

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 2019

Dear Sir/Madam

You are invited to the following meeting:

**Shetland Charitable Trust
Room 9, Islesburgh Complex, Lerwick
Thursday 28 November 2019 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 meeting held on 12 September 2019 (enclosed).

For Decision

1. Budget 2020/21. *Report enclosed.*
2. Schedule of Meetings 2020. *Report enclosed.*
3. Service Performance of Shetland Amenity Trust – Year Ended 31 March 2019. *Report enclosed.*

For Information

4. Investment Performance Update – Six Months to 30 September 2019. *Report enclosed.*
5. Management Accounts – Six Months Ended 30 September 2019. *Report enclosed.*
6. Capital Works Bridging Loan Scheme. *Report enclosed.*
7. Small Grant Schemes - Approvals. *Report enclosed.*

The following items contain **CONFIDENTIAL** information

For Information

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

REPORT

To: Shetland Charitable Trust

Date: 28 November 2019

From: Chief Executive

Report: CT1911038

Budget 2020/21

1. Introduction

1.1 The purpose of this report is to seek Trustee approval of the recommended budget and disbursements for 2020/21.

2. Background

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

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

2.3 The Financial Plan uses the average investment growth above inflation on the Trust's reserves to support annual expenditure. This financial plan will see maximum available expenditure increase to £10.0 million for the year to 31 March 2021.

2.4 At the same time, the Trust approved a Disbursement Plan for the period 2020 – 2025 (CT1909030). This plan will be implemented through a transition year for 2020 – 2021, to allow continuity of funding for existing organisations and an open application process for additional funding, and new applicants. The recommended budgets in section 3 below reflect this one year transition period.

3. Present Position

3.1 The table below provides a summary of the overall recommended budget for 2020/21 against the approved 2019/20 budget:

	2020/21 Budget £'000	2019/20 Budget £'000
Income	1,851	1,686
<u>Expenditure</u>		
Disbursements(See 3.2 below)	(8,214)	(7,383)
Trust Administration	(638)	(638)
Investment Management	(1,148)	(1,033)
Total Expenditure	(10,000)	(9,054)
Investment Recall (See 3.3 below)	(8,149)	(7,368)

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 - £1,851,000

4.1 The budgeted income includes dividend income received from UK Equities held by BlackRock and rental payments on the land at Sullom Voe Oil Terminal.

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 - £8,213,990

5.1 Overview

5.1.1 Funding **up to a maximum of £8,213,990** is recommended. This is an increase of £830,823 on the prior year.

	2020/21 Budget	2019/20 Budget
Main Grant Scheme – Existing	7,303,131	7,353,167
Maximum Main Grant Scheme - Open	880,859	-
Arts Grant Scheme	15,000	15,000
Senior Citizens Clubs	15,000	15,000
Total Disbursements	8,213,990	7,383,167

5.1.2 As described in 2.4 above, the Disbursement Plan will be implemented through a transition process. This will see grant awards recommended on twice for the financial year 2020/21.

5.1.3 The first, (see 5.2 below), aims to provide continuity of funding for existing organisations, during the transition period, and the second provides for new applications (see 5.3 below).

5.2 **Main Grant Scheme – Existing- £7,303,131**

5.2.1 Service outcomes and measurable targets have yet to be agreed with each organisation. The Trust will work with organisations over the coming months to finalise these outcomes and they will be presented for approval at the February 2020 Trust meeting.

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.

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.

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.

5.2.5 **Ability 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** – funding of **£66,369** 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.

5.2.9 **Voluntary Action Shetland – Market House** – funding of **£77,992** is recommended. The grant is used to support the operation of Market House.

5.2.10 **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.

5.2.11 **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.

5.2.12 **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.

5.2.13 **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 funding supports the organisation to provide care/welfare services and activities in the community.

5.3 **Main Grant Scheme – New – £880,859**

5.3.1 The transition process for the Main Grant Scheme will allow new applications to be received from bodies not currently funded, as well as existing organisations.

5.3.2 An Expression of Interest process was launched on 18 November 2019, with eligible organisations being invited to submit full applications in early 2020.

5.3.3 Approval will be sought for these additional grants at the Trust's meeting to be held in June 2020.

5.3.4 The budget allocated, £880,859, is the maximum additional grant awards that can be approved, under the Financial Plan 2020 – 2025.

5.4 **Small Grant Schemes - £30,000**

5.4.1 **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.

5.4.2 **Senior Citizens Clubs** – funding of **£15,000** is recommended. This budget supports senior citizens clubs with a programme of activities.

5.5 Draw Down of Funding

5.5.1 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 Shetland Charitable Trust. Rather than considering each application separately, Trustees are asked to approve the draw down of funding for all the organisations as listed in sections 5.2 to 5.4.

