service.
 3. To offer a service to Shetland Schools
 4. To recruit and train more volunteers, both listening and support.
-

Dunrossness Inter-Church Fellowship**Purpose**

To support the organisation to provide care/welfare services and activities in the community.

Key Targets 2019-20

1. To provide a central weekly day care service for house bound or otherwise isolated elderly people within the South Mainland area.
2. To provide weekly meeting including lunch and transport from home to hall.
3. To provide an opportunity for social inter-action with regular entertainment.
4. To provide a range of stimulating social, recreational and educational activities.



REPORT

To: Shetland Charitable Trust

Date 29 November 2018

From: Chief Executive

Report: CT1811032

Governance Arrangements for Shetland Charitable Trust

1. Introduction

1.1 The purpose of this report is to ask Trustees to approve the recommendations of the Audit & Governance Advisory Committee (AGAC) and revise the governing documents of Shetland Charitable Trust.

2. Background

- 2.1 At their meeting on 28 March 2013, Trustees agreed to adopt the Trust's new Administrative Regulations (CT1303005).
- 2.2 At their meeting on 11 September 2014, Trustees agreed an amendment to the Administrative Regulations (CT1409031).
- 2.3 At their meeting on 12 May 2016, Trustees agreed to amend the Administrative Regulations (CT1605020).
- 2.4 At their meeting on 14 September 2017, Trustees agreed to update the Administrative Regulations (CT1709021).

3. Present Position

- 3.1 The AGAC have collated the views of all Trustees with regard to suggested amendments and updates to the Administrative Regulations and the Schedule of Governance Arrangements of the Trust Deed.
- 3.2 The Trust Legal Advisors, Turcan Connell, have reviewed the suggested changes and have made recommendation.
- 3.3 The key changes have been documented in a paper from Turcan Connell as per Appendix A attached.
- 3.4 It is proposed to change the governing documents as per Appendix B attached.

4. Financial Implications

- 4.1 There are no financial implications arising from this report.



5. Recommendations

- 5.1 The Audit & Governance Advisory Committee recommend that Trustees approve the amendments to the governing documents of Shetland Charitable Trust as at Appendix B attached.

Reference: TA48

Report Number CT11811032

TURCAN CONNELL

Shetland Charitable Trust (S.0608.003)

Governance Arrangements for Shetland Charitable Trust ("Trust")

1. Introduction

The purpose of this paper is to consider key changes to the governing documents of the Trust.

In this paper:-

"Deed of Trust" means the Deed of Trust signed 14th and registered in the Books of Council and Session on 23rd both days of May 2012;

"Schedule of Governance Arrangements" means the Schedule of Governance Arrangements referred to in the Deed of Trust;

"Administrative Regulations" means the Administrative Regulations of the Trust last amended 14th September, 2017; and

"2005 Act" means the Charities and Trustee Investment (Scotland) Act 2005

2. Changes requested by Trustees

The Trustees have requested that the following matters should be provided for:-

2.1 Ability to remove a Trustee

A modern clause regarding the circumstances in which a trustee is either automatically disqualified as a trustee, or removed as a trustee following resolution by the trustees was considered. This is now provided for in paragraph 4(c) of the Schedule of Governance Arrangements.

2.2 Ability to suspend a Trustee

Power to suspend a Trustee from office has been included at paragraph 4(d) of the Schedule of Governance Arrangements.

2.3 Ability to remove Chair/Vice Chair

There is currently no mechanism to remove the Chair and Vice Chair from their positions. This is now provided for at paragraph 5 (c) of the Schedule of Governance Arrangements.

2.4 Code of Conduct to include Disciplinary Process

A disciplinary process with supporting flowchart for a breach of the Code of Conduct is provided for in Regulation 3.

2.5 Code of Conduct to include disclosure of criminal conviction

Updated wording is included in Appendix A.

There are certain circumstances under which a person is automatically disqualified from acting as a charity trustee (Section 69 of the 2005 Act).

Trustees of a new charity must sign an OSCR Trustee Declaration on the application for charitable status. Once a charity is established, there is then no requirement under the 2005 Act for new charity trustees to submit a Trustee declaration form to the Office of the Scottish Charity Regulator (“OSCR”), or indeed any re-affirmation of Trustee Declarations made on application.

It is good practice for all Trustees to sign a Trustee Declaration on appointment and re-affirm on an annual basis. The proposed Trustee Declaration is included as part of the Code of Conduct in the Administrative Regulations [pages 22 – 23]. Paragraphs 6, 7 and 8 have been taken from the recently revised Charity Commission for England and Wales’ *Automatic disqualification declaration*.

In England and Wales, the position was recently changed with the coming into force of the Charities (Protection and Social Investment) Act 2016 which expanded the list of offences and circumstances leading to automatic disqualification. OSCR has advised that the Scottish Government will be bringing forward legislation in the coming year to bring Scotland into line with England and Wales on this point.

3 Additional changes

3.1 Chair of AGAC – Authority to call “Special Meeting”

Circumstances may arise where for example there is a conflict with the Chair or there are staffing challenges. Trustees may wish to allow the Chair of the AGAC to call a special meeting of the Trust. This is now included at regulation 4.1.2 of the Administrative Regulations.

In addition, with the reduction in the quorum to 5, it is recommended that Trustees reduce the number of Trustees required to call a meeting from 6 to 5. This has been provided for in regulation 4.1.2 of the Administrative Regulations.

3.2 Amendment to Regulation 4.3.1

This has been amended to clarify that Minutes are only required for Trustee and Special Meetings and not committee or working group meetings.

3.3 Remove all reference to Councillors, Trustees from documents

The policy of the Council not to appoint Councillor trustees means that the Schedule of Governance contains references which are not applicable and could result in confusion. The Schedule of Governance has been updated throughout to reflect this.

3.4 Change to simple majority for non-attendance of Trustees at meetings

For consistency, the 75% majority required to remove a trustee for non-attendance at meetings under Paragraph 5 (d) of the Schedule of Governance Arrangements has been removed.

3.5 Reduction of minimum number of Trustees from "9" to "7"

Following the reduction in the maximum number of Trustees from 15 to 12 it is recommended that the minimum number of Trustees is reduced from 9 to 7. This has been provided for at Paragraph 3 (a) of the Schedule of Governance Arrangements.

16th November 2018



ADMINISTRATIVE REGULATIONS

SC027025

TURCAN CONNELL

SOLICITORS AND ASSET MANAGERS

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Shetland Charitable Trust
ADMINISTRATIVE REGULATIONS

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Appendix A – Code of Conduct for Trustees

Appendix B – Register of Interest Form

Appendix C – Schedule of Governance Arrangements

1. CONSTITUTION

1.1 Terms of Reference

- 1.1.1 The Shetland Charitable Trust ("the Trust") is a charity registered in Scotland with charity number SC027025. It is governed by its Deed of Trust now comprising Appendix B of the Resolution by the Trustees in implement of the 2016 Re-organisation Scheme dated 15th May 2017 and registered in the Books of Council and Session on 23rd May 2017 ("the Trust Deed").
- 1.1.2 These Administrative Regulations are granted in furtherance of Clause (FOURTH) of the Deed of Trust ("these Regulations").

2. TRUSTEES OF THE TRUST

2.1 Roles and Duties

- 2.1.1 Trustees must set and thereafter implement the strategic aims, objectives and direction of the Trust. Trustees must exercise overall control over financial affairs and ensure the completion of the relevant statutory reports, returns and accounts.
- 2.1.2 Trustees must act in the interests of the Trust at all times. They must promote the success of the Trust in the way that they think, in good faith, would be most likely to help the Trust achieve its purposes.
- 2.1.3 Trustees must try, in good faith, to ensure that the Trust acts in a way which is consistent with its purposes as set out in the Trust Deed.
- 2.1.4 Trustees must act with the care and diligence that it is reasonable to expect of a person who is managing the affairs of another person.
- 2.1.5 Trustees must manage conflicts of interest if they have (or can have) a direct or indirect interest which conflicts or might conflict with the interests of the Trust in line with Regulation 2.9. They must also declare the nature and extent of any interest, direct or indirect, which they have in a proposed transaction or arrangement.
- 2.1.6 Trustees must ensure that the Trust complies with any direction, requirement, notice or duty imposed on it as a result of the Charities and Trustee Investment (Scotland) Act 2005 ("the Charities Act").
- 2.1.7 Trustees must take any steps that are reasonably practicable to ensure that any breach of duty by a fellow Trustee is corrected and not repeated and also that any Trustee who seriously or persistently breaches his/her duties is removed as a Trustee.
- 2.1.8 Trustees must act within their powers and only exercise those powers for the purposes for which the powers were granted.
- 2.1.9 Trustees must exercise independent judgement. They must not accept benefits from third parties which might give rise to a conflict of interests and which are given because of the Trustee's position or because of an action they can take.
- 2.1.10 Trustees must attend meetings regularly and, unless a task is delegated, must act together to take decisions affecting the Trust. Trustees nonetheless also retain ultimate responsibility for any delegated decisions.
- 2.1.11 Trustees recognise that decisions are taken collectively and, once taken, that they must unite behind them and accept them as binding.
- 2.1.12 Trustees will appraise their collective performance annually.
- 2.1.13 Trustees must act in accordance with not only charity law but the law in general.
- 2.1.14 Trustees must take professional advice where appropriate or necessary.
- 2.1.15 Trustees will advise the Chief Executive of the Trust if charged with a criminal offence specifying the nature of the offence and that without delay.

