

Chief Executive: Dr Ann Black

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

Our Ref: EM/TA48

Date: 4 September 2019

Dear Sir/Madam

You are invited to the following meeting:

**Shetland Charitable Trust
Room 9, Islesburgh Complex, Lerwick
Thursday 12 September 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 6 June 2019 (enclosed).

For Decision

1. Shetland Charitable Trust Annual Report and Accounts for the Year Ended 31 March 2019. *Report enclosed.*
2. Service Performance of Funded Organisations – Year Ending 31 March 2019. *Report enclosed.*
3. Investment Plan 2020-2025. *Report enclosed.*
4. Financial Plan 2020-2025. *Report enclosed.*
5. Disbursement Plan 2020-2025. *Report enclosed.*
6. Strategy 2020-2025. *Report enclosed.*

For Information

7. Investment Review Report – Quarter to 30 June 2019. *Report enclosed.*
8. Management Accounts – Three Months Ended 30 June 2019. *Report enclosed.*
9. Capital Works Bridging Loan Scheme Update. *Report enclosed.*
10. Small Grant Schemes – Approvals. *Report enclosed.*

The following items contain **CONFIDENTIAL** information

For Decision

11. Shetland Heat Energy and Power Limited. *Report enclosed.*

For Information

12. Deeds Executed. *Report enclosed.*
13. Update from Chairs of Advisory Committees.
14. Update from Subsidiary Companies.

REPORT

To: Shetland Charitable Trust

12 September 2019

From: Chief Executive

Report: CT1909026

**Shetland Charitable Trust
Annual Report and Accounts for the year to 31 March 2019****1. Introduction**

- 1.1 The purpose of this report is to present the Annual Report and Accounts for the year to 31 March 2019 for approval. These are attached as Appendix A.

2. Commentary

- 2.1 Shetland Charitable Trust (the Trust) has seen an increase in funds of £24.9 million this financial year, mainly due to the gains on investments of £26.9 million. The Trusts net asset position now stands at £309.3 million (2018: £284.4 million).
- 2.2 Total incoming resources were £7.7 million and total resources expended were £9.5 million.
- 2.3 Total charitable expenditure, including depreciation charges, for the year was £8.4 million (2018: 8.8 million). This reduction was principally due to a reduction in disbursements in line with the Trust's disbursement plan. Further information on charitable activities is provided in the Annual Report.
- 2.4 The Trust funds invested on global markets increased this year. Investment income increased by £0.1 million, however, there was a gain on investment assets of £26.9 million (2018: gain of £23.6 million). Investment management costs for the year were £1,049,000 (2018: £938,000). This increase is due to the increase in the value of the invested assets.
- 2.5 Programme related investments have reduced in the year, mainly due to the sale of Shetland Leasing and Property Developments Limited (SLAP), but also due to the provision made on equity holdings and the repayment of balances under the agricultural loans.
- 2.6 Gift Aid in the year totalled £3.4 million, all of which was from SLAP (2018: £2.1 million). Shetland Heat Energy and Power Ltd (SHEAP) did not make a gift aid payment in the year (2018: Nil).

(1)

- 2.7 KPMG LLP have written a report, shown in Appendix B, which summarises the work of the auditors along with a summary of the Trusts financial position as at 31 March 2019. Bruce Marks of KPMG presented this report to the Audit and Governance Advisory Committee on Tuesday 27 August 2019.
- 2.8 The letter of representation from Trustees to KPMG, required to complete the audit, is attached as Appendix C.

3. Financial Implications

- 3.1 The Trust's net movement in funds for the year was a £24.9 million inflow (2018: £20.4 million inflow). The Trust continues to maintain a strong cash balance and has net assets at 31 March 2019 of £309.3 million (2018: £284.4 million).

4. Recommendations

- 4.1 Trustees are asked to:-
- a) approve the Annual Report and Accounts for the year to 31 March 2019 attached as Appendix A;
 - b) authorise the Chair and the Chair of Audit and Governance Advisory Committee to sign the accounts;
 - c) authorise the Chair to sign the Letter of Representation reproduced as Appendix C, and
 - d) note the summary report from KPMG LLP, the Trust's auditors, attached as Appendix B.

Reference: TA2

Report Number: CT1909026

Shetland Charitable Trust

**Trustees' report and consolidated
financial statements**

Charity number SC027025

31 March 2019

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Chair's Introduction

The Trust has had a positive year. Change continues to be a theme of each year now. Bobby Hunter, our long serving Chair has retired from the Trust. He has been a sure guide through the rapid evolution of the Trust in the past few years, and has played a major role in putting the Trust in the strong position it is in today.

We also lost a number of other, very experienced Trustees, who made an immense contribution during their time on the Board. However, our strong governance principles and dedicated staff have ensured that the underlying work of the Trust goes on as before. We have been successful in recruiting new Trustees with considerable experience in various fields that will bring valuable expertise to our deliberations.

The Trust is in a strong financial position despite the troubles of the world, and this reflects the excellent investment decisions made in the sure hands of the Investment Advisory Committee chair and members. We are now in a position to review our strategic plans, with a focus on a new disbursement plan, which we hope to start implementing in the coming year.

Two major changes this year were the sale of Shetland Leasing and Property (SLAP) to Shetland Islands Council and a resolution of the position of the Trust in Viking Energy. The SLAP sale was a mutually beneficial deal to both parties. The new agreement between Viking Energy Shetland and SSE is a recognition of the commercial reality of developing the project, and should ensure a reasonable return on the Trust's investment, if the project does go ahead.

Our work as Trustees is supported by a small but high calibre staff team. Their commitment is reflected in the achievement of Healthy Working Lives Gold Award and the Walk to Work Award. As incoming Chair my position has been made much easier by the support of the new Vice- Chair. Thanks too to Chairs of the advisory committees, Trustees and staff.