5.5.2 This enables payment (usually 50% of the total grant) to be made to the organisations on, or as soon as possible after, 1 April 2020.

6. Management and Administration – £637,610

6.1 Funding of **£637,610** is recommended. The 2020/21 budget is shown in detail in Appendix A.

6.2 This is a stand still budget in management and administration costs.

7. Investment Management - £1,148,400

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

8. Financial Implications

8.1 If approved, the budgeted income will be £1,851,000 with expenditure of £10,000,000 giving a projected recall from investments of £8,149,000 for the year to 31 March 2021. 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 £10,000,000 for the year to 31 March 2021.

9.2 The projected recall from Investments is £8,149,000 for the year to 31 March 2021.

10. Recommendations

10.1 It is recommended that Trustees approve:

- a) budgeted disbursements of **up to** £8,213,990 as detailed in section 5;
- b) budgeted investment management expenses of £1,148,400 as stated in section 7;
- c) budgeted management and administration expenses of £637,610 as stated in section 6.
- d) budgeted income of £1,851,000 as detailed in section 4;
- e) projected recall from investments of £8,149,000 as stated in section 8.

	FY 21 Budget £	FY 20 Budget £
Income and Expenditure		
Managed fund dividends	1,100,000	985,000
Agricultural loan interest	500	750
Local Equity Gift Aid	-	-
Rental income	750,500	700,500
Miscellaneous income	-	-
Total Income	1,851,000	1,686,250
Main Grant Scheme - Existing	7,303,131	7,353,167
Maximum Main Grant Scheme - New	880,859	-
Small Grant Schemes	30,000	30,000
Total Disbursements	8,213,990	7,383,167
Total Staffing Costs	326,060	306,000
Property Costs	62,400	62,400
Insurance	10,500	10,000
Administration	3,650	2,250
Supplies and services	6,150	6,500
Legal fees	50,000	50,000
Professional fees	20,000	20,000
Financial Advice	30,000	50,000
External audit fees	25,000	23,250
Trustees expenses	4,000	5,000
Meeting expenses	3,000	3,000
Trustee recruitment	2,500	5,000
Bank charges	250	250
Bought in services	94,100	93,960
Total management and admin	637,610	637,610
Fund managers fees	1,148,400	1,033,400
Total investment costs	1,148,400	1,033,400
Total Expenditure	10,000,000	9,054,177
Investment Recall	(8,149,000)	(7,367,927)

REPORT

To: Shetland Charitable Trust

28 November 2019

From: Chief Executive

Report: CT1911039

Schedule of Meetings 2020

1. Introduction

1.1 The purpose of this report is to seek Trustees' approval as to the schedule of meetings for 2020.

2. Present Position

2.1 During 2019, there were four scheduled Trust meetings. This worked well and it is proposed to continue with this during 2020. Special Meetings will be called if and when required.

3. Proposed Schedule

3.1 For 2020, the following meeting dates are proposed:

Thursday 27 February 2020

Thursday 4 June 2020

Thursday 17 September 2020

Thursday 26 November 2020

3.2 It is proposed that the venue will be the Shetland Charitable Trust Boardroom at 22-24 North Road, Lerwick, Shetland and meetings will start at 5.30pm.

4. Recommendations

4.1 The Audit & Governance Advisory Committee recommend that Trustees adopt the diary of meetings set out at 3.1 above for 2020.

Ref: TA48

Report Number CT1911039

5

REPORT

To: Shetland Charitable Trust

28 November 2019

From: Chief Executive

Report number CT1911045

Service Performance of Shetland Amenity Trust – Year Ended 31 March 2019**1. Introduction**

- 1.1 The Purpose of this report is to present Trustees with information regarding the service performance of Shetland Amenity Trust.

2. Background

- 2.1 Trustees may recall that as part of the budgeting process, staff are required to determine:
- the strategic service framework within which any bid for funding from the SCT should be considered;
 - an appropriate level and standard of service to be provided and express that in a Service Statement
 - the appropriate cost at which to buy that service with due regard to comparable information and funding from other sources; and
 - an appropriate monitoring and evaluation framework to ensure that services are being delivered to the required standard.
- 2.2 The Grant Offer Letter, which organisations sign up to prior to any money being released, states that, *“the Grantee provides service performance reports as required for the proper monitoring of the grant, the reports to be of a format and frequency to be agreed by the Charitable Trust”*.
- 2.3 Depending on the size of the organisation, and other factors, the information can be requested quarterly, six monthly or on an annual basis.

3. Present Position

- 3.1 Information is provided by Shetland Amenity Trust, which is then reviewed by the Trust staff. Shetland Amenity Trust did not provide their service report in time for it to be considered at the September Trust meeting.