2.2 Code of Conduct

- 2.2.1 All Trustees shall be required to accept and sign and return to the Trust the 'Code of Conduct' set out in Appendix A.
- 2.2.2 Trustees may be subject to another Code of Conduct, which applies to them by virtue of a professional body of which they are a member. In the event that any such code or other duty to which a Trustee is subject to imposes a higher standard than imposed by these Regulations, then that Trustee must follow that higher standard.

2.3 Appointment of Trustees

- 2.3.1 All Trustees shall be appointed, and retire, in accordance with the Schedule of Governance Arrangements appended to the Trust Deed reproduced as Appendix C.

2.4 Induction

- 2.4.1 All new Trustees shall receive an induction pack which will include the following:
- the Trust Deed
 - these Administrative Regulations
 - the most recent audited accounts
 - the Code of Conduct
 - the Register of Interest Form
 - OSCR's "Guidance and good practice for Charity Trustees".

In addition, such induction pack may include information on the Trust's strategy and administration and copies of any policies and other guidance as is appropriate to include.

- 2.4.2 All new Trustees shall have a meeting with at least one of the Chair, the Vice Chair, and the Chief Executive and shall be required to undertake introductory Trustee training which will be provided.
- 2.4.3 All Trustees shall be required to undertake any such training as required.

2.5 Election of Chair and Vice-Chair

- 2.5.1 The election of the Chair will be the first business transacted at the first Trustees' meeting following the retirement of the outgoing Chair. At that meeting, until the Chair is elected, a Trustee selected by the meeting, shall preside. A person holding the office of Chair shall be eligible for re-election as Chair for one further term thereafter.
- 2.5.2 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.
- 2.5.3 If there is only one candidate, that candidate shall be elected. If there is more than one candidate, voting shall be by secret ballot. Regardless of the number of candidates, each Trustee will vote for one candidate at each ballot. 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. This method shall continue until the appointment is made either by clear majority or a choice between two remaining candidates. 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.

2.5.4 If a casual vacancy arises in the office of Chair, an election to fill the vacancy shall be held as soon as practicable. 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.

2.5.5 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.

2.6 Duties and Responsibilities of Chair

2.6.1 The duties of the Chair of the Trust are set out below.

2.6.2 The Chair's overall purpose is to provide leadership and direction to the Trustees, enabling them to fulfil their responsibilities for the overall governance and strategic direction of the Trust and also for developing the Trust's aims, objectives and goals in accordance with the governing document, legal and regulatory guidelines.

2.6.3 The Chair will work with the Chief Executive to ensure that Trustee decisions are acted upon and the Trust is managed in an effective manner.

2.6.4 The Chair's main responsibilities are:

- (a) chairing Trust meetings;
- (b) leading the trustees and members of the staff to develop strategic plans for the Trust;
- (c) with the Chief Executive, ensuring that the Trust is run in accordance with the decisions of the trustees and the Trust's governing document;
- (d) liaising with the relevant staff to draft agendas for trustee meetings and ensure that the business is covered efficiently and effectively in those meetings;
- (e) manage matters relating to conflicts of interest.

2.6.5 Other duties of the Chair are:

- (a) taking action on behalf of the Trust on matters which will not admit of delay;
- (b) speaking with the press or other media on behalf of the Trust;
- (c) acting as "spokesperson" for the Trust in other situations;
- (d) representing the Trust at functions;
- (e) representing the Trust on external bodies.

2.7 Duties and Responsibilities of Vice Chair

2.7.1 The Vice Chair shall substitute for the Chair as and when required and support the Chair in fulfilling the responsibilities and duties of the Chair as set out in Regulation 2.6 above.

2.7.2 Anything authorised or required to be done by, to or before the Chair may, in the Chair's absence or where the Chair's authorisation has been granted, be done by, to or before the Vice Chair.

2.8 Advisory Councils or Committees

2.8.1 The Trustees have power in terms of the Trust Deed to create an Advisory Council or Councils or Committee or Committees (referred to in these Regulations as "committees") to act along with the Trustees and/or advise them on all or any of the objects of the Trust provided always that the creation, constitution, membership and continuance of any such committees shall be entirely at the discretion of the Trustees.

2.9 Conflicts of Interest

2.9.1 Trustees have a duty to manage any conflicts of interest. Conflicts of interest may create problems, such as:

- (a) inhibit free discussion;
- (b) result in decisions or actions that are not in the interests of the Trust; and
- (c) risk giving the impression that the Trust has acted improperly.

2.9.2 In law, conflicts of interest may arise in circumstances where there is a conflict or the potential of a conflict of interest between:

- (a) the personal interests of a Trustee and those of the Trust; and
- (b) the concerns of two different organisations to which a Trustee is affiliated;

Further, in terms of Section 66 (c) of the Charities Act Trustees must:

"in circumstances capable of giving rise to a conflict of interest between the Trust and any person responsible for the appointment of the Trustees:

- (i) put the interests of the Trust before those of the other person;
or
- (ii) where any other duty prevents the Trustee from doing so, disclose the conflicting interest to the Trust and refrain from participating in any deliberation or decision of the other Trustees with respect to the matter in question."

2.9.3 Generally, in deciding whether a conflict, or a potential conflict, of interests exists, Trustees should consider whether a member of the public, with knowledge of the relevant facts, would reasonably regard the interest as so significant that it would be likely to prejudice a Trustee's discussion or decision-making in his/her role as a Trustee.

Declarations of Interest

2.9.4 Accordingly, Trustees are asked to declare their interests, as follows:

- (a) current employment and any previous employment in which they continue to have a financial interest;

- (b) appointments (voluntary or otherwise) e.g. trusteeships, directorships, local authority membership, tribunals, etc;
- (c) membership of any professional bodies, special interest groups or mutual support organisations;
- (d) ownership or lease of land and property;
- (e) ownership and interests in companies (with limits specified);
- (f) any tenancy of premises owned by the Trust;
- (g) gifts or hospitality offered by external bodies and whether this was declined or accepted in the last twelve months;
- (h) any use, or care for a user of, the Trust's services;
- (i) any contractual relationship with the Trust or its subsidiary.

Interests will be recorded on the Trust's Register of Interests, which will be maintained by the Chief Executive.

- 2.9.5 The information provided will be processed in accordance with data protection principles and data will be processed only to ensure that Trustees act in the best interests of the Trust. The information provided will not be used for any other reason.

General

- 2.9.6 Subject to clause 2.9.7, a Trustee must declare an interest, refrain from taking part in the deliberations and withdraw from the room where circumstances arise capable of giving rise to a conflict of interest between the Trust and:
- (a) a Trustee or a person with whom a Trustee is connected;
 - (b) a Trustee, or a person with whom the Trustee is connected, as a user of the Trust's Services; and
 - (c) an organisation to which a Trustee is affiliated, i.e. owes a fiduciary duty to.

Exceptional circumstances allowing participation

- 2.9.7 If circumstances arise capable of giving rise to a conflict of interest between the Trust and the parties described in sub paragraphs 2.9.6 (a), (b) or (c) but such circumstances cannot reasonably be regarded as likely to give rise to a conflict of interest then a Trustee:-

- (a) must declare the interest, and
- (b) may take part in the deliberations and decision-making process.

Duty of Trustees/Chair on failure of a Trustee to declare an interest

- 2.9.8 If a Trustee fails to declare an interest that is known to any other Trustee, then such other Trustee shall draw it to the attention of the Chair of the Trust and the Chair will declare that interest at the outset of the discussion and the Trustee who has failed to declare the interest must act accordingly in terms of clause 2.9.6.

Connected Persons

2.9.9 With reference to Clause 2.9.6 the following persons are "connected" with the Trustee:

- (a) Any person
 - (i) to whom the Trustee is married;
 - (ii) who is a civil partner of the Trustee; or
 - (iii) with whom the Trustee is living as husband and wife or, where the Trustee and the other person are of the same sex, in equivalent relationship.
- (b) Any child, parent, grandchild, grandparent, brother or sister of the Trustee (and any spouse of any such person)
- (c) Any institution which is controlled (whether directly or through one or more nominees) by
 - (i) the Trustee;
 - (ii) any person with whom the Trustee is connected by virtue of paragraph (a), (b), (d) or (e); or
 - (iii) two or more persons falling within sub-paragraph (i) or (ii), when taken together.
- (d) A body corporate in which
 - (i) the Trustee has a substantial interest;
 - (ii) any person with whom the Trustee is connected by virtue of paragraph (a), (b), (c) or (e) has a substantial interest; or
 - (iii) two or more persons falling within sub-paragraph (i) or (ii) when taken together have a substantial interest.
- (e) A Scottish partnership in which one or more of the partners is
 - (i) the Trustee; or
 - (ii) a person with whom the Trustee is virtue of paragraph (a) or (b) connected.

