

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: 30 May 2019

Dear Sir/Madam

You are invited to the following meeting:

**Shetland Charitable Trust  
Drama Room, Islesburgh Complex, Lerwick  
Thursday 6 June 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 28 February 2019 (enclosed).

***For Decision***

1. Appointment of Chair (and Vice Chair). Report enclosed.

***For Information***

2. Investment Performance Update – Year to 31 March 2019. Report enclosed.
3. Fund Manager Presentations.
4. Management Accounts – Twelve Months Ended 31 March 2019. Report enclosed.
5. Capital Works Bridging Loan Scheme. Report enclosed.
6. Payments to Trustees in the year to 31 March 2019. Report enclosed.
7. Trustee Attendance at Meetings in the year to 31 March 2019. Report enclosed.

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

***For Decision***

8. Appointment of Trustees. 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 6 June 2019

From: Chief Executive

Report: CT1906018

### Appointment of Chair (and Vice Chair)

#### 1. Introduction

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

#### 2. Background

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

#### 3. Present Position

- 3.1 The present Chair of the Trust retired from office on 31 May 2019.
- 3.2 Trustees are now required, as per 2.2 above, to appoint a Chair to support the strategic direction of the Trust.
- 3.3 All Trustees are eligible for appointment.

#### 4. Method of Appointment

- 4.1 The method of appointment is set out in paragraph 2.5 of the Trust's Administrative Regulations and is described below.
  - a) The election of the Chair will be the first business transacted at the first Trustees' meeting following the retiral of the outgoing Chair. At that meeting, until the Chair is elected, a Trustee selected by the meeting, shall preside. A person holding the office of Chair shall be eligible for re-election as Chair for one further term thereafter.

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

## **5. Financial Implications**

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

## **6. Recommendations**

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

## REPORT

To: Shetland Charitable Trust

Date: 6 June 2019

From: Chief Executive

Report: CT1906019

### Investment Performance Update – Year to 31 March 2019

#### 1. Introduction

- 1.1 The purpose of this report is to inform Trustees on the position and performance of the Shetland Charitable Trust's (the Trust) external investments with Fund Managers for the financial year 2018/19.

#### 2. Detail

- 2.1 The Trust has four Fund Managers with total investments under management at the end of March 2019 of £282 million. These investments are split between the following managers and asset classes as follows:

##### Funds under Management as at 31 March 2019

Manager	Fund	% of Reserves
Baillie Gifford	Equity	45%
BlackRock	Equity	30%
Schroders	Property	15%
Insight Investment Management	Bond	10%

- 2.2 The current investment strategy was approved by the Trust on 18 February 2016, with performance monitoring of the new strategy commencing on 1 October 2016. The new investment strategy resulted in two new mandates being awarded, a new equity mandate to Baillie Gifford and a new a diversified growth fund mandate to Insight.

- 2.3 Northern Trust are the Trust's custodian bank. Northern Trust also provide a performance analysis service, where they provide performance data on each of the Trust's fund managers.
- 2.4 Baillie Gifford, BlackRock, Schroders and Insight will give presentations at this Trust meeting concerning their investment performance over the year to end March 2019.
- 2.5 The Trust's Fund Managers, type of mandates and market values are listed below:

Manager	Mandate	Market Value (£m)	
		2019	2018
Baillie Gifford	Equity	128	108
BlackRock	Equity	84	81
Schroders	Property	41	39
Insight	Diversified Growth	29	24
		<u>282</u>	<u>252</u>

- 2.6 During 2018/19 the overall value of the Trust's funds increased by £30million. This includes an investment by the Trust of £4.7m with Insight during the period.
- 2.7 This report reviews the annual performance of each manager and concentrates mainly on each fund over the short term i.e. 2018/19. At section 3 this report will review each Fund Manager in turn and compare their performance against the relevant market performance where they were asked to invest, and also against the additional out performance target they were asked to achieve.
- 2.8 Due to the nature of the investments these managers are investing into, a long-term investment view is appropriate, generally a five-year period. The report therefore looks not only at each manager's performance over 2018/19 but also at their performance over a five year period or from inception of the mandate if that is shorter.
- 2.9 In the main, this report concentrates on manager performance relative to the markets. However, there is a need to consider the effect of any cash withdrawals or injections to the funds, and the performance of the markets themselves. These influences can easily alter the absolute fund value.