- 3.2 A copy of Shetland Amenity Trust's service performance report for the year ended 31 March 2019 is attached as Appendix A. It was felt necessary to provide a fuller report given the organisation is undergoing a period of change.
- 3.3 Funding provided by the Trust support the following areas of Shetland Amenity Trust's activities:
- Finance, Administration and Management
 - Interpretation
 - Natural Heritage
 - Archaeology
 - Place Names
 - Environmental Improvement
 - Woodlands
- 3.4 Shetland Amenity Trust continues to deliver a wide range of services in the heritage sector. Many of its activities are not directly supported by Trust funding, but do receive support indirectly through funding for their Finance, Administration and Management functions.
- 3.5 The Trust will implement a new Strategy for 2020 – 2025. A new approach to reporting will be developed to improve the evaluation of outcomes supported by Trust funding.

4. Financial Implications

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

5. Conclusions

- 5.1 In terms of performance, there are no major issues of concern with regard to service delivery to report to Trustees.

6. Recommendations

- 6.1 It is recommended that Trustees:
- a) Consider the content of Appendix A;
 - b) If satisfied, note the service performance of Shetland Amenity Trust.

SHETLAND AMENITY TRUST



APPENDIX A

CT1911045

PERFORMANCE REPORT APRIL 2018 – MARCH 2019

Welcome to Shetland Amenity Trust's performance report in which we explain, to our funders, partners and the general public, the progress we made between April 2018 and March 2019.

This has been the first full year with our new Chief Executive who has helped the board to restructure the Trust's workforce and appoint a new management team so that we can offer a more integrated heritage service. Two new trustees were elected, and one long-standing member stood down at the AGM in August. Towards the end of the financial year, significant work was done towards developing our new strategic plan 2019-2023. This involved workshops and input from all staff, managers and trustees as well as stakeholders. This work is ongoing and will feed into the Corporate Plan.

A new meeting and reporting structure of weekly management, bi-monthly board and quarterly staff meetings along with regular committee meetings was implemented. A range of new methods were introduced to facilitate better internal communication between all staff, managers and trustees. This included regular meetings, an online information sharing platform and informal lunch and learn sessions.

We appointed two Scotgrads in October 2018 as Property Development and Tourism Development Co-ordinators. This provided an excellent opportunity to bring new blood into the organisation to assist the existing team and undertake detailed research and analysis. Both Scotgrads achieved awards for their presentations at the residential course in February.

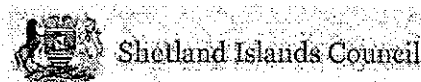
The development of a draft Outputs Matrix has helped with our budgeting process, cash management has been effective and financial performance is stable. HIE Shetland have continued to provide valuable advice and support.

Updating and developing new HR policies has progressed with input from UNISON, ACAS, Peninsula and an external HR consultant.

In March 2018 we undertook a major ICT migration to the SIC network to enable suitable storage, equipment maintenance and support. Work will continue in 2019 transferring the specialist data systems.

Hays Dock Café and Restaurant was closed, and the company ceased trading in October. An agreement with a tenant was negotiated for an operation commencing in the new financial year.

Our partners and supporters include:



SHETLAND AMENITY TRUST



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Managed Geopark Shetland to promote Shetland's diverse geological heritage as an UNESCO designated site, including attending Global and European Geopark networks and preparing for revalidation.

We are, as always, grateful for continued support from our principal funders, Shetland Charitable Trust and Shetland Islands Council and from the Clydesdale Bank.

Summary of some achievements in 2018-19

Heritage in the Community

- Supported community heritage organisations with a range of advice, in particular Hoswick Visitor Centre for their new interpretation, Unst Heritage Trust with their reaccreditation.
- Developed activity and engagement plan for future Geopark partnerships and projects to be implemented in next financial year.
- Provided training in several aspects of Shetland's heritage to tour guides.
- Delivered calendar of events publications and products promoting Shetland's heritage and culture in partnership with community groups and businesses – Crofthouse Open Day, Shetland Nature Festival (1,100 attendees over 9 days) Peerie Boat Week and Shetland Wool Week (650 participants, 60% from overseas).
- Sumburgh Head Visitor Centre open for 6 days a week April-October attracted almost 6000 visitors, Old Scatness Broch and Iron Age Village welcomed visitors once a week in the summer.

Archaeology

- Scanned 257 SIC Planning Applications and conducted appraisal and advised where required.
- Continued to plan for the longer-term future of our site at Old Scatness.
- Liaised with visiting archaeologists and promoted Shetland's archaeology to audiences outwith Shetland.

Natural Heritage

- Scanned all planning applications and carried out 196 necessary data searches. Comments sent on 22 of these which were considered to have potentially adverse impacts on the natural heritage.
- Added over 12,500 records to the SBRC database bringing total to over 313,000.