2.9.10 For the purposes of the foregoing a person who is:

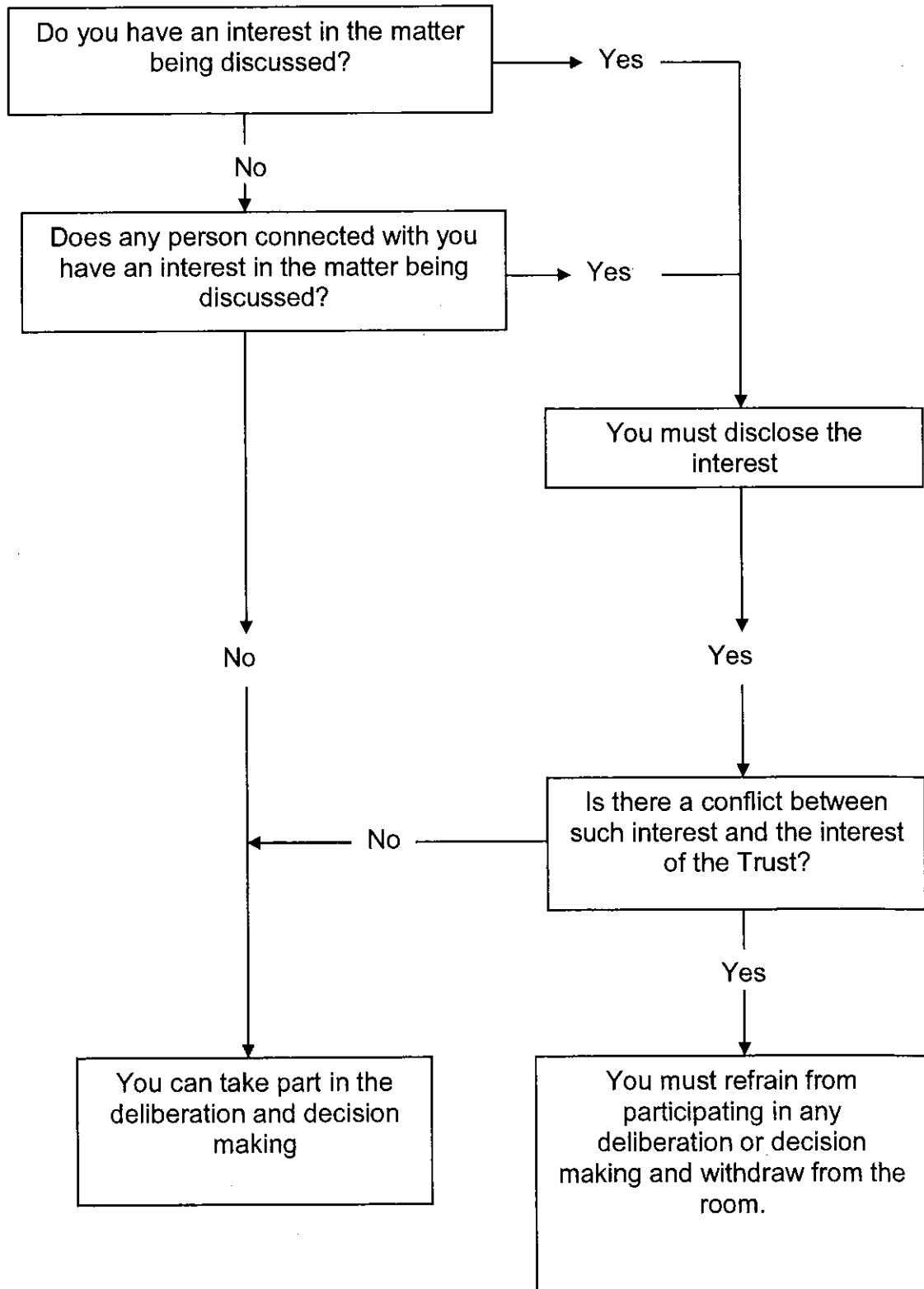
- (a)
 - (i) another person's stepchild, or
 - (ii) brought up or treated by another person as if the person were a child of the other person, is to be treated as that person's child.
- (b) able to secure that the affairs of an institution are conducted in accordance with the person's wishes is to be treated as being in control of the institution; and
- (c)
 - (i) interested in shares comprised in the equity share capital of a body corporate of a nominal value of more than one-fifth of that share capital; or
 - (ii) entitled (whether directly or through one or more nominees) to exercise, or control the exercise of, more than one-fifth of the voting power at any general meeting of a body corporate, is to be treated as having substantial interests in the body corporate.

OSCR

- 2.9.11 The Office of the Scottish Charity Regulator ("OSCR"), established by the Charities Act, has published guidance for Trustees which deals with, amongst other things, the general duties of Trustees and conflicts of interest. It is worth noting that this is OSCR's interpretation of the duties in terms of the Charities Act and does not itself have any binding effect on Trustees. It is however published guidance circulated by OSCR and ought to be given due consideration when a decision is being made with regard to whether or not a conflict of interest exists.

Management of Conflicts of Interest at Trustees' Meetings

The following flowchart is a summary of how a Trustee should act when he, or a connected party, has an interest in a matter of Trust business. This summary is demonstrative only and does not replace the written regulations.



3. DISCIPLINARY PROCESS

In the event that there is an allegation of a breach of the Code of Conduct the procedures outlined below apply:

- 3.1 The allegations will be referred to the Chief Executive and the Chair of AGAC who will review the allegations and apply outcomes 3.6.1, 3.6.2 or 3.6.3.
- 3.2 In the event that option 3.6.3 applies an investigation will be carried out by The Chief Executive, the Chair of the AGAC and one other Trustee ("the Panel").
- 3.3 Following any investigation, if a decision is reached that entails further action being taken against a Trustee then:
 - 3.3.1 The Trustee is entitled to be heard on all allegations.
 - 3.3.2 The Trustee has the right to appeal any decision.
- 3.4 The Panel will be entitled, but not obliged, to draw such inference from any Trustee's refusal to attend any meeting or to otherwise cooperate with the process as shall seem reasonable to the Panel in all the circumstances.
- 3.5 The Trustees may authorise the temporary suspension from attending board Meetings or attending to the business of the Trust of an individual under investigation if it is felt that continuing to do so may impede the investigation.

Outcomes

- 3.6 The outcomes available are as follows:
 - 3.6.1 No further action required; or
 - 3.6.2 Reprimand and recommendation that the Trustee takes such action as the panel deem appropriate to ensure that the breach does not occur again; or
 - 3.6.3 Investigation; or
 - 3.6.4 Following an investigation under 3.6.3, either 3.6.1, 3.6.2 or a recommendation that the Trustees resolve to remove the Trustee under Paragraph 4 (c)(iv) or (v) of the Schedule of Governance Arrangements referred to in the Deed of Trust.

Appeal

- 3.7 All Trustees shall have a right of appeal provided that such appeal, including the grounds thereof, is lodged in writing with the Chair within 14 days of intimation of such decision. The Trustee shall be given an opportunity of stating the grounds of his/her appeal, either in person or through or with a friend, or by written statement. A failure to attend the appeal hearing in person or through or with a friend or send a written statement or otherwise to cooperate with the appeal process may result in the appeal being rejected.

3.8 Trustees have a right of appeal to an appeal panel convened by Chair.

Review of Outcomes

3.9 Where a case is heard on an appeal the appeal panel may review the outcomes and either affirm or quash the recommendations by the Panel or, in the case of clause 3.6.2 make such alternative recommendations as it sees fit.