2.10 The following table shows the effect on the fund due to withdrawals/additions and the market movement:

	SCT Funds	
	£ million	
	2018/19	2017/18
Opening Value	252	232
Additions/(Withdrawals)	2	(7)
Investment Return	28	27
Closing Value	282	252

2.11 During 2018/19, the Trust made an addition of £4.7m as an investment with Insight. Withdrawals totalled £2.9m, made up of £1.7m in dividends and a drawdown of £1.2m, both from BlackRock.

2.12 There was a positive investment return over the 2018/19 financial year of £28m. This equates to an investment return of 11.3%. The main contributing asset class to this investment return was equities, and more specifically the active equity fund managed by Baillie Gifford.

2.13 The 2018/19 market performance by asset class is set out below:

		%
Equities:	UK	6.0
	North America	16.8
	Europe (Ex UK)	2.2
	Japan	-0.8
	Pacific	12.6
	Emerging Markets	-0.3
Bonds:	UK Index Linked Gilts	5.7
	UK Corporate	3.7
Property		4.9
Cash		0.7

2.14 The best performing sector in 2018/19 was North America equities with a return of 16.8%, followed closely by Pacific equities with 12.6%. Other equity markets produced mixed returns with Japan and Emerging Markets negative and the Europe (Ex UK) just positive. Bond returns improved over the year, as volatility in the equity markets saw some investment move to bonds. Cash returns were still low as UK interest rates remained low.

- 2.15 The main constituent of a fund's performance is the market return, i.e. where the fund is invested. Each Fund Manager is asked to outperform the market return, i.e. a UK equity scenario in 2018/19 where a Fund Manager is asked to outperform the market by 2% would equate to an 8.0% target return.
- 2.16 In some instances Fund Managers are investing in many different markets and in this situation no market benchmark is appropriate, so a cash plus benchmark is used. This is the situation for Insight where they have a fixed benchmark that is not related to an investment market, e.g. Insight's benchmark is 3 month LIBID (Cash) + 4%.
- 2.17 Although this report reviews performance in 2018/19, it is now two months since the financial year end. The start of the 2019/20 financial year has seen volatile equity markets, with significant gains in April and the reversal of these gains in May. This is mainly due to renewed trade war concerns between America and China and Brexit uncertainty.

### **3. Fund Manager Review**

- 3.1 The rest of this report takes each mandate in turn and discusses manager performance.
- 3.2 A Fund Manager's performance is measured against a specific fund benchmark, which is made up of market indices of the countries where they invest.
- 3.3 A Fund Manager's target is a level of outperformance above the benchmark that is seen as achievable with a low level of measured risk on a given mandate. The Manager will actively seek to produce investment returns in order to achieve the stated target. Performance at or above target is desirable but any returns above the benchmark will add value to the fund above the market return.

#### **Baillie Gifford - Active Equity Fund**

- 3.4 Baillie Gifford is an independent investment management firm based in Edinburgh. The firm is 100% owned and managed by about 40 partners all of whom work in the business.
- 3.5 Baillie Gifford was awarded an £80m global equity mandate in June 2016 as part of the Trust's investment strategy review. They received the funds at the end of September 2016 with performance monitoring commencing in October 2016.
- 3.6 The mandate is an actively managed global equity mandate. The mandate is invested in Baillie Gifford's Long Term Global Growth Fund, which invests in about 30 to 50 stocks globally.



- 3.7 The benchmark for this fund is the MSCI AC World equity index. The performance target for this fund is to beat the benchmark by 2.0% per annum.
- 3.8 The following table sets out in summary the performance of Baillie Gifford (net of fees) versus the benchmark and the performance target in 2018/19, and also on a cumulative basis from inception of the mandate in October 2016.

**Fund Performance versus Benchmark and Target**

	Fund Return (%)	Performance v Benchmark (%)	Performance v Target (%)
2018/19	17.6	7.1	5.1
30 months - Oct 2016 to Mar 2019	58.0	31.0	26.0

The performance v benchmark figure gives the percentage that the fund has out or underperformed the benchmark return (market indices).

The performance v target figure gives the percentage that the fund has out or underperformed the set target.