Our partners and supporters include:



SHETLAND AMENITY TRUST



APPENDIX A

CT1911045

- Flowers and autumn birds training courses attracted 29 attendees. The former contributed records to the new national BSBI Atlas of flowering plants to be published online in 2020.
- Shetland Breeding Bird Survey co-ordinated by SBRC attracted 64 people covering 100 squares, all on a volunteer basis. This represents over £5,000 worth of volunteer effort.

Woodlands

- Over 5,000 trees were germinated for planting in Shetland and 50+ individuals of three of Shetland's rare plant species were successfully translocated back to the wild.
- Organised a successful open day and plant sale at the Horticultural Unit at Staneyhill as part of Shetland Nature Festival.

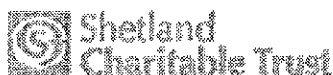
Environmental Improvement

- Organised Da Voar Redd Up in 2018, where 4500 volunteers removed 65 tonnes of rubbish from the environment. Estimated 13,500 volunteer hours, worth the equivalent of £120,000 based on the Scottish Living wage.
- Participated in World Clean Up Day by carrying out Marine Conservation Societies' 'Great British Beach Clean' with pupils from Hamnavoe Primary School. These survey results help determine the most polluting plastics and help to put pressure on government and manufacturers to reduce pollution
- Uplifted and depolluted 388 end of life vehicles.
- Operated the Cash for Cans recycling scheme which ceased on 31 March 2019.
- Continued the Dunna Chuck Bruck campaign and increased the reach and engagement through social media.

Projects

- As lead partner, managed the Creative Europe Follow the Vikings project co-ordinating work of 14 partners. Developed a website for the Viking Cultural Route and hosted a local roadshow and family event in November involving visiting and local participants.
- Completed the NPP funded Drifting Apart geology project and coordinated final reports as the lead Scottish partner.
- Completed stage one of the Heritage Lottery Funded Halligarth, Unst project as local agents for the National Trust for Scotland.
- Managed Peatland Restoration projects on over 100 hectares of peat equivalent to saving carbon emissions of 2,000 tonnes, and feasibility studies carried out on over nearly 1,000 additional hectares.

Our partners and supporters include:



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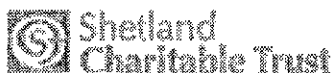
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SMAA

- Welcomed 70,845 visitors, including the millionth visitor in March 2019.
- Organised 60 school visits with 1259 pupils and organised 4 outreach events with 368 participants. 1451 people participated in workshops including 131 in “Does Du Mind” sessions run in partnership with Alzheimer’s Scotland.
- Hosted wide range of successful exhibitions, including the highly successful loan of the Holbein painting ‘Lady with squirrel and a starling’ from the National Gallery in London.
- Hosted conference to celebrate the project cataloguing the Old Scatness finds and launched volume 3 in the publication series.
- Secured funding from Museums Galleries Scotland for two new projects on the museum’s lace collection and ecclesiastical architecture in Shetland and Orkney.

Our partners and supporters include:



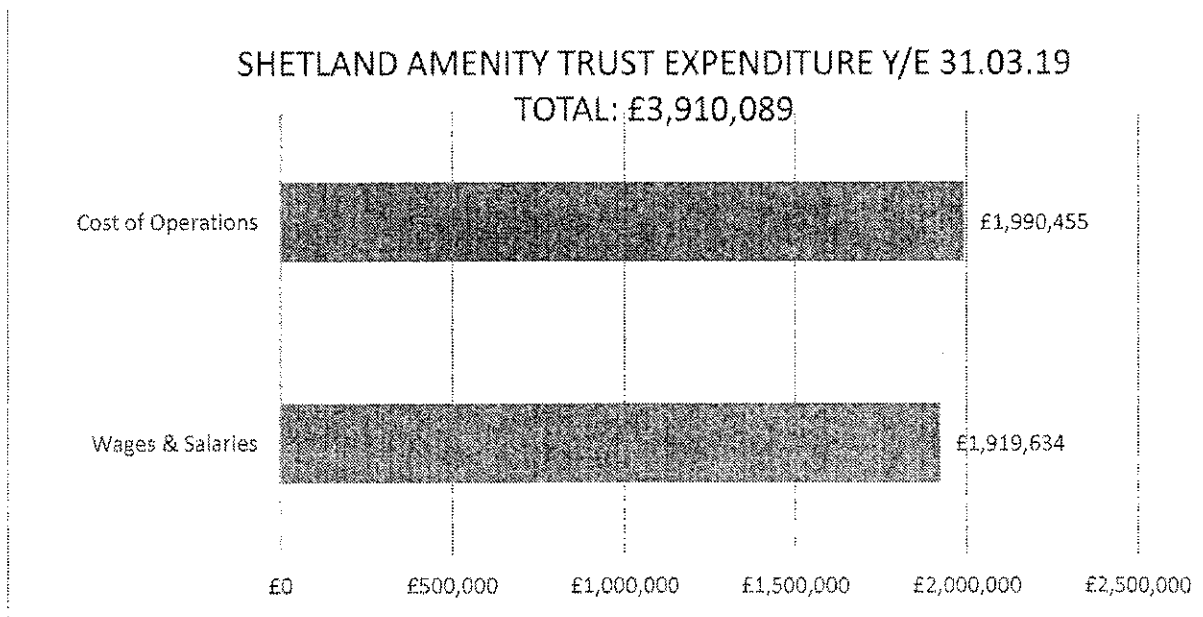
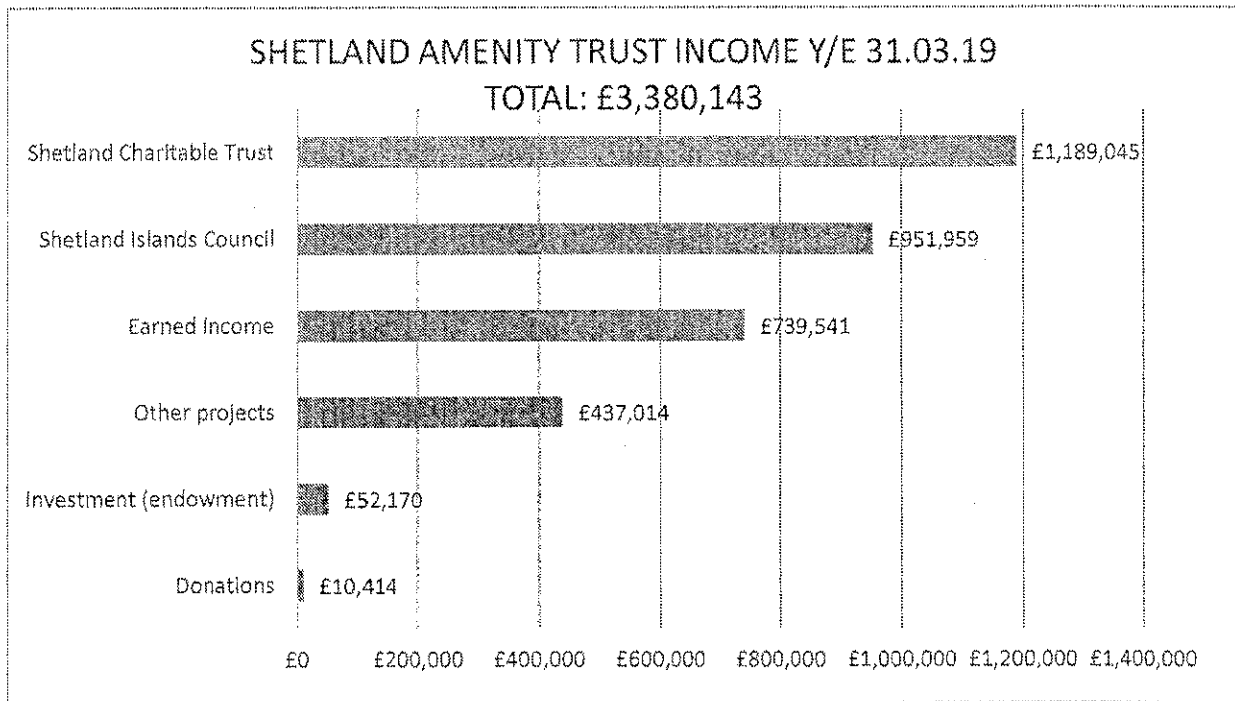
SHETLAND AMENITY TRUST



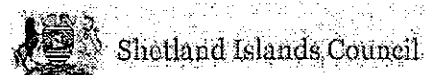
APPENDIX A

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Income and Expenditure



Our partners and supporters include:





REPORT

To: Shetland Charitable Trust

Date: 28 November 2019

From: Chief Executive

Report: CT1911040

Investment Performance Update – Six Months to 30 September 2019

1. Introduction

1.1 The Trust's external investments are managed on its behalf by fund managers. The purpose of this report is to review investment performance for the six months to 30 September 2019.

2. Detail

2.1 This report concentrates on the six month period from April to September 2019. 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 2019 of £294 million. The funds, type of mandate and market values at the end of September 2019 are as follows:

Manager	Mandate	% of Reserves	Market Value £m
Baillie Gifford	Active Equity	44%	130
BlackRock	Passive Equity	31%	91
Schroders	Property	14%	42
Insight	Diversified Growth Fund	11%	31

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 six month period.