A B Cooper
Chair

12 September 2019

Trustees' Report

Section 1: Reference and Administrative Details

Name Shetland Charitable Trust
Scottish Charity Number SC027025
Address 22-24 North Road, Lerwick, Shetland, ZE1 0NQ

Selected

R W Hunter, Chair (demitted 31 May 2019)	K Harrison (appointed 1 June 2019)
A B Cooper, Vice Chair (appointed Chair 6 June 2019)	R C Leask (appointed 1 June 2019)
T Macintyre (demitted 31 May 2019)	R M Leask (appointed 1 June 2019)
P Malcolmson (demitted 31 May 2019)	R C Leith (appointed 1 June 2019)
K I Massey (demitted 31 May 2019)	E Miller (appointed 1 June 2019)
I R Napier	A J Ockendon (appointed 1 June 2019)
J L B Smith (demitted 31 May 2019)	
G Hay (resigned 31 May 2019)	
W A Ratter (resigned 12 August 2019)	
M I Roberts (appointed Vice Chair 6 June 2019)	
J Garriock	
Y Hopkins	

Chief Executive Dr Ann Black

Bankers Bank of Scotland
117 Commercial Street
Lerwick
ZE1 0DL

Auditor KPMG LLP
319 St Vincent Street
Glasgow
G2 5AS

Solicitors -

Governance and Charity Law	Turcan Connell Princes Exchange 1 Earl Grey Street Edinburgh EH3 9EE	Commercial	Maclay Murray & Spens LLP Quartermile One 15 Lauriston Place Edinburgh EH3 9EP
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Investment Managers Insight Investment Management (Global) Limited
160 Queen Victoria Street,
London,
EC4V 4LA

BlackRock Global Investors Limited
Drapers Gardens
12 Throgmorton Avenue
London
EC2N 2DL

Schroders Property Managers
1 London Wall Place
London
EC2Y 5AU

Trustees' Report *(continued)*

Section 1: Reference and Administrative Details (continued)

Investment Managers	Baillie Gifford & Co Calton Square 1 Greenside Row Edinburgh EH1 3AN
Custodian	The Northern Trust Company 50 Bank Street Canary Wharf London E14 5NT
Investment Monitor	The Northern Trust Company 50 Bank Street Canary Wharf London E14 5NT

Section 2: Structure, Governance and Management

Governing Document

The Shetland Charitable Trust (the Trust) was established by a Deed of Trust which was registered in the Books of Council and Session on 27 September 2012.

The Trust Deed and its schedules appoint Trustees, state the charitable purposes of the Trust and also set out the powers of the Trustees.

Charitable Status

The Trust appears in the Scottish Charity Register, number SC027025, maintained by the Office of the Scottish Charity Regulator (OSCR). In addition, any tax reliefs received by the Trust are overseen by HM Revenue and Customs (HMRC). The Trust has to demonstrate to both these regulators, on an ongoing basis, that its activities remain charitable, and in the case of OSCR, generate public benefit.

Trustees – Appointment, Induction and Training

The Trust is made up of twelve appointed Trustees recommended by a selection panel and appointed by the Trustees.

New Trustees receive induction training and thereafter Trustee training is provided as appropriate. From time to time, Trustees receive reports on their roles and responsibilities, in line with guidance from OSCR.

Management and Administration

The Trust is managed and administered by a team of four directly employed staff. The Chief Executive's role is to ensure that the charitable activities carried out by the Trust are in furtherance of its purposes, represent value for money and complement the needs and aspirations of the community. This must all be in accordance with the Trust Deed and the law. The Chief Executive is also responsible for the effective management of the Trust's liquid resources. This includes ensuring that charitable status is retained and putting in place effective investment policies. Some specialist services are purchased from other providers, under various service level agreements.

The Trust's procedures are governed by a set of Administrative Regulations. This public document has been updated to reflect the changes in administration and is available through the Trust's website, www.shetlandcharitabletrust.co.uk.

Trustees' Report *(continued)*

Minutes

The public minutes of all meetings of the Trustees, together with the relevant reports, may be inspected during office hours, at the Trust's office at 22-24 North Road, Lerwick. The public minutes are also available electronically through the Trust's website.

Subsidiary Companies

The Trust had four wholly owned subsidiary companies at the start of the financial year. Shetland Leasing and Property Development Limited was sold on 23 October 2018. The following are the directors of the companies:

Shetland Leasing and Property Developments Limited (SLAP) Michael Thomson – Chair (resigned 23 October 2018)
William Manson (resigned 23 October 2018)
Brian Anderson (resigned 23 October 2018)
Colin Clark (resigned 23 October 2018)

Shetland Heat Energy and Power Limited (SHEAP) James Armitage – Chair
Allan Wishart
Simon Collins (resigned 25 October 2018)
Derek Leask
Garry Tait (resigned 31 January 2019)
Wendy Grant (appointed 15 June 2018)

CT Shetland (TM) Limited is a dormant company whose present purpose is to register and own certification trademarks, for example knitwear trademarks.

C. T. Shetland (TM) Limited Keith Massey (resigned 31 May 2019)
Jolene Garriock (appointed 1 June 2019)

SCT Renewables Limited has a 90% interest in Viking Energy Shetland LLP 'the Shetland Partner' in the Viking Energy Partnership.

SCT Renewables Limited James Smith (resigned 31 May 2019)
Ian Napier (appointed 1 June 2019)

Risk Management

The Audit & Governance Advisory Committee has reviewed all the Trust risk's and prepared a new Strategic Risk Management Assessment. The Committee felt that the previous strategic risks should be separated into Strategic and Operational Risks and that the Operational Risks should be managed by the Chief Executive. They also identified that a number of the risks could be consolidated into a single strategic risk.

As a result of this review, a new Risk Management Assessment was presented to Trustees on 28 February 2019. The five strategic key risks are:

No.	Risk	Current Risk Level	Lead Committee
1	Governance	Amber	Audit & Governance Advisory Committee
2	Reputational	Amber	General Purposes Advisory Committee
3	Investment	Amber	Investment Advisory Committee
4	Disbursement	Green	General Purposes Advisory Committee
5	Strategic Direction	Amber	General Purposes Advisory Committee

Each of these Committees will take responsibility for ensuring the risk is reviewed regularly and identify the steps required to mitigate these risks. All recommendations from the Committees will be reported annually to the Board of Trustees for consideration and approval.