- 3.9 Baillie Gifford returned 17.6% in 2018/19, which was 7.1% above the benchmark return and 5.1% above the target return. Baillie Gifford continue to perform strongly with this mandate and this outperformance return reflects the active nature of this investment.
- 3.10 This mandate is invested in a small number of shares worldwide, therefore there will be a lot of volatility in investment returns over short time periods.
- 3.11 On a cumulative basis over the 30 month rolling monitoring period Baillie Gifford are above the overall benchmark and target. The fund has, over this period, increased in value by 58.0%, which equates to a return of 20.1% per annum.
- 3.12 Investment returns can be volatile over the short term but it is over the long term (generally 5 years) that the performance of the Fund Managers are evaluated and reviewed.

### **BlackRock – Passive Equity Fund**

- 3.13 BlackRock was initially a large US fund management business but over the past few years they have acquired Merrill Lynch and BGI, to become one of the largest global Fund Managers.
- 3.14 Performance monitoring of the fund with BlackRock commenced on 1 October 2008. It is a pure equity fund with a benchmark of 50% UK equities, 16.7% North American equities, 16.7% European equities, 8.3% Japanese equities and 8.3% Pacific Rim equities. As the fund is invested passively the benchmark and the target return are the same, i.e. one aim, the market index return.
- 3.15 BlackRock's investment mandate was not altered in the Trust's 2016 investment strategy review, but they did have a reduction in the assets they manage to take them in line with the new strategy.
- 3.16 In November 2018, Trustees agreed to amend the benchmark for BlackRock to reduce their exposure to UK Equities and increase their exposure to US Equities. The new benchmark, of 30% UK equities, 36.7% North American equities, 16.7% European equities, 8.3% Japanese equities and 8.3% Pacific Rim equities, was implemented in January 2019.
- 3.17 The fund is passively invested, removing the Manager risk, therefore the benchmark and the target are the same. For performance comparison purposes the fund return is only compared against the index return.
- 3.18 The following table sets out in summary the performance of BlackRock (net of fees) versus the benchmark return for 2018/19, and also on a cumulative basis over a five-year investment period.

#### **Fund Performance versus Benchmark**

	Fund Return (%)	Performance v Benchmark (%)
2018/19	7.4	0.3
Five years 14/15 to 18/19	49.3	0.3

The performance v benchmark figure gives the percentage that the fund has out or underperformed the benchmark return (market indices).

- 3.19 The equity fund with BlackRock increased in value by 7.4% in 2018/19, which is a reflection of the various equity market returns BlackRock invest into. BlackRock were very close to the benchmark return, which shows the fund has mirrored the market return very closely.
- 3.20 The best returning equity market in the fund was North America with a return of 16.7% and Japan was the lowest with a return of -0.1%.
- 3.21 On a cumulative basis over the five year rolling monitoring period the fund is 0.3% above the benchmark return, which is very close to the long-term investment aim of mirroring the performance of the markets. During this five year period the fund has increased in value by 49.3%, which equates to a return of 8.4% per annum.

### **Schroders – Property Fund**

- 3.22 Schroders were awarded a £20m UK property mandate in 2009 with performance monitoring beginning on 1 July 2009.
- 3.23 The benchmark for this fund is based on a 100% UK property investment. The Fund Manager does however have the scope to invest up to a maximum of 30% of the fund in overseas property, if attractive investment opportunities exist. So far they have not invested into any overseas property funds. Their performance target for this fund is to beat this specific benchmark by 1.0% per annum.
- 3.24 Schroders mandate was not altered as part of the Trust's strategy review in 2016. However, in November 2018 Trustees agreed to invest a further £12.3m with Schroders in their Income Plus Real Estate Debt Fund. This investment will be made in quarter 3 and quarter 4 of 2019.
- 3.25 The following table sets out in summary the performance of Schroders (net of fees) versus the benchmark and the performance target in 2018/19 and also on a cumulative basis over a five year period.

### **Property Fund Performance versus Benchmark and Target**

	Fund Return (%)	Performance v Benchmark (%)	Performance v Target (%)
2018/19	5.9	1.0	0.0
Five years 14/15 to 18/19	57.7	3.1	-1.9

The performance v benchmark figure gives the percentage that the fund has out or underperformed the benchmark return (market indices).