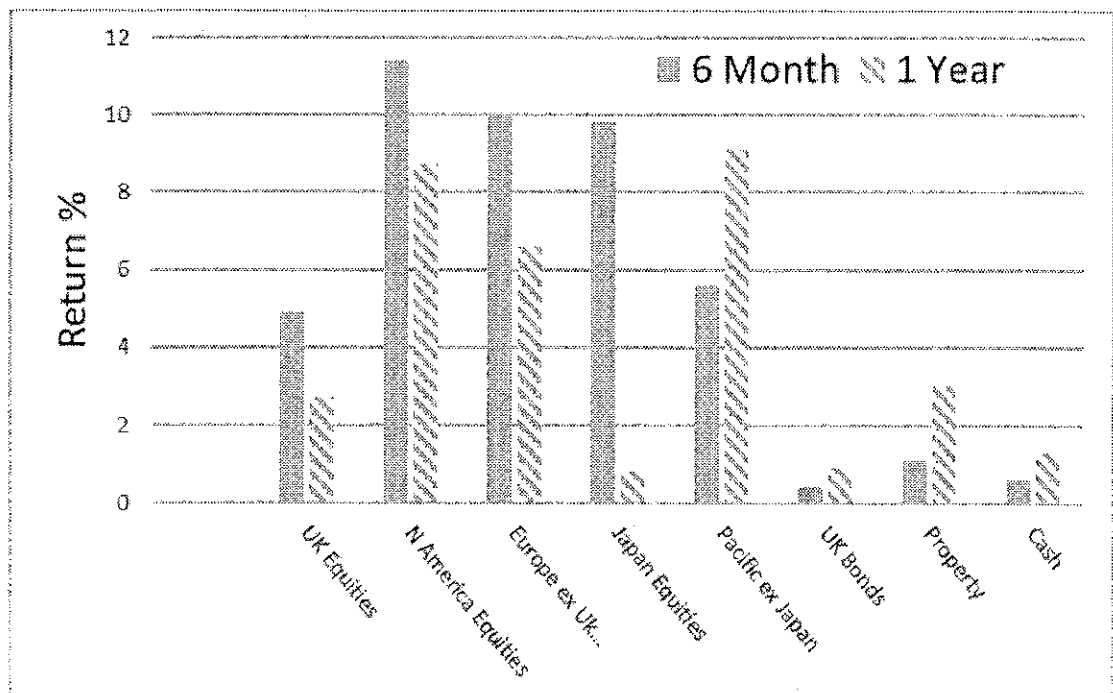
	£m
Market Value 31/03/19	282.0
Additions / (Withdrawals)	(0.6)
Investment Return	<u>12.6</u>
Market Value as at Sept 2019	<u>294.0</u>

2.4 The figures show an overall £12.6 million increase in value over the period. This increase in value is primarily due to the returns from the Passive Equities and Diversified Growth mandates.

2.5 The Trust received £0.6 million of dividend income during the period. The dividends from BlackRock from their UK equity investment is paid into the Trust's bank account.

2.6 Over the six month period to September 2019 equity markets have been volatile. In the first four months equities performed extremely well, with the US and Japanese equity markets performing strongly. From August onwards, equity returns have been relatively poor, with drops in August and September. Returns on equity markets remain volatile with political uncertainty, trade disputes, world economic growth and Brexit weighing on markets.

2.7 The investment markets performance by asset class over the six 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 six month period to the end of September 2019, performed as follows:

Manager	Mandate and Benchmark	Fund Return %	Benchmark Return %	% Return Compared to Benchmark
Baillie Gifford	Equity (Active)	1.8	9.2	(7.4)
BlackRock	Equity (Passive)	8.7	7.3	1.4
Schroders	Property	1.2	1.0	0.2
Insight	Diversified Growth Fund	5.2	2.3	2.9

- 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 particularly evident, when considered over the short term. In the period to end September, Baillie Gifford returned 1.8% compared to the broad market return of 9.2%, which was 7.4% below the benchmark return. This underperformance belies the strong revenue and earnings growth at a portfolio level, and is a reflection of the market concerns regarding macroeconomic and geo political issues.
- 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 period. The mandate with BlackRock over period produced a return of 8.7%, 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 six month period the fund returned 1.2% 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. The benchmark return for Insight is an annual return of cash plus 4.0% over rolling five year periods. Overall Insight produced a return of 5.2% over the period, which was 2.9% above the benchmark return.

- 2.14 The overall investment return for the Trust's investments for the period to the end of September 2019 was 4.4%, which was 2.2% below the benchmark return.
- 2.15 In October 2019, there was a steady recovery in equity markets across the world. This has resulted in total investments under management increasing by around £4 million in the month.

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: CT1911040

REPORT

To: Shetland Charitable Trust

Date: 28 November 2019

From: Chief Executive

Report: CT1911041

Management Accounts – Six Months Ended 30 September 2019

1 Introduction

1.1 The purpose of this report is to present the Trust's Management Accounts for the six months ended 30 September 2019, 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 2019/20 and the results in the six months to 30 September 2019.