Trustees' Report *(continued)*

Section 2: Structure, Governance and Management *(continued)*

Disclosure of information to auditor

The Trustees who held office at the date of approval of this Trustees' report confirm that, so far as they are each aware, there is no relevant audit information of which the Trust's auditor is unaware; and each Trustee has taken all steps that he/she ought to have taken as a Trustee to make himself/herself aware of any relevant audit information and to establish that the Trust's auditor is aware of that information.

Section 3: Objectives and Activities

Priorities

Trustees have identified a number of priorities linked to the objects, which are set out in the Trust Deed. Priority will be given to supporting projects and activities which:

- support services to people in need
- support services for the elderly
- support services for children and young people
- contribute to maintaining and developing Shetland's environment

Strategic Partnerships

The Trust is a partner in the Shetland Community Planning Partnership, which sets strategic direction for the community of Shetland. The role of the Partnership is to support and enhance community planning with particular regard for community engagement and partnership working. The Partnership also brings together those involved in working towards the outcomes of the Shetland Community Plan, to provide an effective link between strategic direction and coordinated planning.

In furtherance of its charitable activities set out in the Trust Deed, the Trust seeks to enhance the quality of life and services, in line with the community's needs, which are complementary to those provided by national and local taxation.

The Trust wishes to ensure that the charitable activities it carries out are appropriate and complementary to those activities carried out by other community and public bodies.

The final decision to support a project or activity lies with the Trustees. Any grant recipient is subject to "performance monitoring", which is carried out by Trust staff and reported to Trustees.

Grant Making Policy

The Trust is primarily a strategic funding body providing funding for other organisations to carry out their charitable activities and only undertakes a small amount of direct charitable activity in the Shetland community itself. The Trust can only give grants or loans in furtherance of its charitable purposes narrated in the Trust Deed and where a benefit to the Shetland community is clearly demonstrable.

Financial Objectives

Trustees have agreed to continue with the long-term financial strategy of passing the "pot" on to future generations, and so limiting annual expenditure to the average growth on the investments above inflation.

In 2015, Trustees approved a new Financial Plan to run from 1 April 2016 to 31 March 2020. The aim of this plan is to reduce the expenditure of the Trust to £8.5 million by 2020. Following the Investment Strategy review implemented in 2016, this was revised to £9.0 million by 2019/20 to reflect the increase in fund management costs. It was felt that the maximum expenditure of £11 million in the previous financial plan did not allow the Trust to be sustainable. A budget of £9 million has been set for the year to 31 March 2020 in line with the Financial Plan.

Trustees' Report (continued)

Section 3: Objectives and Activities (continued)

Budgets

Each year the Trustees adopt a budget for the incoming financial year. Details of the budget approved by Trustees are given in column one of the tables on page 7, with details of the actual spend in column two, and a comparison with the previous year in column three.

Section 4: Achievements and Performance

During the year to 31 March 2019, the Trust provided grant assistance to the following organisations towards the cost of providing a range of social, leisure, cultural, heritage and environmental activities:

- Citizens Advice Bureau
- COPE Ltd
- Disability Shetland
- Festivals: Folk Festival
- Royal Voluntary Service
- Shetland Link-up
- Shetland Amenity Trust
- Rural Care Model
- Shetland Samaritans
- Shetland Arts Development Agency
- Shetland Befriending Scheme
- Shetland Churches Council Trust
- Festivals: Fiddle and Accordion
- Voluntary Action Shetland
- Shetland Recreational Trust
- The Swan Trust
- Bus Service for the Elderly and Disabled
- Dunrossness Inter-Church Fellowship

The Trust allows organisations which it funds to hold small reserves for unforeseen items and to help with cash flow, rather than them having to return all unspent balances to the Trust.

The Trust has worked with the organisations funded to develop a system of service performance reporting. Trustees considered a progress report on service performance in September 2018, which set out, in detail, how the Trust's money makes a difference to people and communities. On the whole, Trustees were satisfied that most organisations were performing satisfactorily against their stated targets, and there were no significant areas of concern.

The Trust also supported a range of charitable projects and schemes, as set out below:

- Arts Grant Aid Scheme
- Senior Citizen's Clubs

Over the years, the Trust has invested in a range of community facilities and equipment. The facilities and assets include:

- Leisure facilities in Unst, Yell, Brae, Aith, Whalsay, Scalloway and Sandwick
- The Clickimin Complex in Lerwick
- Care centres in Unst, Yell, Whalsay, Brae, Walls and Levenwick
- The Garrison Theatre in Lerwick
- The new Museum and Archives in Lerwick
- Market House, the Voluntary Resource Centre in Lerwick
- Various offices and other buildings for local charities

Details of the activities and performance of the Trust's subsidiary companies are provided in Section 5 of this report. In summary, SLAP and SHEAP generated profits for the Trust in 2018/19. The rental from the land at the Sullom Voe terminal also made a contribution.

Trustees' Report *(continued)*

Section 4: Achievements and Performance *(continued)*

Charitable Expenditure

	2018/19 budget £	Actual spend to 31 March 2019 £	2018 spend £
Grants over £0.5m			
Shetland Amenity Trust	1,189,045	1,189,045	1,235,102
Shetland Arts Development Agency	633,974	633,974	664,426
Shetland Recreational Trust	3,082,989	3,082,989	3,193,176
Support to Rural Care Model	2,091,516	2,091,516	2,196,844
Other Revenue Grants			
Disability Shetland Recreation Club	12,641	12,641	12,641
The Swan Trust	17,913	17,913	35,825
Shetland Churches Council Trust	13,501	13,501	27,002
Shetland Befriending Scheme	54,418	54,418	54,418
Citizens Advice Bureau	132,265	132,265	132,265
COPE Limited	154,967	154,967	154,967
Shetland Link Up	47,994	47,994	47,994
Voluntary Action Shetland	144,361	144,361	144,361
Festival Grants	7,500	7,500	15,000
Shetland Samaritans	4,000	4,000	4,000
Dunrossness Inter-Church Fellowship	7,552	7,552	7,552
Buses for Elderly and Disabled	44,358	44,358	46,232
Royal Voluntary Service	46,985	46,985	46,985
Sub Total Organisations	7,685,979	7,685,979	8,018,790
	2018/19 budget £	Actual spend to 31 March 2019 £	2018 spend £
Schemes			
Arts Grant Scheme	20,000	7,798	8,008
Senior Citizen's Clubs	15,000	7,975	7,600
Sub Total Schemes	35,000	15,773	15,608
Surplus Grants Refunded	-	(2,858)	(1,346)
Sub-total charitable expenditure	7,720,979	7,698,894	8,033,052
Trust Administration, including governance costs	649,753	563,101	511,843
Total	8,370,732	8,261,995	8,544,895

Total charitable expenditure and administration costs are shown before adjustment for pension adjustments under FRS 102 totalling £76,000.