The performance v target figure gives the percentage that the fund has out or underperformed the set target.

- 3.26 The Property Fund with Schroders returned 5.9% in 2018/19, which was 1.0% above the benchmark and matched the target return. Schroders underweight position to central London offices has helped returns, and they are adding to regional office, industrials and alternative sector. Schroders has also set up another fund to invest into commercial real estate debt.
- 3.27 On a cumulative basis over the five year rolling monitoring period Schroders have outperformed the benchmark by 3.1% but they are below target by 1.9%. The property fund continues to produce positive returns with the fund increasing in value by 57.7% over the last five years, which equates to a return of 9.5% per annum.

#### **Insight - Diversified Growth Fund**

- 3.28 Insight Investment Management is owned by Bank of New York Mellon (BONYM). BONYM have various investment businesses throughout the world but generally leave the companies alone to continue with their specialist services.
- 3.29 Insight managed a bond fund for the Trust for many years but this was closed in line with the 2016 investment strategy review. In June 2016, Insight was awarded a new diversified growth fund mandate after a tender exercise as per the new investment strategy.
- 3.30 There was a reorganisation of Insight's investments into the new mandate with performance monitoring of the diversified growth fund commencing on 1 October 2016. The Trust made a further investment of £4.7m with Insight in January 2019.
- 3.31 The new diversified growth fund invests in a broad range of asset groups, such as equities, bonds, infrastructure, commodities, real estate etc. The fund's performance benchmark is 3 months cash plus 4%. The agreed benchmark is a cash plus benchmark, which aims at a constant positive return every year, which is independent of the investment classes that the fund invests into. As it is a fixed constant positive benchmark, the benchmark and target is the same so performance is only compared to the benchmark.

- 3.32 The following table sets out in summary the performance of Insight (net of fees) versus the benchmark and the performance target in 2018/19 and also on a cumulative basis since inception of the new diversified growth fund mandate in October 2016.

**Fund Performance versus Benchmark and Target**

	Fund Return (%)	Performance v Benchmark (%)
2018/19	2.0	-2.6
30 months - Oct 2016 to Mar 2019	6.3	-4.7

The performance v benchmark figure gives the percentage that the fund has out or underperformed the benchmark return (market indices).

- 3.33 The diversified growth fund mandate with Insight returned 2.0% in 2018/19, which was 2.6% below the benchmark. This return is a combination of the various asset classes that Insight invest into. Insight were behind the benchmark throughout the financial year. Similar funds also experienced relatively poor returns as volatility in equities markets impacted on performance.
- 3.34 On a cumulative basis over the 30 month rolling monitoring period, Insight is below the overall benchmark. This mandate has only been in place for 30 months and over that period Insight has returned 6.3%.

**4. Financial Implications**

- 4.1 Performance by a Fund Manager will have long-term financial consequences for the Trust.
- 4.2 Long-term positive absolute returns will benefit the capacity of the Trust to inflation proof the Trust's capital, and finance the Trustees disbursement plans.
- 4.3 There are no decisions from this report, so there are no immediate financial consequences.

**5. Investment Governance**

- 5.1 The Trust receives quarterly investment performance reports covering all of the Trust's investment managers with quarterly performance and analysis of each fund along with any other relevant issues relating to the investments. These reports are in addition to the annual review.

- 5.2 An investment strategy review was undertaken during 2015/16 with investment consultant Mercer, in line with the long term investment aims set by the Trust. The new investment strategy was approved by the Trustees during 2015/16 and the Trust's investments were reorganised during 2016/17 in line with the new investment strategy, with the new strategy being in place from 1 October 2016.
- 5.3 A further review of investments was undertaken in November 2018, where Trustees agreed to invest a further £4.7m with Insight and £12.3m with Schrodgers. Trustees also agreed the revised benchmark for BlackRock, at this time.