Table 1: Summary Management Accounts 2019/20

Item	Current Budget £m	Spend to Sept 2019 £m
Income	1.7	1.8
Disbursements	(7.4)	(3.7)
Management and Administration	(0.6)	(0.3)
Fund Managers Fees	(1.0)	(0.6)
Gain on Investments	-	10.6
Total	(7.3)	7.8

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 2019 the Trust made a gain on its investments of £10.6m.

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3 Financial Implications

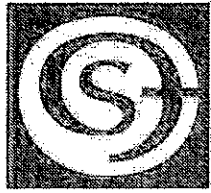
3.1 No direct financial implications flow from this information report.

4 Recommendations

4.1 Trustees are asked to note the Trust's satisfactory financial performance in the six months to 30 September 2019 as shown in the Management Accounts in Appendix A.

Reference: DA5/1

Report No: CT1911041



Shetland Charitable Trust

Management Accounts

6 Months Ended 30 September 2019

Shetland Charitable Trust
Income and Expenditure
Period to 30 September 2019

	6 Month Actual £	Annual Budget £	Variance £
<u>Income</u>			
Managed fund dividends	604,840	985,000	(380,160)
Managed fund interest	783,205	-	783,205
Agricultural loan interest	410	750	(340)
Local equity gift aid	-	-	-
Rental income	414,178	700,500	(286,322)
Bank interest	5,584	-	5,584
Miscellaneous income	-	-	-
	<u>1,808,217</u>	<u>1,686,250</u>	<u>121,967</u>
<u>Expenditure</u>			
Disbursements	(3,676,382)	(7,383,167)	3,706,785
Management and administration	(315,623)	(637,610)	321,987
Fund managers	(599,418)	(1,033,400)	433,982
	<u>(4,591,423)</u>	<u>(9,054,177)</u>	<u>4,462,754</u>
Gain on investments	10,578,920	-	10,578,920
Surplus/(Deficit)	<u><u>7,795,714</u></u>	<u><u>(7,367,927)</u></u>	<u><u>15,163,641</u></u>

Shetland Charitable Trust
Balance Sheet
Period to 30 September 2019

	Sep-19	
	£	£
Tangible fixed assets		248,000
Investments		<u>305,771,048</u>
		306,019,048
Trade debtors	78	
Prepayments and Accrued income	252,551	
Other debtors	318,890	
Bank	<u>12,807,611</u>	
	13,379,130	
Trade creditors	1,184	
Accruals and deferred income	305,672.0	
Other creditors	<u>(779)</u>	
	306,077	
Net current assets		<u>13,073,053</u>
		319,092,101
Pension liability		(1,972,000)
		<u>317,120,101</u>
Opening reserves		309,324,387
Surplus for period		<u>7,795,714</u>
Closing reserves		<u>317,120,101</u>

Shetland Charitable Trust
Rental Income
Period to 30 September 2019

	6 Month Actual £	Annual Budget £	Variance £
Sullom Voe Site	413,678	800,000	(386,322)
Shetland Golf Course	500	500	-
	<u>414,178</u>	<u>800,500</u>	<u>(386,322)</u>

Shetland Charitable Trust
Disbursements
Period to 30 September 2019

	<u>6 Month</u> Actual £	<u>Annual</u> Budget £	<u>Variance</u> £
Shetland Amenity Trust	571,494	1,142,988	(571,494)
Shetland Arts Development Agency	301,761	603,522	(301,761)
Shetland Recreational Trust	1,486,401	2,972,802	(1,486,401)
Support to Rural Care Model	993,094	1,986,188	(993,094)
<u>Other Revenue Grants</u>			
Ability Shetland Recreation Club	12,641	12,641	-
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)
Dunrossness Inter Church Fellowship Day Care	7,552	7,552	-
Shetland Samaritans	4,000	4,000	-
Buses for Elderly and Disabled	-	42,484	(42,484)
Royal Voluntary Service	23,493	46,985	(23,492)
Sub Total Charitable Organisations	<u>3,667,440</u>	<u>7,353,167</u>	<u>(3,685,727)</u>
<u>Schemes</u>			
Arts Grant Scheme	2,284	15,000	(12,716)
Senior Citizens Clubs	6,658	15,000	(8,342)
Sub Total Schemes	<u>8,942</u>	<u>30,000</u>	<u>(21,058)</u>
Surplus Grants Refunded	-	-	-
Total	<u>3,676,382</u>	<u>7,383,167</u>	<u>(3,706,785)</u>

Shetland Charitable Trust
Management and Administration Expenditure
Period to 30 September 2019