Trustees' Report (continued)

Section 5: Financial Review

Growth and Unrestricted Funds

The Trust relies chiefly on funds generated by investments on the world's markets. Around £29 million was generated in 2018/19. This includes growth in value of the investments as well as dividend income received. In 2018/19, around £4.1 million income was derived from investments in Shetland, valued at around £12 million. These included investments in SLAP, the land at Sullom Voe Terminal and the District Heating Scheme infrastructure. SLAP was sold by the Trust on 23 October 2018, realising £17.3 million in sale proceeds and £3.35 million in gift aid.

The Trust Deed does not require the Trust to distinguish between revenue and capital (income or expenditure), and all of the Trust's funds are 'unrestricted' (see below). These two things together mean that although the general funds are shown as being in deficit in the financial statements, there are no practical consequences flowing from this.

Reserves Policy

The policy of the Trustees is to invest the reserves of the Trust to generate income to support charitable expenditure and to maintain the real value of the reserves in the long term. The current value (as at 31 March 2019) of the Trust's reserves that are invested to generate income (i.e. not the 'Donated Properties') is around £294 million (2018 - £251 million). For the current year, this includes £12.3m of funds held within cash at bank that will be included in the investment portfolio later this year. Trustees seek to minimise risk through diversification within its investments and take advice, as appropriate, in determining the mix of asset types in its investments. None of the Trust's funds are for restricted purposes. Trustees are free to determine how to apply their Unrestricted Reserves in a manner consistent with the Trust objectives and in line with its Budget Strategy.

Investments

The Trust's capital has been invested by the Trustees in four main areas:

- Shares and other securities quoted on the world markets
- UK Property
- Cash on deposit
- Subsidiary companies

2018/19 was a good year for investment returns, achieving total returns of £29 million (about 11.5%).

Stock Exchanges and Property Portfolios

As at 31 March 2019, four fund managers managed the Trust's Stock Exchanges and Property portfolios. BlackRock Global Investors manage around £84.4 million invested in passive equities (shares), Baillie Gifford & Co. manage around £127.6 million invested in active equities (shares), Insight Investment manage around £29.0 million in a diversified growth fund, and Schroders Property Managers manage around £41.4 million in commercial property.

Cash on Deposit

The Trust has access to the money markets for the investment of cash deposits.

Subsidiary Companies

Shetland Leasing and Property Developments Limited (SLAP) was a wholly owned subsidiary of the Trust. SLAP was sold on 23 October 2018. The Board of Directors resolved to make a gift aid payment of £3.35 million to the Trust for the period to 23 October 2018.

Shetland Heat Energy and Power Limited (SHEAP) is a wholly owned subsidiary of the Trust, set up to operate the Lerwick District Heating Scheme. SHEAP has over 1200 customers receiving heat and it generated income of over £2.5 million in 2018/19. SHEAP recorded a small profit in 2018/19, but no gift aid payment will be made to the Trust in the financial year 2018/19.

SCT Renewables Limited is a 100% owned subsidiary of the Trust. The Trust has invested £10.0 million at 31 March 2019. Viking Energy Shetland LLP is a 90% owned subsidiary of SCT Renewables Limited. It is a partner in the Viking Energy project which is investigating a very large wind farm project in central Shetland.

C.T. Shetland (T.M.) Limited does not trade. The purpose of the company is to register and own certification trademarks, for example, the knitwear trademark known as *the Shetland Lady*.

Trustees' Report *(continued)*

Section 5: Financial Review *(continued)*

Decisions about Investments

When the Trustees make decisions about investing the Trust's capital, the law requires them to seek appropriate advice and act as reasonably prudently as commercial investors would. An investor is concerned with various criteria when investing money; these include rate of return (dividends / income / rent / interest earned), capital growth, and just how safe the money is. This applies whether the investments are on a Stock Exchange, or when they involve local assets. Investment, wherever it is made, involves using Trust funds wisely so as to produce income and to increase the value of those funds. To do this properly the Trust has to act commercially. It cannot "act charitably" towards its investments.

The Trust's investment strategy is based on 75% in shares (37.5% actively managed and 37.5% managed passively), 15% in property and 10% in a diversified portfolio of assets. The investment strategy was implemented in 2016/17 and seeks to maintain diversification whilst increasing average returns in the long term. Trustees have considered the legal, financial and ethical aspects of various possible socially responsible investment mechanisms.

Section 6: Plans For The Future

The Trust is currently concentrating on its strategy for 2020 to 2025. The Strategy 2020-2025 and Financial Plan 2020 -2025 have been developed and formal approval will be sought during 2019/20.

The Strategy 2020-2025, sets out the Trust's ambition, objectives and priorities for the period. The Financial Plan seeks to maintain the Trust's long term financial strategy. That is to use the average investment growth above inflation on the Trust's reserves to support annual expenditure, and so to be able to pass on the reserves preserved against inflation to future generations

A B Cooper
Chair

12 September 2019

Statement of trustees' responsibilities in respect of the trustees' annual report and the financial statements

Under charity law, the trustees are responsible for preparing a Trustees' Annual Report and financial statements for each financial year which show a true and fair view of the state of affairs of the group and the charity and of the group's and the charity's excess of income over expenditure for that period. The trustees have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

In preparing these financial statements, generally accepted accounting practice entails that the trustees:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the recommendations of the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- state whether the financial statements comply with the trust deed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the charity or to cease operations, or have no realistic alternative but to do so.