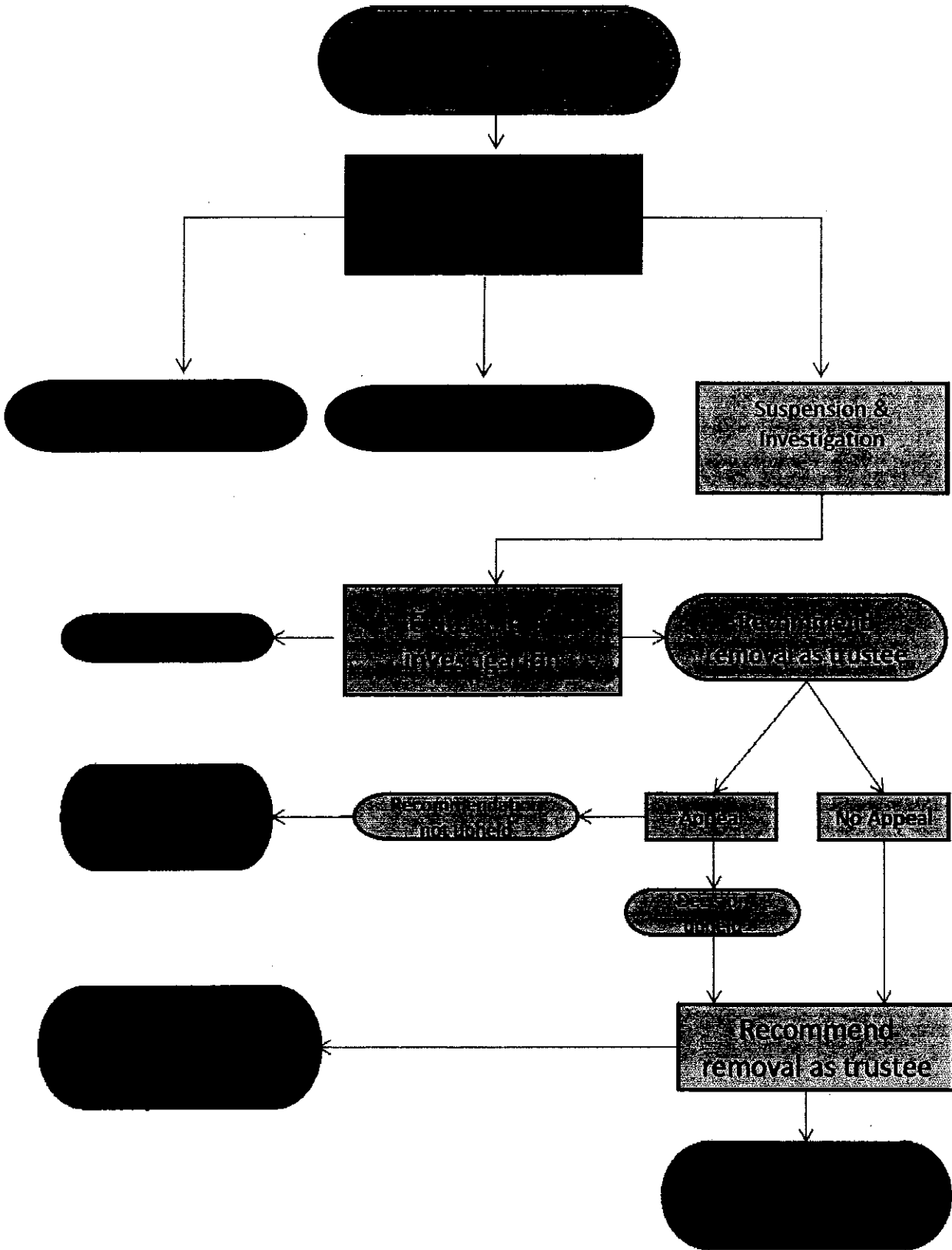
Notification of Outcome

3.10 The decision of the appeal panel will be notified to the appellant within 14 days of the appeal hearing taking place.

Finality of decision

3.11 Save as otherwise specified in terms of this Regulation, the decision of an appeal panel is final and no further right of appeal exists.

What happens if I do something wrong? The disciplinary process



4. MANAGEMENT OF THE TRUST

4.1 Composition and Function of the Management

- 4.1.1 Trustees shall ensure that the following services are always available to the Trust:
- Co-ordination and management;
 - Financial services;
 - Investment services;
 - Trust and taxation legal services; and
 - Administrative and secretarial services.
- 4.1.2 The Trustees shall appoint Senior Management and such professional advisers to carry out the functions of the Trust.
- 4.1.3 Employees and/or officials acting on behalf of the Trust and applicants for employment may not canvass Trustees.
- 4.1.4 No employee and/or official acting on behalf of the Trust may attend any unofficial meeting of a group of Trustees.

5. BUSINESS OF THE TRUST

5.1 Trustee Meetings

- 5.1.1. Dates of Trust meetings will be set and notified to the Trustees in November, for the following year.
- 5.1.2 A special meeting of the Trustees may be called at any time:
- (a) by the Chair of the Trust; or
 - (b) by the Chair of the Audit and Governance Committee; or
 - (c) on the request of 5 Trustees.
- 5.1.3 On receipt of a requisition under Regulation 5.1.2, the Chief Executive or such other person as is authorised by him/her shall call a special meeting, which shall be held within 14 days of the receipt of such requisition by the Chief Executive or such other person as is authorised by him/her.
- 5.1.4 Unless specified otherwise in these Regulations, no business shall be transacted at a meeting of the Trust unless a quorum is present. The Schedule of Governance Arrangements prescribes the quorum as 5 Trustees.
- In determining whether Trustees are present at a meeting of the Trust, it is irrelevant where any Trustee is or how they communicate with each other.
- 5.1.5 If the Chair finds that the quorum is wanting, the fact shall be announced and a period of 30 minutes shall elapse after which, if a quorum is then wanting, the meeting shall end, and the remaining business be carried forward.
- 5.1.6 No business shall be transacted at a meeting of the Trust other than that specified in the summons relating thereto.
- 5.1.7 Notwithstanding paragraph 5.1.6 hereof, at his or her discretion the Chair may bring forward at a meeting of the Trust any business.
- 5.1.8 Any Trustee, who must have the support of at least two other Trustees, may request that an item of business is considered at a meeting of the Trust. Such request must be made in writing to either the Chair and/or the Chief Executive, setting out at least the nature of the business together with the reasons why it should be considered. It will then be at the discretion of the Chair and the Chief Executive as to whether the item of business becomes an item of business at the next meeting of the Trustees or whether it is first considered by a committee.
- 5.1.9 Four clear days before a meeting the agenda paper for the meeting shall be sent to the Trustees of the Trust, and no other business, unless the Chair judges it urgent, shall be brought before the meeting.
- 5.1.10 At each Trustee Meeting there shall be a report (verbal or written) tendered by any committees and working groups of the Trust.

5.2 Conduct of Meetings

- 5.2.1 At a meeting of the Trust the Chair, if present, shall preside. If the Chair is absent, the Vice Chair of the Trust, if present shall preside. If the Chair and Vice Chair are both absent, another Trustee chosen by the Trustees present shall preside.

- 5.2.2 The ruling of the Chair (in which the Chair shall have the benefit of the advice of the Chief Executive or such other person as is authorised by the Chair) as to the construction or application of the Regulations shall not be challenged at any meeting of the Trust. The Chair may at any time adjourn a meeting or suspend a sitting of the Trust for a time to be named by the Chair.
- 5.2.3 Unless otherwise specified herein, all questions coming or arising before the Trust shall be decided by a majority of the Trustees present and voting thereon at a meeting of the Trust.
- 5.2.4 In the case of an equality of votes the person presiding at the meeting shall have a second or casting vote except where the matter which is the subject of the vote relates to the appointment to any particular office or committee or sub-group, in which case the decision shall be by lot.
- 5.2.5 If a Trustee disregards the Chair, the Chair may order their removal from the room, or suspend the sitting for a specified time.
- 5.2.6 All meetings of the Trust shall be open to the public provided that the Trust may by resolution exclude the public from a meeting (whether during the whole or part of the proceedings) whenever, in the sole opinion of the Trustees, publicity would be prejudicial to the Trust by reason of the confidential nature of the business to be transacted or for other special reasons stated in the resolution and arising from the nature of that business or of the proceedings.
- 5.2.7 After warning, the Chair may order the removal from the room of any member of the public causing disturbance.

5.3 Minutes

- 5.3.1 Minutes will be taken at Trustees' meetings under Regulations 5.1.1 and 5.1.2 and the Annual General Meeting.
- 5.3.2 In the case of a Trustee meeting, the minutes will be circulated to all Trustees, and submitted to and signed at the next Trustee meeting as appropriate. In the case of the Annual General Meeting, the minutes will be signed by the Chair once approved and circulated to all Trustees with the notice of the following Annual General Meeting. Any minute purporting to be so signed shall be received in evidence without further proof.
- 5.3.3 In the case of a committee or working group meeting, a minute of action points arising shall be recorded and maintained as necessary and their implementation monitored by the Chief Executive or the committee or working group as appropriate.

5.4 Confidentiality

- 5.4.1 Documents containing information which in the interests of the Trust ought not to be divulged will be marked as confidential.
- 5.4.2 The Chief Executive or such other person as is authorised by him/her shall classify all documents for presentation to the Trust and any committees or sub-groups of the Trust, and mark accordingly those classified as confidential, such classification being subject to the approval of the Trust and/or the relevant committee or sub-group as appropriate. He or she shall remove this

marking when it is no longer, in his or her view, required, for a complete document or for part of it. Confidential documents or their contents shall not be referred to in public and their contents shall in no circumstances be quoted in public or divulged. The advice or opinions of employees and/or officials acting on behalf of the Trust, as opposed to factual information provided by them, contained in documents, whether classified or not, shall not be divulged at any time as being those of the employees and/or officials acting on behalf of the Trust.

- 5.4.3 The production in response to a request by a Trustee of a specified document or documents, whether circulated or not, which has not or have not been presented to the Trust or a committee shall be at the discretion of the Chair of the Trust.

5.5 Signing of Documents

- 5.5.1 Any document to be executed for and on behalf of the Trust shall be signed by any 3 of the 12 Trustees, and these signatures shall be full and sufficient certificate that the document has been duly and validly executed for and on behalf of the Trust in compliance with all the regulations of the Trust.