## **6. Conclusions**

- 6.1 Baillie Gifford outperformed the equity benchmark and target during 2018/19. Baillie Gifford have had a very good start to their mandate and over the 30 month period they have outperformed the benchmark and target.
- 6.2 BlackRock was close to their aim of equalling the equity benchmark return during 2018/19. Over the five year period BlackRock are close to the equity benchmark.
- 6.3 Schrodgers have outperformed the return of the UK property benchmark during 2018/19 and equalled their target. Over the five year investment period Schrodgers are above the benchmark return but below the target.
- 6.4 Insight underperformed the fixed benchmark during 2018/19. Over the 30 month investment period Insight are also below the benchmark.
- 6.5 Investment asset classes produced mixed returns with Baillie Gifford's mixed portfolio and North American equities being the highest returning investments for the Trust during 2018/19. This along with the Fund Manager's management of the funds helped to contribute £28m in investment income to the Trust's investments over the 2018/19 financial year.
- 6.6 The Trust's investments returned 11.3% over 2018/19 and ended the financial year with a valuation of £282m.

## **7. Recommendations**

- 7.1 Trustees are asked to note this report.

## REPORT

To: Shetland Charitable Trust

Date: 6 June 2019

From: Chief Executive

Report: CT1906020

### Management Accounts – Twelve Months Ended 31 March 2019

#### 1 Introduction

1.1 The purpose of this report is to present the Trust's Management Accounts for the twelve months ended 31 March 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 2018/19 and the results in the twelve months to 31 March 2019.

**Table 1: Summary Management Accounts 2018/19**

Item	Current Budget £m	Spend to Mar 2019 £m
Income	4.6	7.7
Disbursements	(7.7)	(7.7)
Management and Administration	(0.6)	(0.6)
Fund Managers Fees	(0.9)	(1.0)
Gain on Investments	-	26.9
Year End Adjustments	-	(0.4)
<b>Total</b>	<b>(4.6)</b>	<b>24.9</b>

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

2.3 In the twelve months ended 31 March 2019 the Trust made a gain on its investments of £26.9m.

### **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 31 March 2019 as shown in the Management Accounts in Appendix A.

Reference: DA5/1

Report No: CT1906020





# Shetland **Charitable Trust**

## Management Accounts

12 Months Ended 31 March 2019

**Shetland Charitable Trust  
Income and Expenditure  
Period to 31 March 2019**

	<u>12 Month Actual £</u>	<u>Annual Budget £</u>	<u>Variance £</u>
<b>Income</b>			
Managed fund dividends	1,682,052	1,842,792	(160,740)
Managed fund interest	1,834,423	-	1,834,423
Agricultural loan interest	1,059	1,059	-
Local equity gift aid	3,353,973	2,000,000	1,353,973
Rental income	775,366	800,500	(25,134)
Bank interest	13,772	-	13,772
Miscellaneous income	-	-	-
	<u>7,660,645</u>	<u>4,644,351</u>	<u>3,016,294</u>
<b>Expenditure</b>			
Disbursements	(7,698,894)	(7,720,979)	22,085
Management and administration	(563,101)	(649,753)	86,652
Provision made against equity investments	(35,839)	-	(35,839)
Fund managers	(1,049,414)	(935,304)	(114,110)
Depreciation	(75,000)	-	(75,000)
Actuarial Loss/Pension Charge	(311,000)	-	(311,000)
	<u>(9,733,248)</u>	<u>(9,306,037)</u>	<u>(427,211)</u>
Gain on investments	26,928,278	-	26,928,278
<b>Surplus/(Deficit)</b>	<u><b>24,855,675</b></u>	<u><b>(4,661,686)</b></u>	<u><b>29,517,360</b></u>

**Shetland Charitable Trust**  
**Balance Sheet**  
**Period to 31 March 2019**

	Mar-19	
	£	£
Tangible fixed assets		248,000
Investments		<u>294,467,505</u>
		<u>294,715,505</u>
Trade debtors	303	
Prepayments and Accrued income	197,111	
Other debtors	163,890	
Bank	<u>16,616,829</u>	
	<u>16,978,133</u>	
Trade creditors	101,098	
Accruals and deferred income	346,079	
Amounts owed to subsidiary	-	
Other creditors	<u>(779)</u>	
	446,398	
Net current assets		<u>16,531,735</u>
		<u>311,247,240</u>
Pension liability		(1,972,000)
		<u>309,275,240</u>
Opening reserves		284,419,565
Surplus for period		<u>24,855,675</u>
Closing reserves		<u>309,275,240</u>