The trustees are required to act in accordance with the trust deed and the rules of the charity, within the framework of trust law. They are responsible for keeping proper accounting records, sufficient to disclose at any time, with reasonable accuracy, the financial position of the charity at that time, and to enable the trustees to ensure that, where any statements of accounts are prepared by them under the Charities and Trustee Investment (Scotland) Act 2005, those statements of accounts comply with the requirements of regulations under that Act. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the charity and to prevent and detect fraud and other irregularities.

The trustees are responsible for the maintenance and integrity of the financial and other information included on the charity's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the Trustees of Shetland Charitable Trust

Opinion

We have audited the financial statements of Shetland Charitable Trust ("the charity") for the year ended 31 March 2019 which comprise the Consolidated statement of financial activities, Trust statement of financial activities, Consolidated balance sheet, Trust balance sheet, Consolidated cash flow statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the charity's affairs as at 31 March 2019 and of the group's and charity's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the Charities and Trustee Investment (Scotland) Act 2005 and regulation 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

Basis for opinion

We have been appointed as auditor under section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and report to you in accordance with the regulations made under that Act.

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the trustees and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the group's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The trustees have prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the charity or to cease their operations, and as they have concluded that the group and charity's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the trustees' conclusions, we considered the inherent risks to the group's business model, including the impact of Brexit, and analysed how those risks might affect the group and charity's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the group or the charity will continue in operation.

Other information

The trustees are responsible for the other information, which comprises the Trustees' Annual Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. We are required to report to you if:

- based solely on that work, we have identified material misstatements in the other information; or
- in our opinion, the information given in the Trustees' Annual Report is inconsistent in any material respect with the financial statements.

We have nothing to report in these respects.

Matters on which we are required to report by exception

Under the Charities Accounts (Scotland) Regulations 2006 (as amended) we are required to report to you if, in our opinion:

- the charity has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Trustees' responsibilities

As explained more fully in their statement set out on page 11, the trustees are responsible for: the preparation of financial statements which give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the group or the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the charity's trustees as a body, in accordance with section 44 (1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and regulation 10 of the Charities Accounts (Scotland) Regulations 2006. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Bruce Marks

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

KPMG LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

319 St Vincent Street,

Glasgow

G2 5AS

12 September 2019

Consolidated statement of financial activities

for the year ended 31 March 2019

	Note	Unrestricted funds						Total £000
		2019		2019 General funds £000	Total £000	2018		
		Continuing General funds £000	Expendable endowment £000			Continuing	Discontinuing	
Income and endowments from								
Other trading activities	7	2,626	-	1,160	3,786	2,608	2,321	4,929
Investments		3,517	-	-	3,517	3,387	-	3,387
Rental income		775	-	-	775	757	-	757
Other income		67	-	-	67	15	-	15
Total income and endowments		6,985	-	1,160	8,145	6,767	2,321	9,088
Expenditure on								
Expenditure on raising funds	7	(2,585)	-	(432)	(3,017)	(2,805)	(846)	(3,651)
Investment Management		(1,049)	-	-	(1,049)	(938)	-	(938)
Provision made against equity investment	7	3	-	-	3	-	-	-
Charitable activities	2	(8,338)	(75)	-	(8,413)	(8,791)	-	(8,791)
Total expenditure		(11,969)	(75)	(432)	(12,476)	(12,534)	(846)	(13,380)
Net gains on investments	13	-	25,371	36	25,407	23,558	-	23,558
Net income/(expenditure)		(4,984)	25,296	764	21,076	17,791	1,475	19,266
Other recognised gains and losses								
Actuarial (losses)/gains in defined benefit pension scheme	18	(235)	-	-	(235)	354	-	354
Net movement in funds		(5,219)	25,296	764	20,841	18,145	1,475	19,620
Fund balances brought forward	13, 14	(14,861)	303,434	-	288,573	268,953	-	268,953
Fund balances carried forward		(20,080)	328,730	764	309,414	287,098	1,475	288,573

All funds are unrestricted income funds. The incoming resources and resulting net movement in funds all arose from continuing operations. All gains and losses recognised in the year are included above.

The notes on pages 18 to 35 form a part of the financial statements.

Trust statement of financial activities

for the year ended 31 March 2019

	Note	Unrestricted funds			2018	
		2019		Total	Continuing	Total
		Continuing	Expendable			
General funds	endowment	£000	£000	£000	£000	
Income and endowments from						
Income from investments		3,517	-	3,517	3,387	3,387
Other trading activities (Gift Aid receipts from subsidiary undertakings)	7	3,354	-	3,354	2,083	2,083
Rental income		775	-	775	757	757
Other income		64	-	64	5	5
Total income and endowments		7,710	-	7,710	6,232	6,232
Expenditure on						
Expenditure on raising funds		(1,049)	-	(1,049)	(938)	(938)
Provision made against equity investment	7	(36)	-	(36)	(111)	(111)
Charitable activities	2	(8,338)	(75)	(8,413)	(8,791)	(8,791)
Total expenditure		(9,423)	(75)	(9,498)	(9,840)	(9,840)
Gains on disposal and investment assets	4,13	1,557	25,371	26,928	23,558	23,558
Net income/(expenditure)		(156)	25,296	25,140	19,950	19,950
Other recognised (losses)/gains						
Actuarial losses in defined benefit pension scheme	18	(235)	-	(235)	354	354
Net movement in funds		(391)	25,296	24,905	20,304	20,304
Total funds brought forward	13,14	(19,015)	303,434	284,419	264,115	264,115
Fund balances carried forward		(19,406)	328,730	309,324	284,419	284,419

All funds are unrestricted income funds. The incoming resources and resulting net movement in funds all arose from continuing operations. All gains and losses recognised in the year are included above.

The notes on pages 18 to 35 form a part of the financial statements.