5.6 Expenses

- 5.6.1 Each Trustee shall be entitled to reimbursement of all expenses reasonably incurred by him or her in connection with the necessary performance of his or her duties as Trustee.
- 5.6.2 Any Trustee who wishes to submit an expenses claim for incidental expenses must do so in any format set down by the Chair. Receipts must be attached and where receipts are not available, an explanation must be given for the failure to produce a receipt.
- 5.6.3 The Chair shall be entitled to introduce a requirement for prior approval of expenses or a cap on the maximum level of permitted expenses in relation to expenses for all or some of the Trustees and in relation to some or all expenses. Where the procedure does not apply uniformly to all Trustees, there must be a reasonable justification for it being introduced in a targeted manner.
- 5.6.4 It shall be the duty of the Chief Executive's office to keep a record of all expense claims.

6. AMENDMENT

6.1 Amendment of Administrative Regulations

- 6.1.1 Amendments may be effected by submitting a written proposal to a Trust meeting, notice of which has been circulated to all Trustees in advance of the meeting.

Appendix A

CODE OF CONDUCT FOR TRUSTEES

I will respect and uphold the objects of the Trust, as set out in the Deed of Trust.

I recognise that it is included in this ambition that:

1. General Responsibilities of Trustees

- 1.1 I will act within the Deed of Trust and the law and will abide by the policies and procedures of the Trust. It is my responsibility to have a sound knowledge of the contents of the Deed of Trust, the Administrative Regulations, relevant policies, plans and procedures;
- 1.2 I will support the objects of the Trust and will champion it using any skills or knowledge I have to further that mission, and I will seek expert advice where appropriate;
- 1.3 I will help to set and maintain the Trust's values and standards;
- 1.4 I will be an active Trustee, making my skills, experience and knowledge available to the Trust, and I will seek to do what additional work I can outside Trustee meetings, including sitting on sub-committees and sub-groups. I will make sure that I am able to commit sufficient time to ensure that I am an effective member of the Board of Trustees;
- 1.5 I will respect organisational, board and individual confidentiality, while never using confidentiality as an excuse not to disclose matters that should be transparent and open;
- 1.6 I will develop and maintain a sound and up-to-date knowledge of the Trust, its financial, risk and business planning and its environment. This will include having an understanding of how the Trust functions, the social, political and economic environment in which it operates, scrutinising its goals and objectives, monitoring the reporting of performance and progress and understanding the nature and extent of its work;
- 1.7 I will use the Trust's resources responsibly and when claiming expenses will do so in line with the Trust's procedures;
- 1.8 I will seek to be accountable for my actions as a Trustee of the Trust and will submit myself to whatever scrutiny is appropriate;
- 1.9 I accept my responsibility to ensure that the Trust is well run and will raise issues and questions in an appropriate and sensitive way to ensure that this is the case.

2. Managing Interests

- 2.1 I will not gain, materially or financially, from my involvement with the Trust unless specifically authorised to do so by the board in accordance with the terms of the Charities and Trustee Investment (Scotland) Act 2005, nor will I gain benefits for family, friends or other organisations to which I belong.

- 2.2 I will act in the best interests of the Trust as a whole, and not as a representative of any group. I will consider what is best for the Trust and its present and future beneficiaries and stakeholders and will avoid bringing the Trust into disrepute.
- 2.3 Unless authorised, I will not put myself in a position where my personal interests conflict with my duty to act in the interests of the Trust. Where there is a conflict of interest I will ensure that this is managed effectively in line with the Trust's policy. I understand that a failure to declare a conflict of interest may be considered to be a breach of this code.
- 2.4 I will inform the Chief Executive of any changes to the list of organisations of which I have board level membership or where I have responsibilities which may be seen to conflict with my role as a Trustee of the Trust.
- 2.5 I will inform the Chief Executive if I accept appointments to other organisations.

3. Meetings

- 3.1 I recognise that as a Trustee it is mandatory to attend all appropriate meetings and other appointments of the Trust or give apologies.
- 3.2 I will prepare fully for all meetings and work for the Trust. This will include reading papers, querying anything I do not understand, thinking through issues before meetings and completing any tasks assigned to me in the agreed time.
- 3.3 I will actively engage in discussion, debate and voting in meetings; contributing in a considered and constructive way, listening carefully, challenging sensitively and avoiding conflict.
- 3.4 I will participate in collective decision making, accept a majority decision of the Board of Trustees and will not act individually unless specifically authorised to do so.
- 3.5 Where I am a member of a committee or sub-group, I will take all reasonable steps to ensure that other Trustees are kept fully up-to-date with information upon which decisions may be taken.
- 3.6 I will take joint responsibility for decisions taken, including those determined by a nominated committee and sub-groups and recognise that I am accountable to stakeholders. I will submit to whatever scrutiny is appropriate.

4. Governance

- 4.1 I will actively contribute towards improving the governance of the Board, participating in induction and training and sharing ideas for improvement with the Board of Trustees.
- 4.2 I will help to manage the Trust with care, diligence and skill, taking professional advice where appropriate. I understand that I am not

expected to possess expertise other than that which might reasonably be expected of me.

5. Relations with others

5.1 I will endeavour to work considerately and respectfully with all those I come into contact with at the Trust. I will respect diversity, different roles and boundaries, and will avoid causing intentional offence.

5.2 I recognise that the roles of Trustees, volunteers and staff of the Trust are different, and I will seek to understand and respect the difference between these roles.

5.3 I will seek to support and encourage all those I come into contact with at the Trust who are acting in the Trust's interests. In particular I recognise my responsibility to support the Chair, the Chief Executive and the Senior Management Team.

5.4 I will not make public comments about the Trust unless authorised to do so by the Chair or the Chief Executive. Any public comments I make about the Trust will be considered and in line with organisational policy, whether I make them as an individual or as a Trustee.

6. Disciplinary process

6.1 I understand that breach of any part of this code may result the Trust's Disciplinary Process being invoked which may result in my suspension and/or removal from the Board of Trustees. Should I be removed from the Board of Trustees I will be given the opportunity to be heard as provided for in the Disciplinary Process.

7. Ceasing to be a Trustee

7.1 If I wish to resign as a Trustee at any time, I will inform the Chair in advance in writing, stating my reasons for leaving and will agree to participate in a recorded exit interview.

Trustee Declaration

Please read OSCR's Guidance for Charity Trustees before signing this declaration.

I declare that:

1. I have read OSCR's Guidance for Charity Trustees.
 2. I am willing to act as a charity trustee of the above named organisation.
 3. I understand the organisations purposes and rules set out in its governing document.
 4. I am aware of my duties and responsibilities as a charity trustee in terms of section 66 of the Charities and Trustee Investment (Scotland) Act 2005 ('the 2005 Act').
 5. I am not disqualified from being a charity trustee in terms of the 2005 Act – that is:
 - 5.1 I am not an undischarged bankrupt
 - 5.2 I have not granted a Protected Trust Deed (PTD)
 - 5.3 I do not have an unspent conviction for an offence involving dishonesty
 - 5.4 I do not have an unspent conviction for an offence under the 2005 Act
 - 5.5 I have not been removed by the Court of Session under the 2005 Act (or earlier legislation) from being a charity trustee or being concerned in the management or control of any charity or body
 - 5.6 I have not been removed from being a charity trustee by the Charity Commission or the High Court in England due to misconduct or mismanagement
 - 5.7 I have not entered into an individual voluntary arrangement (IVA) to pay off debts with creditors. (This only applies to trustees living in England or Wales)
 - 5.8 I am not disqualified from being a company director.
 6. I have not been charged of any offence
 7. I have no unspent convictions for any offence.
 8. I am not on the sex offenders register (ie subject to notification requirements of Part 2 of the Sexual Offences Act 2003).
- A. I understand that it is an offence under section 26 of the 2005 Act to knowingly or recklessly provide false or misleading information.**
- B. I will inform the Chief Executive without delay, if after the date of this declaration, one or more of the declarations under clauses 5, 6 or 8 no longer apply to me.**

C. I understand that if either clauses 6 or 8 no longer apply to me that the remaining Trustees:-

- (a) may suspend me as a Trustee, without prejudice of guilt, if it is resolved that the fact that either clauses 6 or 8 no longer apply to me may be detrimental to the reputation of the Trust; or**
- (b) may resolve to remove me as a Trustee on the grounds that, in the sole opinion of the remaining Trustees, I have acted in such a way as would bring the Trust into disrepute and in all the circumstances removal as a Trustee is justified to preserve the reputation of the Trust.**

To be signed by the Trustee

Signed _____

Name _____

Date _____

NOTES

For Trustees:

This Code has been written in accordance with the Office of the Scottish Charity Regulator's "Guidance for Trustees", the Scottish Arts' Council's handbook on "Care Diligence and Skill" and The Trustee Network's booklet "Codes of Conduct for Trustees".

The purpose of this Code of Conduct is to ensure consistent application of the values and ethos of the Trust and set out the relevant standards and commitments expected of all Trustees.

For Prospective Trustees:

All new Trustees will be provided with information about what is expected of them in relation to time commitment, committee membership and involvement outside Trustees' meetings, together with copies of relevant policy documents. Opportunities will be provided to speak to an existing Trustee.