	6 Month Actual £	Annual Budget £	Variance £
Basic Pay and Allowances	112,072	290,000	(177,928)
Professional Membership Fees	179	700	(521)
Staff recruitment	-	1,000	(1,000)
Travel and Subsistence	-	7,440	(7,440)
Training and Staff Development	275	6,860	(6,585)
Sub Total Staffing Costs	112,526	306,000	(193,474)
Operating Costs			
Insurance	10,329	10,000	329
Administration	770	2,250	(1,480)
Supplies and Services	3,019	6,500	(3,481)
Bank Charges	193	250	(58)
Professional Fees: Other	8,225	20,000	(11,775)
External Audit Fees	26,491	23,250	3,241
Financial advice	59,456	50,000	9,456
Trustees Expenses	216	5,000	(4,784)
Meeting expenses	1,466	3,000	(1,534)
Legal Fees	34,186	50,000	(15,814)
Trustee Recruitment Costs	-	5,000	(5,000)
Sub Total Operating Costs	144,351	175,250	(30,899)
Property Costs			
Energy Costs	2,201	8,000	(5,799)
Water Rates	417	1,400	(983)
Building Maintenance	46,393	51,000	(4,607)
Cleaning	1,108	2,000	(892)
Sub Total Property Costs	50,120	62,400	(12,280)
Bad debt write off	-	-	-
Bought In Services			
Treasury	-	15,000	(15,000)
Payroll	-	750	(750)
Pension	(1,000)	2,000	(3,000)
Building Maintenance	-	47,000	(47,000)
Committee Services	-	7,200	(7,200)
Computer Services	5,170	4,400	770
Messenger Service	(433)	450	(883)
Peninsula	1,120	2,160	(1,040)
Public Relations	3,770	15,000	(11,230)
Sub Total Bought In Services	8,627	93,960	(85,333)
Total	315,623	637,610	(321,987)

Shetland Charitable Trust
Investment expenses
Period to 30 September 2019

	6 Month Actual £	Annual Budget £	Variance £
Managed fund misc	54,100	-	54,100
Fund managers fees	-	-	-
Black Rock fees	71,551	85,000	(13,449)
Northern trust fees	24,488	46,400	(21,912)
Insight investment fees	67,265	134,000	(66,735)
Schroders fees	51,246	138,000	(86,754)
Baillie Gifford fees	330,768	630,000	(299,232)
	599,418	1,033,400	(433,982)

REPORT

To: Shetland Charitable Trust

Date: 28 November 2019

From: Chief Executive

Report: CT1911042

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 41 projects have received bridging loans, totalling £3,906,238. Of these, 35 projects have fully repaid their loans.
- 3.2 Since April 2019, the Trust has approved bridging loans to six organisations totalling £671,985, with repayments due between now and October 2020 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 Forty one 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: CT1911042

Capital Works Bridging Loan Scheme

CT1911042– Appendix A

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		
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		
Whalsay Model Yacht Club	54,000	24,300	24,300		
Fair Isle Electricity Company	3,524,820	500,000	500,000		
GAETS	84,118	75,506	75,506		

Skeld Pier Trust	143,713	129,341	129,341		
Sandwick Carnegie Hall	104,235	43,890	43,890		Loan repaid November 2019
Sandwick Social and Economic Development	160,302	120,000	120,000		Loan repaid Sept 2019
Papa Stour History and Community Group	33,043	10,000		10,000	New loan issued June 2019
Sandwick Social & Economic Development	149,300	75,000		75,000	New loan issued June 2019
Scalloway Community Development Group	25,200	20,000		20,000	New loan issued August 2019
Hillswick Wildlife Sanctuary	428,100	366,000		35,000	New loan issued Sept 2019. £35k of agreed loan drawn down to date
Community Development Company of Nesting	211,377	175,985		110,000	New loan issued Sept 2019. £110k of agreed loan drawn down to date
Foula Electricity Trust	86,201	25,000		25,000	New loan issued Sept 2019
TOTAL	15,604,242	3,906,238	3,234,253	275,000	

REPORT

To: Shetland Charitable Trust

Date: 28 November 2019

From: Chief Executive

Report No: CT1911043

Small Grant Schemes - Approvals

1. Background

- 1.1 On 29 November 2018 Trustees approved its disbursements for 2018-19 (Minute Reference 38/18). A budget of £15,000 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. Senior Citizen Club Grants - £1,717

- 2.1 The following Senior Citizen Clubs Grants were approved in the period 29 August 2019 – 6 November 2019

Name of Club	Grant Approved (£)
Whiteness and Weisdale Good Companions	400
Sandsting and Aithsting Over 65s	1,317

3. Recommendation

- 3.1 Trustees are asked to note the approvals listed in paragraph 2.1.

Ref: DA1

Report No: CT1911043

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