Consolidated balance sheet

as at 31 March 2019

	Note	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Tangible assets	5		4,857		22,181
Investments	6	281,958		251,374	
Programme-related investments	7, 8	6,662		5,521	
			<u>288,620</u>		<u>256,895</u>
Total fixed assets			<u>293,477</u>		<u>279,076</u>
Current assets					
Stocks		43		32	
Debtors	9	1,119		1,905	
Cash at bank and in hand	10	19,279		11,763	
			<u>20,441</u>	<u>13,700</u>	
Total current assets		<u>20,441</u>		<u>13,700</u>	
Creditors: amounts falling due within one year	11	<u>(1,687)</u>		<u>(1,781)</u>	
Net current assets			<u>18,754</u>		<u>11,919</u>
Total assets less current liabilities			<u>312,231</u>		<u>290,995</u>
Provisions for liabilities and charges	12		<u>(13)</u>		<u>-</u>
Net assets excluding pension liability			<u>312,218</u>		<u>290,995</u>
Pension liability	18		<u>(1,972)</u>		<u>(1,661)</u>
Net assets including pension liability			<u>310,246</u>		<u>289,334</u>
Represented by:					
Expendable endowment	13		328,730		303,434
Unrestricted income funds:	14				
General funds			(17,434)		(17,354)
Trading funds			90		3,743
Revaluation reserve			-		411
			<u>(17,344)</u>		<u>(13,200)</u>
Unrestricted income funds excluding pension reserve			<u>(17,344)</u>		<u>(13,200)</u>
Pension reserve	14		<u>(1,972)</u>		<u>(1,661)</u>
Total unrestricted income funds	14		<u>(19,316)</u>		<u>(14,861)</u>
Non-controlling interest			832		761
Group funds attributable to the Charity			<u>309,414</u>		<u>288,573</u>
Total group funds			<u>310,246</u>		<u>289,334</u>

These financial statements were approved by the trustees on 12 September 2019 and were signed on their behalf by:

A B Cooper
Chair

R C Leask
Trustee

The notes on pages 18 to 35 form a part of these financial statements.

Trust balance sheet

as at 31 March 2019

	<i>Note</i>	2019 £000	2019 £000	2018 £000	2018 £000
Fixed assets					
Tangible assets	5		248		323
Investments	5, 6	281,958		251,374	
Programme-related investments	7, 8	12,509		27,478	
			<u>294,467</u>		<u>278,852</u>
Total fixed assets			294,715		279,175
Current assets					
Debtors	9	410		2,895	
Cash at bank and in hand		16,617		4,335	
			<u>17,027</u>	<u>7,230</u>	
Total current assets		17,027		7,230	
Creditors: amounts falling due within one year	<i>11</i>	446		(325)	
			<u>16,581</u>	<u>6,905</u>	
Net current assets			16,581		6,905
Net assets excluding pension liability			311,296		286,080
Pension liability	18		(1,972)		(1,661)
			<u>309,324</u>	<u>284,419</u>	
Net assets including pension liability			309,324		284,419
Represented by:					
Expendable endowment	13		328,730		303,434
Unrestricted income funds:					
General funds	14		(17,434)		(17,354)
Pension reserve	14		(1,972)		(1,661)
			<u>(19,406)</u>	<u>(19,015)</u>	
Total unrestricted income funds	<i>14</i>		(19,406)		(19,015)
			<u>309,324</u>	<u>284,419</u>	
Total Trust funds			309,324		284,419

These financial statements were approved by the trustees on 11 September 2019 and were signed on their behalf by:

A B Cooper
Chair

R C Leask
Trustee

The notes on pages 18 to 35 form a part of these financial statements.

Consolidated cash flow statement
for the year ended 31 March 2019

Cash flows from operating activities	<i>Note</i>	2019	2018
		£000	£000
Net outgoing resources before other recognised gains and losses		(4,219)	(4,292)
<i>Adjustments for:</i>			
Investment income and interest receivable		3,517	(3,387)
Depreciation and impairment of tangible fixed assets	5	577	994
Movement in pension liability, excluding actuarial gains and losses	18	76	76
Realised (losses)/gains on managed fund investments	6	(23,387)	(20,727)
Gains/(losses) on investment assets		25,371	23,558
Movement in agricultural loans	8	108	26
(Increase)/Decrease in stock		(11)	9
(Increase)/Decrease in debtors	9	786	(804)
(Decrease)/Increase in creditors	11	(94)	144
Decrease in provisions	12	13	(2)
		<hr/>	<hr/>
Net cash flow from operating activities		2,737	(4,405)
		<hr/>	<hr/>
Cash flow from investment activities			
Purchase of managed funds investments	6	(28,300)	(3,231)
Purchase of tangible fixed assets	5	(388)	(386)
Purchase of shares within joint venture	7	(1,250)	(125)
Sale of managed funds investments	6	20,106	4,615
Gain on sale of discontinued operations		17,130	-
Net movement in cash flows attributable to managed fund Investments	6	998	(843)
Consolidation of Viking Energy Shetland LLP		-	2,449
		<hr/>	<hr/>
Net cash flow from investing activities		8,296	2,479
		<hr/>	<hr/>
Cash flow from financing activities			
Investment income and interest received		(3,517)	3,387
		<hr/>	<hr/>
Net cash flow from financing activities		(3,517)	3,387
		<hr/>	<hr/>
Net increase in cash and cash equivalents		7,516	1,461
Cash and cash equivalents at 1 April	<i>10</i>	11,763	10,302
		<hr/>	<hr/>
Cash and cash equivalents at 31 March	<i>10</i>	19,279	11,763
		<hr/> <hr/>	<hr/> <hr/>

Notes to the financial statements

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Trust's financial statements.