For the Trust:

The Senior Management Team of the Trust will:

1. provide the Board of Trustees with timely and relevant information in order to allow the Board to govern well;
2. provide the Board with advice when necessary, ensuring that external professional advisors are available as and when needed;
3. work in partnership with the Board to ensure that they fulfil all of their statutory and legal responsibilities;
4. invest time, money and other resources in order to help support and further develop good governance;
5. provide the Board with the necessary administrative and other support that it will need to govern well, including its development needs; and
6. reimburse Trustees' out-of-pocket expenses incurred in the course of their duties as Trustees in accordance with the Trust's procedures. Trustees may waive all or part of these if they so choose. Such expenses will be in line with the Trust's policy. All expense claims to be in accordance with the standing order on expenses.

Appendix B

Register of Interest Form

Name: _____

As a Trustee of Shetland Charitable Trust, I have set out below my interests in accordance with the Trust's Code of Conduct.

Current employment and any previous employment in which you continue to have a financial interest	
Appointments (voluntary or otherwise) e.g. trusteeships, local authority membership, tribunals etc.	
Membership of any professional bodies, special interest groups or mutual support organisations	
Ownership or lease of land and property	
Investments in unlisted companies, partnerships and other forms of business, major shareholdings	
Any tenancy of land owned by the Trust	
Any gifts of hospitality offered to you by external bodies and whether this was declined or accepted in the last twelve months	
Any contractual relationship with the Trust	
Any use, or care for a user of, the Trust's services	
Any other conflicts not covered by the above	

To the best of my knowledge, the above information is complete and correct.

I undertake to update as necessary the information provided, and to review the accuracy of the information on an annual basis. I give my consent for it to be used for the purposes described in the Code of Conduct and for no other purpose.

Signed:

Position with Trust:

Date:

Note to Trustees completing the form

Please give details of the interest and whether it applies to you or, where appropriate, a member of your immediate family or an individual or organisation with which you have a close personal connection.

Appendix C

This is the SCHEDULE OF GOVERNANCE
ARRANGEMENTS referred to in the 2012 DEED of
TRUST by Malcolm John Bell and others dated
13th and 14th September 2012

1 Definitions:-

In this Schedule of Governance Arrangements:-

"Trustee" means a trustee appointed or re-appointed by the Trustees under Paragraph 4 unless the context requires otherwise;

"Continuing Trustees" means the Trustees in office as at the Effective Date;

"Effective Date" means *[Date of Resolution of Trustees]*;

"Schedule" means this Schedule of Governance Arrangements;

"Selection Panel" means such persons appointed by the Trustees under Paragraph 6;

"Term" means the term of office from the date of appointment for a period of four years;

"Trustees" includes Continuing Trustees;

2 Trustees

Subject as aftermentioned, Trustees shall be principally resident in the Shetland Islands and in the event that any Trustee ceases to be so resident such Trustee shall be deemed to have demitted office as a Trustee on the date he ceases to be so resident. In exceptional circumstances, Trustees may resolve:-

- (a) that a Trustee who ceases to be principally resident in the Shetland Islands may continue in office as a Trustee notwithstanding that he or she has ceased to be so resident; or
- (b) appoint as a Trustee an individual not principally resident in the Shetland Islands.

3 Number and Body of Trustees

- (a) The minimum number of Trustees shall be seven and the maximum number of Trustees shall be twelve in number and any vacancy shall be promptly filled allowing for due process.
- (b) Notwithstanding any vacancy in the number of Trustees at all times there shall be deemed to be at least the minimum number of Trustees.
- (c) No Trustee may serve for more than two consecutive Terms and once a Trustee has demitted office there must then be a break of at least two years before any subsequent Term. Any Trustee re-appointed following a break of two years will be deemed not to have served any prior term for the purposes of this Schedule.

4 Trustees

- (a) The Trustees shall, on the recommendation of the Selection Panel, appoint Trustees.
- (b) Subject to sub-paragraph 8(b) below, Trustees shall serve a Term and shall be eligible for re-appointment for one further Term thereafter.
- (c) The office of Trustee shall be vacated in any of the following events, namely:-
 - (i) if he shall enter into an arrangement with his creditors or become apparently insolvent; or
 - (ii) if a registered medical practitioner who is treating him gives a written opinion to the Trust stating that he has become physically or mentally incapable of acting as a Trustee and may remain so for more than three months; or
 - (iii) if he is prohibited by law from being a Trustee or if he is disqualified from acting as a charity trustee in terms of the Charities and Trustee Investment (Scotland) Act 2005; or
 - (iv) if, in the sole opinion of the other Trustees, he shall have acted in such a way as would bring the Trust into disrepute and in all the circumstances his removal from office is justified to preserve the reputation of the Trust; or
 - (v) if he is removed from office by resolution of the other Trustees on the ground that he is considered to have been in serious or persistent breach of his duties under section 66(1) or (2) of the Charities and Trustee Investment (Scotland) Act 2005.
- (d) Trustees may suspend any Trustee from office by resolution of the other Trustees on for such period as the Trustees think fit.

5 Quorum, Chair and Trustees' Meetings

- (a) No business shall be transacted at a meeting of the Trustees unless a quorum is present and any and all such business shall be decided by a majority of the Trustees present and voting thereon. In the event of an equality of votes, the Chair of the Trust, or in his absence the Vice-Chair, or in the absence of both, the person presiding at the meeting shall have the second or casting vote.
- (b) The quorum for a meeting of the Trustees shall be five Trustees.
- (c) 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.
- (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 Trustee under paragraph 4(c)(iv).

6 Selection Panel

- (a) The Trustees shall establish a Selection Panel to guide the Trustees in relation to the selection of appropriate individuals for appointment as Trustees.
- (b) The Selection Panel shall comprise:-
 - (i) an independent Chair appointed by the Trustees or an Advisory Committee established in furtherance of Clause 4 of the Schedule of Powers annexed and executed as relative to the 2012 Deed of Trust but who shall not be a Trustee of the Trust; and
 - (ii) two Trustees.
- (c) In the event that the Selection Panel is unable to recommend appropriate individuals resident in the Shetland Islands for appointment as Trustees then that shall be deemed to be exceptional circumstances for the purpose of Paragraph 2

7 Annual General Meetings

- (a) An Annual General Meeting shall be held in public once in every financial year at such time (within a period of not more than 15 months after the holding of the last Annual General Meeting) and place as may be determined by the Trustees.
- (b) The Chair, or in his absence for any reason the Vice-Chair, or in the absence of both for any reason a Trustee present and chosen by the other Trustees present shall preside as Chair of the Annual General Meeting.
- (c) At least 21 clear days' notice must be given of the Annual General Meeting, such notice being published on the Trust's website and in a local newspaper specifying the time and place of the meeting.
- (d) The purpose of the Annual General Meeting will be to present the Annual Report of the Trustees and such other business as the Trustees may decide.

8 Transition etc

As at the Effective Date the Continuing Trustees:-

- (a) shall be the Trustees;
- (b) shall be deemed to have been appointed on such date prior to the Effective Date as such Continuing Trustee was first appointed as a Trustee; and
- (c) shall be deemed to have served such Term or Terms as provided for in the 2012 Deed of Trust.

REPORT

To: Shetland Charitable Trust

29 November 2018

From: Chief Executive

Report: CT1811033

Schedule of Meetings 2019

1. Introduction

1.1 The purpose of this report is to seek Trustees' approval as to the schedule of meetings for 2019. It is proposed to schedule four meetings for the year.

2. Present Position

2.1 During 2018, there were four scheduled Trust meetings. This worked well and it is proposed to continue with this for the 2019 meetings.

3. Proposed Schedule

3.1 For 2019, the following meeting dates are proposed:

Thursday 28 February 2019

Thursday 6 June 2019

Thursday 12 September 2019

Thursday 28 November 2019

3.2 The meeting venue will be confirmed when the Agenda is issued and will start at 5.30pm.

4 Recommendations

4.1 The Audit & Governance Advisory Committee recommend that Trustees adopt the diary of meetings set out above for 2019.

Ref: TA48

Report Number CT1811033

3

REPORT

To: Shetland Charitable Trust

Date: 29 November 2018

From: Chief Executive

Report: CT1811034

Investment Review Report - Quarter to 30 September 2018

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 quarter to 30 September 2018.

2. Detail

- 2.1 This report concentrates on the three-month period from July to September 2018. The report looks at the performance of the Trust's fund managers, the overall investment performance relative to the markets, the physical movement of funds, any changes from the investment strategy, and any other relevant issues relating to the investments over the period.
- 2.2 The Trust has four fund managers with total investments under management at the end of September 2018 of £283 million. The funds, type of mandate and market values at the end of September 2018 are as follows:

Manager	Mandate	% of Reserves	Market Value £m
Baillie Gifford	Active Equity	46%	131
BlackRock	Passive Equity	31%	87
Schroders	Property	14%	41
Insight	Diversified Growth Fund	9%	24

2.3 Individual fund manager performance is detailed later but there is the need to consider the effect of the markets themselves and of any cash withdrawals or injections into the funds. The following table shows the effect on the overall investments of these factors during the three month period.