**Shetland Charitable Trust**  
**Rental Income**  
**Period to 31 March 2019**

	<u>12 Month Actual £</u>	<u>Annual Budget £</u>	<u>Variance £</u>
Sullom Voe Site	774,866	800,000	(25,134)
Shetland Golf Course	500	500	-
	<u>775,366</u>	<u>800,500</u>	<u>(25,134)</u>

**Shetland Charitable Trust**  
**Disbursements**  
**Period to 31 March 2019**

	<u>12 Month Actual £</u>	<u>Annual Budget £</u>	<u>Variance £</u>
Shetland Amenity Trust	1,189,045	1,189,045	-
Shetland Arts Development Agency	633,974	633,974	-
Shetland Recreational Trust	3,082,989	3,082,989	-
Support to Rural Care Model	2,091,516	2,091,516	-
<b><u>Other Revenue Grants</u></b>			
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	54,418	54,418	-
Citizens Advice Bureau	132,265	132,265	-
COPE Limited	154,967	154,967	-
Shetland Link Up	47,994	47,994	-
Voluntary Action Shetland	144,361	144,361	-
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	46,985	46,985	-
<b>Sub Total Charitable Organisations</b>	<u>7,685,979</u>	<u>7,685,979</u>	-
<b><u>Schemes</u></b>			
Arts Grant Scheme	7,798	20,000	(12,202)
Senior Citizens Clubs	7,975	15,000	(7,025)
<b>Sub Total Schemes</b>	<u>15,773</u>	<u>35,000</u>	<u>(19,227)</u>
Surplus Grants Refunded	(2,858)	-	(2,858)
<b>Total</b>	<u>7,698,894</u>	<u>7,720,979</u>	<u>(22,085)</u>

**Shetland Charitable Trust**  
**Management and Administration Expenditure**  
**Period to 31 March 2019**

	12 Month Actual £	Annual Budget £	Variance £
Basic Pay and Allowances	255,516	290,000	(34,484)
Professional Membership Fees	684	500	184
Staff recruitment	-	1,000	(1,000)
Travel and Subsistence	8,155	7,240	915
Training and Staff Development	3,041	5,860	(2,819)
<b>Sub Total Staffing Costs</b>	<b>267,396</b>	<b>304,600</b>	<b>(37,204)</b>
<b>Operating Costs</b>			
Insurance	9,885	9,500	385
Administration	1,735	2,250	(515)
Supplies and Services	3,759	6,000	(2,241)
Bank Charges	175	250	(75)
Professional Fees: Other	11,925	20,000	(8,075)
External Audit Fees	26,400	23,250	3,150
Financial advice	24,000	50,000	(26,000)
Trustees Expenses	2,605	5,000	(2,395)
Meeting expenses	2,401	3,000	(599)
Legal Fees	76,456	50,000	26,456
Trustee Recruitment Costs	2,284	5,000	(2,716)
<b>Sub Total Operating Costs</b>	<b>161,624</b>	<b>174,250</b>	<b>(12,626)</b>
<b>Property Costs</b>			
Energy Costs	7,533	8,000	(467)
Water Rates	1,197	1,200	(3)
Building Maintenance	26,599	51,000	(24,401)
Cleaning	1,848	1,500	348
<b>Sub Total Property Costs</b>	<b>37,177</b>	<b>61,700</b>	<b>(24,523)</b>
<b>Bad debt write off</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Bought In Services</b>			
Treasury	22,200	25,000	(2,800)
Payroll	488	1,000	(512)
Pension	1,000	3,600	(2,600)
Building Maintenance	46,400	47,000	(600)
Committee Services	7,200	7,200	-
Computer Services	4,182	4,328	(146)
Messenger Service	433	515	(82)
Peninsula	2,164	2,160	4
Public Relations	15,600	18,400	(2,800)
<b>Sub Total Bought In Services</b>	<b>99,667</b>	<b>109,203</b>	<b>(9,536)</b>
<b>Total</b>	<b>565,864</b>	<b>649,753</b>	<b>(83,889)</b>

**Shetland Charitable Trust**  
**Investment expenses**  
**Period to 31 March 2019**

	<u>12 Month Actual £</u>	<u>Annual Budget £</u>	<u>Variance £</u>
Managed fund misc	72,531	-	72,531
Fund managers fees	-	-	-
Black Rock fees	86,550	94,335	(7,785)
Northern trust fees	49,032	56,800	(7,768)
Insight investment fees	110,425	114,431	(4,007)
Schroders fees	99,456	80,224	19,232
Baillie Gifford fees	631,420	589,513	41,907
	<u>1,049,414</u>	<u>935,304</u>	<u>114,110</u>