1.1 Basis of preparation

The financial statements have been prepared under the historical cost accounting rules, as modified by the revaluation of investments and in accordance with the provisions of the Trust Deed, the Charities and Trustee Investment (Scotland) Act 2005, the Charities Accounts (Scotland) Regulations 2006 and the Statement of Recommended Practice Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Shetland Charitable Trust has three 100% owned subsidiary companies which are trading. The Trust and its subsidiaries are considered qualifying entities under FRS 102 paragraphs 1.8 to 1.12. The following exemptions are available:

- No separate Trust Cash Flow Statement with related notes is included;
- Key Management Personnel compensation has not been included a second time;
- The disclosures required by FRS 102.11 Basic Financial Instruments.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the trustees, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 20. The charity's business activities, together with the factors likely to affect its future development, performance and position are set out in the Trustee's Report on pages 8 to 9. The financial position of the charity, its cash flows, liquidity position and borrowing facilities are described in the Trustee's Report on pages 15 to 17. In addition, pages 8 to 9 of the financial statements include the charity's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

The charity has considerable financial resources together with long-term investments with a number of fund managers across different geographic areas and industries. As a consequence, the Trustees believe that the charity is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.2 Basis of consolidation

These financial statements consolidate the assets and liabilities of the charity and its subsidiaries, Shetland Leasing and Property Developments Limited, Shetland Heat Energy and Power Limited, SCT Renewables Limited (formerly known as Viking Energy Limited) and Viking Energy Shetland LLP, on a line by line basis. The income and expenditure of these subsidiaries are also consolidated on a line by line basis, where appropriate. Shetland Leasing and Property Developments Limited was sold on 23 October 2018. The income and expenditure for the company is consolidated to this date.

In accordance with FRS 102, gift aid payments are accounted for in the subsidiary undertakings in the year in which an irrevocable commitment to make a payment has been made.

1.3 Fund accounting

All funds of the Trust are unrestricted, to be used in accordance with the charitable objectives of the Trust at the discretion of the trustees. The expendable endowment represents the long-term investment funds of the Trust. The unrestricted income funds include the Trust's general funds, which represent the annual operating funds of the Trust, and the trading funds.

Notes (continued)

1 Accounting policies (continued)

1.3 Fund accounting (continued)

The trading funds represent the accumulated results of Shetland Leasing and Property Developments Limited (to 23 October 2018), Shetland Heat Energy and Power Limited, SCT Renewables Limited and Viking Energy Shetland LLP, adjusted to remove interest payable by the Trust to those companies and gift aid payments to the Trust by those companies.

1.4 Income and endowments from other trading activities and rental income

Turnover in Shetland Leasing and Property Development Limited comprises rental income from the leasing of investment properties, the leasing of an aeroplane and the chartering of a vessel and arises entirely in the United Kingdom. Rental income from the operating lease of investment properties is recognised on a straight line basis over the period of the lease. Certain of the group's property developments and lease agreements provide for a notional rate of interest to be charged on development costs for the purpose of calculating the rental due. Such notional interest is not reflected in these financial statements, but will effectively be credited to the statement of financial activities over the lives of the relevant assets as a component of rental income.

Turnover in Shetland Heat Energy and Power Limited represents the amounts (excluding value added tax) derived from the supply of hot water for heating systems and arises entirely in the United Kingdom.

Turnover in SCT Renewables Limited represents miscellaneous income only as the company is not yet trading fully.

Turnover in Viking Energy Shetland LLP represents the amounts recoverable for the services provided to clients.

Investments

Dividends are included within incoming resources when they are receivable. Loan interest is included in the statement of financial activities on an accruals basis.

1.5 Expenditure

Charitable expenditure is recognised when it is payable. The Trust has given commitments to certain charitable bodies to provide ongoing revenue funding and to finance various capital projects. In view of the long-term nature of these commitments which are subject to review, combined with the uncertainty as to the amounts involved, these commitments are accounted for only when irreversible decisions on funding are communicated to the charitable bodies.

Support costs are directly attributable to the Trust's charitable activities and are recorded within the "charitable activities" section of resources expended in the statement of financial activities.

Cost of generating funds

The cost of generating funds represents fund managers' fees.

Governance costs

Governance costs comprise the costs associated with the Trust's compliance with charity regulation and good practice and include related professional fees.

1.6 Basic financial instruments

Trade and other debtors/creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Notes (continued)

1 Accounting policies (continued)

1.6 Basic financial instruments (continued)

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Trust's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.7 Grants

Capital based grants received by the Trust's subsidiary undertakings are included within accruals and deferred income in the balance sheet and credited to activities for generating funds over the estimated useful economic lives of the assets to which they relate.

1.8 Discontinued operations

Discontinued operations are components of the group that have been disposed of at the reporting date and previously represented a separate major line of business or geographical area of operation or were subsidiaries acquired exclusively with a view to resale.

They are included in the statement of financial activities in a separate column for the current and comparative periods, including the gain or loss on sale or impairment loss on abandonment.

1.8 Investments

Managed funds investments are stated at market value. Realised and unrealised gains and losses arising on these investments are taken to the expendable endowment and are included within other recognised gains and losses in the statement of financial activities. Where investments are transferred between investment managers, an amount equal to the unrealised gains or losses on the investments as at the time of transfer is taken to the expendable endowment.

Investments in subsidiary undertakings are stated at cost less provisions. Any provisions made against these investments are charged to the expendable endowment.

1.9 Tangible fixed assets and depreciation

All expenditure incurred on tangible fixed assets is capitalised irrespective of its value (i.e. there is no minimum level above which assets purchased are capitalised). Tangible fixed assets are capitalised at cost, with the exception of investment properties.

Depreciation is charged to the expendable endowment to write off the cost or valuation less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Buildings	-	7 to 10 years
Fixtures and fittings	-	3 to 5 years
Plant and machinery	-	10 years
Vessel and aircraft	-	10 years or 20 years

The asset value of the Sullom Voe site is being depreciated over its estimated remaining economic life of ten years commencing 1 April 2012. The depreciation is charged to the expendable endowment. The district heating scheme infrastructure was transferred to Shetland Heat Energy and Power Limited on 30 September 2016. No depreciation is provided in respect of freehold land.

Notes (continued)

1 Accounting policies (continued)

1.9 Tangible fixed assets and depreciation (continued)

Where the recoverable amount of a tangible fixed asset is found to be below its net book value, the asset is written down to its recoverable amount and the loss on impairment is charged to the relevant resources expended category in the statement of financial activities.

1.10 Investment properties

The Trust hold no investment properties following the sale of Shetland Leasing Property and Developments Limited.

1.11 Taxation

The Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2011 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2011 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. There is no similar exemption for VAT.