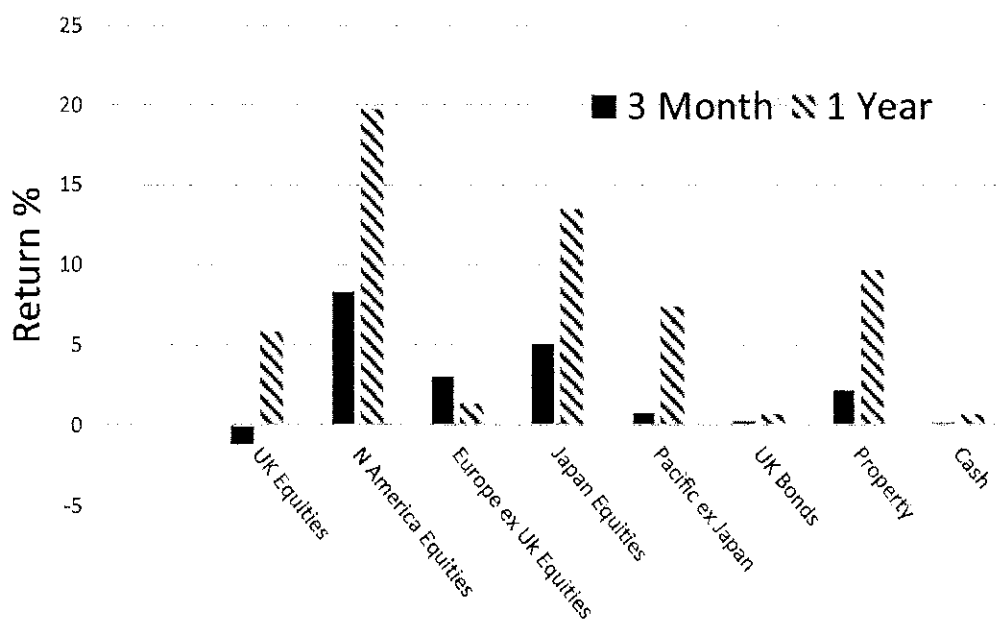
	£m
Market Value 30/06/18	280.0
Additions / (Withdrawals)	(1.7)
Investment Return	<u>5.0</u>
Market Value as at Sept 2018	<u>283.3</u>

2.4 The figures show an overall £5.0 million increase in value over the three month period. This increase in value is due to moderate returns across all asset classes.

2.5 The Trust received £0.5 million of dividend income during the three month period to September 2018 and in addition £1.2 million was transferred back to the Trust. The dividend was from BlackRock and is their quarterly dividend distribution from the UK equity investment, which is paid into the Trust's bank account.

2.6 Over the three month period to September 2018 US and Japanese equity markets performed well, with moderate gains elsewhere and a drop in the UK equity market. Returns on equity markets remain volatile with political uncertainty, trade disputes and Brexit weighing on markets.

2.7 The investment markets performance by asset class over the three month period and twelve month period is shown below.



2.8 The fund manager has negligible influence over the market return but they may be required by the mandate agreement to invest into these markets. The main constituent of a fund's performance is the market return, where the fund is invested. A fund manager with an active mandate is asked to outperform a benchmark made up of market indexes, or cash plus a percentage return, whereas a fund manager with a passive mandate is aiming to match the market return.

2.9 In this environment the Trust's fund managers have, over the three month period to the end of September 2018, performed as follows:

Manager	Mandate and Benchmark	Fund Return %	Benchmark Return %	% Return Compared to Benchmark
Baillie Gifford	Equity (Active)	1.4	5.6	-4.2
BlackRock	Equity (Passive)	1.7	1.7	0.0
Schroders	Property	1.9	1.6	0.3
Insight	Diversified Growth Fund	2.0	1.1	0.9

2.10 Baillie Gifford has an active equity mandate which invests in around 30-50 shares throughout the world. This fund is therefore volatile with returns that can be very different to the benchmark index. This is evident in the quarter to end September where Baillie Gifford returned 1.4% compared to the broad market return of 5.6%. Over this period the technology and Chinese stocks held by Baillie Gifford under performed.

2.11 The fund with BlackRock is invested passively in equities, so the fund is aiming to equal the benchmark return. BlackRock achieved this aim over the three month period. The mandate with BlackRock over the three month period produced a return of 1.7%, which is a reflection of the mixture of returns from the various equity markets the fund invests into.

2.12 Schroders invests in property via a fund of funds approach where they invest in various different property funds to spread investment risk. Over the three month period the fund returned 1.9% which was above the property benchmark.

2.13 Insight has a diversified growth fund mandate which invests into various different asset classes to spread risk and smooth returns. Insights benchmark return is the return on cash plus 4%. Overall

Insight returned 2.0% over the quarter which was 0.9% above the benchmark return.

- 2.14 The overall investment return for the Trust's investments for the three month period to the end of September 2018 was 1.6%, which was 1.4% below the benchmark return.
- 2.15 In October, there was a major drop in equity markets across the world. This has resulted in total investments under management falling by £20m to £263m at the end of October 2018.

3. Financial Implications

- 3.1 The long term investments and their performance are important to the Trust and the achievements of its outcomes and objectives.
- 3.2 It is recognised that the actual investment performance each year will be different to what is expected or required, however over the long term this will be monitored and reviewed to ensure that the Trust's external investments work towards meeting its long term objectives.
- 3.3 It is not likely that the Trust can expect a positive investment return from its investments every year but having robust governance and monitoring in place mitigates the financial risks and enables the Trust to take action at appropriate times to address poor performance by the fund managers.

4. Recommendations

- 4.1 Trustees are asked to note this report.

Reference: IA7

Report Number: CT1811034

REPORT

To: Shetland Charitable Trust

Date: 29 November 2018

From: Chief Executive

Report: CT1811035

Management Accounts – Six Months Ended 30 September 2018

1 Introduction

1.1 The purpose of this report is to present the Trust's Management Accounts for the three months ended 30 September 2018, 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 Charitable Trust for 2018/19 and the results in the six months to 30 September 2018.

Table 1: Summary Management Accounts 2018/19

Item	Current Budget £m	Spend to Sept 2018 £m
Income	4.6	2
Disbursements	(7.7)	(3.9)
Management and Administration	(0.6)	(0.3)
Fund Managers Fees	(0.9)	(0.5)
Gain on Investments	-	32.1
Total	(4.6)	29.4

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 2018 the Trust made a gain on its investments of £32.1m.



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 to 30 September 2018 as shown in the Management Accounts in Appendix A.

Reference: DA5/1

Report No: CT1811035



Shetland **Charitable Trust**

Management Accounts

6 Months Ended 30 September 2018

Shetland Charitable Trust
Income and Expenditure
Period to 30 September 2018

	<u>6 Month</u> <u>Actual</u> <u>£</u>	<u>Annual</u> <u>Budget</u> <u>£</u>	<u>Variance</u> <u>£</u>
<u>Income</u>			
Managed fund dividends	927,554	1,842,792	(915,238)
Managed fund interest	732,506	-	732,506
Agricultural loan interest	566	1,059	(493)
Local equity gift aid	2,971	2,000,000	(1,997,029)
Rental income	382,497	800,500	(418,003)
Bank interest	2,272	-	2,272
Miscellaneous income	-	-	-
	<u>2,048,366</u>	<u>4,644,351</u>	<u>(2,595,985)</u>
<u>Expenditure</u>			
Disbursements	(3,866,292)	(7,720,979)	3,854,687
Management and administration	(325,631)	(649,753)	324,122
Fund managers	(532,985)	(935,304)	402,319
	<u>(4,724,908)</u>	<u>(9,306,037)</u>	<u>4,581,129</u>
Gain on investments	32,071,873	-	32,071,873
Surplus/(Deficit)	<u>29,395,331</u>	<u>(4,661,686)</u>	<u>34,057,016</u>

Shetland Charitable Trust
Balance Sheet
Period to 30 September 2018

	Sep-18	
	£	£
Tangible fixed assets		323,000
Investments		<u>310,262,285</u>
		310,585,285
Trade debtors	309	
Prepayments and Accrued income	205,242	
Other debtors	673,737	
Bank	<u>4,371,499</u>	
	5,250,787	
Trade creditors	49,764	
Accruals and deferred income	311,192	
Amounts owed to subsidiary	-	
Other creditors	<u>(780)</u>	
	360,176	
Net current assets		<u>4,890,611</u>
		315,475,896
Pension liability		(1,661,000)
		<u>313,814,896</u>
Opening reserves		284,419,565
Surplus for period		<u>29,395,331</u>
Closing reserves		<u>313,814,896</u>

Shetland Charitable Trust
Rental Income
Period to 30 September 2018

	<u>6 Month Actual £</u>	<u>Annual Budget £</u>	<u>Variance £</u>
Sullom Voe Site	381,997	800,000	(418,003)
Shetland Golf Course	500	500	-
	<u>382,497</u>	<u>800,500</u>	<u>(418,003)</u>