## REPORT

To: Shetland Charitable Trust

Date: 6 June 2019

From: Chief Executive

Report: CT1906021

### 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 35 projects have received bridging loans, totalling £3,234,253. Of these, 33 projects have fully repaid their loans.
- 3.2 Since April 2018, the Trust has provided four organisations with bridging loans totalling £368,737 with repayments due over the next few months 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 five 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: CT1906021

## Capital Works Bridging Loan Scheme

CT1906021– 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		
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		
Ringwall 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	Repayment overdue due to issues with contractor. SCT receiving regular updates.
Sandwick Social and Economic Development	160,302	120,000		120,000	New loan issued in Jan 2019. Repayment was expected April & June 2019. Informed that first £50k repayment will be made end of May/beginning June.
<b>TOTAL</b>	<b>14,617,021</b>	<b>3,234,253</b>	<b>3,070,363</b>	<b>163,890</b>	



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**REPORT****To:** Shetland Charitable Trust

6 June 2019

**From:** Chief Executive

Report: CT1906022

**Payments to Trustees in the year to 31 March 2019****1. Introduction**

- 1.1 This report is presented to show the payments which have been made to Trustees in the year to 31 March 2019.

**2. Background**

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

**3. Present Position**

- 3.1 A table is attached as Appendix A, showing the expenses which have been paid to Trustees in the year to 31 March 2019, totalling £2,426.19.

**4. Financial Implications**

- 4.1 A budget of £5,000 was set aside for payments to Trustees.

**5. Recommendation**

- 5.1 Trustees are asked to note this report.

Reference: TA21/2

Report Number CT1906022

## Trustee Expenses 2018-19

Trustee Name	Position	Total 18/19
		£
Mr B Hunter	SCT Chair & Chair of General Purposes Advisory Committee	1,576.29
Dr A Cooper	Vice Chair	0
Ms J Garriock		0
Mr G Hay		0
Ms Y Hopkins		0
Rev T Macintyre		0
Mr P Malcolmson		0
Mr K Massey	Chair Audit & Governance Advisory Committee	0
Dr I Napier		0
Mr D Ratter	Chair Investment Advisory Committee	783.00
Ms M Roberts		66.90
Mr J Smith		0
<b>TOTAL</b>		<b>2,426.19</b>

## **REPORT**

**TO:** Shetland Charitable Trust

6 June 2019

**FROM:** Chief Executive

Report: CT1906023

### **Trustee Attendance at meetings in the year to 31 March 2019**

#### **1. Introduction**

1.1 This report is presented to record Trustee attendance at Trust Meetings in the financial year to 31 March 2019.

#### **2. Background**

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

#### **3. Present Position**

3.1 A table is attached as Appendix A, showing Trustee attendance at Trustee Meetings in the financial year to 31 March 2019.

#### **4. Recommendation**

4.1 Trustees are asked to note this report.

Reference: TA48

Report Number CT1906023





Trustee Attendance at Trustee Meetings in the financial year to 31 March 2019

CT1906023 - Appendix A

Name	14 June 2018	13 September 2018	13 September 2018 AGM	22 October 2018 Special Meeting	29 November 2018	24 January 2019 Special Meeting	28 February 2019
B Hunter	✓	✓	✓	✓	✓	✓	✓
A Cooper	✓	A	A	✓	✓	✓	✓
J Garrick		✓	✓	✓	✓	A	✓
G Hay	✓	✓	✓	A	A	A	✓
Y Hopkins		✓	✓	✓	✓	✓	✓
T Macintyre	A	✓	✓	✓	✓	A	✓
P Malcolmson	✓	A	A	✓	✓	✓	✓
K Massey	✓	✓	✓	✓	A	A	✓
I Napier	✓	✓	✓	✓	✓	✓	✓
D Ratter	✓	✓	✓	✓	✓	✓	✓
M Roberts	✓	✓	✓	✓	✓	✓	✓
J Smith	✓	✓	✓	✓	✓	A	✓

✓ = In attendance      A = Apologies Received