Shetland Charitable Trust
Disbursements
Period to 30 September 2018

	<u>6 Month</u> Actual £	<u>Annual</u> Budget £	<u>Variance</u> £
Shetland Amenity Trust	594,523	1,189,045	(594,522)
Shetland Arts Development Agency	316,987	633,974	(316,987)
Shetland Recreational Trust	1,541,495	3,082,989	(1,541,494)
Support to Rural Care Model	1,045,758	2,091,516	(1,045,758)
<u>Other Revenue Grants</u>			
Disability Shetland Recreation Club	12,641	12,641	-
The Swan Trust	17,913	17,913	-
Shetland Churches Council Trust	13,501	13,501	-
Shetland Befriending Scheme	27,209	54,418	(27,209)
Citizens Advice Bureau	66,133	132,265	(66,132)
COPE Limited	77,484	154,967	(77,483)
Shetland Link Up	23,997	47,994	(23,997)
Voluntary Action Shetland	72,181	144,361	(72,180)
Festival Grants	7,500	7,500	-
Local Charitable Organisations	11,552	11,552	-
Buses for Elderly and Disabled	-	44,358	(44,358)
Royal Voluntary Service	23,493	46,985	(23,492)
Sub Total Charitable Organisations	<u>3,852,367</u>	<u>7,685,979</u>	<u>(3,833,612)</u>
<u>Schemes</u>			
Arts Grant Scheme	7,398	20,000	(12,602)
Senior Citizens Clubs	6,658	15,000	(8,342)
Sub Total Schemes	<u>14,056</u>	<u>35,000</u>	<u>(20,944)</u>
Surplus Grants Refunded	(131)	-	(131)
Total	<u>3,866,292</u>	<u>7,720,979</u>	<u>(3,854,687)</u>

Shetland Charitable Trust
Management and Administration Expenditure
Period to 30 September 2018

	6 Month Actual £	Annual Budget £	Variance £
Basic Pay and Allowances	123,103	290,000	(166,897)
Professional Membership Fees	175	500	(325)
Staff recruitment	-	1,000	(1,000)
Travel and Subsistence	2,655	7,240	(4,585)
Training and Staff Development	1,326	5,860	(4,534)
Sub Total Staffing Costs	127,258	304,600	(177,342)
Operating Costs			
Insurance	9,769	9,500	269
Administration	977	2,250	(1,273)
Supplies and Services	1,741	6,000	(4,259)
Bank Charges	70	250	(180)
Professional Fees: Other	1,388	20,000	(18,612)
External Audit Fees	21,420	23,250	(1,830)
Financial advice	20,400	50,000	(29,600)
Trustees Expenses	562	5,000	(4,438)
Meeting expenses	790	3,000	(2,211)
Legal Fees	103,639	50,000	53,639
Trustee Recruitment Costs	1,090	5,000	(3,910)
Sub Total Operating Costs	161,846	174,250	(12,404)
Property Costs			
Energy Costs	1,711	8,000	(6,289)
Water Rates	391	1,200	(809)
Maintenance - Garrison Theatre	1,370	26,000	(24,630)
Maintenance - 22-24 North Road	18,054	25,000	(6,946)
Cleaning	637	1,500	(863)
Sub Total Property Costs	22,162	61,700	(39,538)
Bad debt write off	-	-	-
Bought In Services			
Treasury	-	25,000	(25,000)
Payroll	-	1,000	(1,000)
Pension	-	3,600	(3,600)
Building Maintenance	-	47,000	(47,000)
Committee Services	-	7,200	(7,200)
Computer Services	4,182	4,328	(146)
Messenger Service	-	515	(515)
Peninsula	1,063	2,160	(1,097)
Public Relations	9,120	18,400	(9,280)
Sub Total Bought In Services	14,365	109,203	(94,838)
Total	325,631	649,753	(324,122)

Shetland Charitable Trust
Investment expenses
Period to 30 September 2018

	<u>6 Month</u> Actual £	<u>Annual</u> Budget £	<u>Variance</u> £
Managed fund misc	38,954	-	38,954
Fund managers fees	-	-	-
Black Rock fees	41,755	94,335	(52,580)
Northern trust fees	24,463	56,800	(32,337)
Insight investment fees	53,628	114,431	(60,803)
Schroders fees	49,273	80,224	(30,952)
Baillie Gifford fees	324,912	589,513	(264,602)
	<u>532,985</u>	<u>935,304</u>	<u>(402,320)</u>

REPORT

To: Shetland Charitable Trust

Date: 29 November 2018

From: Chief Executive

Report: CT1811036

Capital Works Bridging Loan Scheme

1. Introduction

- 1.1 This report updates Trustees on 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 come through. (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.

3. Present Position

- 3.1 Appendix A lists each bridging loan made to date. In total 34 projects have received bridging loans, totalling £3,114,253. Of these, 30 projects have fully repaid their loans.
- 3.2 Since May 2017, the Trust has provided seven organisations with bridging loans totalling £890,457 with repayments due between now and December 2018 as they receive their grants.
- 3.3 Feedback on the scheme from organisations has been very positive.

4. Financial Implications

- 4.1 There are no new 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 return.

5. Conclusion

5.1 Thirty four projects have been undertaken by community groups throughout Shetland. For many of these projects it would have been very difficult for them to proceed without the support of the Trust's scheme.

6. Recommendation

6.1 Trustees are recommended to note this report.

Reference: D19

Report Number: CT1811036

Project	Project Costs £	Bridging Loan £	Repaid £	Due to SCT £	Notes
Burravoe Pier	57,000	25,650	25,650		
Ollaberry Hall	272,878	110,000	110,000		
Bressay Sports Park	300,572	114,537	114,537		
Scalloway Museum	814,460	345,000	345,000		
Fair Isle Hall	137,806	62,000	62,000		
Sandsayre Pier	790,000	170,000	170,000		
Sandness Hall	168,160	100,000	100,000		
Northmavine Club	77,175	26,640	26,640		
Hillswick Hall	347,887	100,000	100,000		
Fetlar Electric Minibus	83,275	35,600	35,600		
Mareel	276,505	276,505	276,505		
Sumburgh Lighthouse	178,769	120,000	120,000		
Aith Public Hall	21,664	9,900	9,900		
Collafirth Marina	72,000	58,320	58,320		
South Nesting Public Hall	233,786	88,442	88,442		
Aithsvoe Marina	144,000	68,202	68,202		
Germatwatt Centre	24,730	10,000	10,000		
Shetland Skatepark Association	211,229	62,179	62,179		
Hoswick Visitor Centre	52,000	46,000	46,000		
Scalloway Boating Club	108,396	49,022	49,022		
Aithsvoe Marina- Loan 2	82,700	41,867	41,867		
Scalloway Museum- Loan 2	153,940	41,041	41,041		
Burravoe Public Hall	206,500	43,000	43,000		
Shetland Moving Image Archive (SMIA)	12,000	3,231	3,231		
Fetlar Developments Ltd - Loan 2	143,733	84,360	84,360		
Sumburgh Lighthouse – Loan 2	5,400,000	132,300	132,300		
Fetlar Developments Ltd – Loan 3	81,202	55,000	55,000		
Tresta Boating and Fishing Club	27,612	12,420	12,420		
Tingwall Public Hall	119,854	50,000	50,000		Repaid September 2018
Whalsay Model Yacht Club	54,000	24,300	24,300		
Fair Isle Electricity Company	3,524,820	500,000	200,000	300,000	Part repayment received October 2018. Repayment expected December 2018.
GAETS	84,118	75,506	75,000	506	Part repayment received July 2018 & Sept 2018. Repayment expected Nov 2018.
Skeld Pier Trust	143,713	129,341		129,341	New loan issued May 2018. Repayment expected November 2018.
Sandwick Carnegie Hall	104,235	43,890		43,890	Repayment overdue due to issues with contractor. SCT receiving regular updates.
TOTAL	14,510,719	3,114,253	2,640,516	473,737	

REPORT

To: Shetland Charitable Trust

Date: 29 November 2018

From: Chief Executive

Report No: CT1811037

Small Grant Schemes - Approvals

1. Background

- 1.1 On 30 November 2017 Trustees approved its disbursements for 2018-19 (Minute Reference 34/17). A budget of £20,000 was approved for the Arts Grant Scheme and £15,000 for Senior Citizens Clubs.
- 1.2 It is a requirement that all approvals are reported to subsequent Trust Meetings.

2. Arts Grant Scheme - £750

- 2.1 The following Arts Grants were approved in the period 23 August 2018 – 12 November 2018

Name of Individual/Organisation	Grant Approved (£)
Shetland Country Music Club	750

3. Senior Citizen Club Grants - £1,317

- 3.1 The following grants to Senior Citizens Clubs were approved in the period 23 August 2018 – 12 November 2018

Name of Individual/Organisation	Grant Approved (£)
Sandsting and Aithsting Over 65s	1,317

4. Recommendation

- 4.1 Trustees are asked to note the approvals listed in paragraphs 2.1 and 3.1.

Ref: DA1

Report No: CT1811037

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