Tax on the profit or loss of subsidiaries for the year comprises current and deferred tax. Tax is recognised in the statement of financial activities except to the extent that it relates to items recognised directly in equity or other recognised gains and losses, in which case it is recognised directly in equity or other recognised gains and losses.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date, except when the investment property has a limited useful life and the objective of the company's business model is to consume substantially all of the value through use. In the latter case the tax rate that is expected to apply to the reversal of the related difference is used. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.12 Employee benefits

Defined benefit plans

The Trust participates in the Local Government Pension Scheme administered by Shetland Islands Council. This scheme provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Trust in an independently administered fund.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Trust's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Trust determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability/(asset) taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the Trust's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The Trust recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Notes *(continued)*

1 Accounting policies *(continued)*

1.12 Employee benefits *(continued)*

Defined benefit plans

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability/asset is recognised in other recognised gains and losses in the period in which it occurs.

1.13 Stock

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell.

1.14 Cash and cash equivalents

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year.

2 Cost of activities in furtherance of the charity's objects

Charitable activities

The group's charitable expenditure, which mainly comprises grants payable in respect of the year, is summarised below:

General funds	2019	2018
	£000	£000
Payments to charitable organisations	7,686	8,019
Schemes	16	15
Charitable grants repaid	(3)	(1)
	<hr/>	<hr/>
Total charitable grants	7,699	8,033
Support costs, including governance costs (below)	563	512
Pension adjustments	76	76
	<hr/>	<hr/>
Total charitable expenditure – general funds	8,338	8,621
	<hr/>	<hr/>
Expendable endowment		
Depreciation	75	170
	<hr/>	<hr/>
Total resources expended on charitable activities	8,413	8,791
	<hr/> <hr/>	<hr/> <hr/>

Some payment from the Arts Grant Scheme are made to individuals. All other grants are payable to organisations. Further details of the group's charitable expenditure are included in Section 4 of the Trustees' Report.

Support costs

Support costs for the year of £423,000 (2018: £409,000) principally represent administration expenses and are all deemed to be attributable to the group's charitable activities. Included within administration expenses is £250,369 (2018: £241,081) in respect of staff costs (see note 3), of which nil (2018: £nil) was charged to subsidiaries.

Notes (continued)

2 Cost of activities in furtherance of the charity's objects (continued)

Governance costs

Governance costs totalling £140,000 (2018: £103,000) comprise the costs associated with the Trust's compliance with charity regulation and good practice. They include £31,000 (2018: £29,000) representing an appropriate apportionment of salary costs based on the proportion of the Chief Executives time spent on governance, together with Trustees' expenses (note 3), and audit fees (note 2) of £26,000 (2018: £27,000).

	Group and charity	
	Total 2019 £000	Total 2018 £000
Allocation of staff and support costs, including Trustees' allowance and expenses (see note 3)	31	29
Other costs	83	47
External auditor's remuneration:		
Audit of these financial statements	26	27
Audit of subsidiary undertakings (excluded from charitable governance costs)	14	13
Other services: taxation in relation to subsidiary undertakings	9	8
Total governance costs	163	124

3 Staff numbers and costs

The group had an average of 15 employees during the year (2018: 17). The aggregate payroll cost of these employees was as follows:

	2019 £000	2018 £000
Wages and salaries	613	649
Social security costs	63	62
Pension costs	69	69
	745	780

Employee costs totalling nil (2018: £nil) were charged by Shetland Charitable Trust in respect of work performed by its subsidiary companies. Eight employees worked wholly or mainly on Shetland Heat Energy and Powers Limited's activities during the year. One employee worked part-time on SCT Renewables Limited's activities during the year. One employee worked part-time on Shetland Leasing and Property Developments Limited. Two employees worked wholly or mainly on Viking Energy Shetland LLP during the year.

Two employees (2018: one) received emoluments totalling between £80,000 and £89,999. Retirement benefits are accruing to these members of staff under a defined benefit pension scheme; contributions in 2018/19 totalled £20,566. One employee received emoluments totalling in excess of £60,000 in the current or previous financial year.

Included above are the emoluments paid to key management personnel comprising 5 employees totalling £376,853 (2018: 5 employees totalling £346,314) including £34,333 (2018: £33,561) in social security costs and £38,005 (2018: £29,257) in pension contributions.

Expenses totalling £2,605 (2018: £2,715) were reimbursed or paid on behalf of 3 trustees (2018: 4 trustees) during the year.

Notes (continued)

4 Disposal of business

Disposal of business in the current period

Shetland Leasing and Property Development Limited has been disposed of in the year and has been classified as a discontinued operation. Shetland Charitable Trust made a gain on this disposal of £1,557,000.

5 Tangible fixed assets

Group	Land and buildings £000	District heating scheme infrastructure £000	Investment properties £000	Vessel and aircraft £000	Other plant, machinery and AUC £000	Total £000
<i>Cost or valuation</i>						
At beginning of year	11,411	3,989	18,724	865	1,884	36,873
Additions	-	-	85	-	304	389
Disposals	-	-	(18,809)	(865)	(11)	(19,685)
At end of year	11,411	3,989	-	-	2,177	17,577
<i>Depreciation</i>						
At beginning of year	11,088	247	1,689	588	1,081	16,025
Charge for year	75	133	261	17	107	593
Disposals	-	-	(1,950)	(605)	(11)	(2,566)
At end of year	11,163	380	-	-	1,177	12,720
<i>Net book value</i>	248	3,609	-	-	1,000	4,857
At 31 March 2019						
At 31 March 2018	323	3,742	17,035	277	804	22,181

Land and buildings primarily consist of the site at Sullom Voe, plus the six rural care homes, previously operated by Shetland Welfare Trust, and donated to the Trust in 2007. The rural care homes had been previously funded by the Trust and the capital grant conditions applied to the funding to Shetland Welfare Trust required any building owned by Shetland Welfare Trust to be transferred to the Trust when Shetland Welfare Trust ceased to operate (effectively 1 April 2006). These are specialised buildings in rural locations in Shetland without comparators, which mean that it is not possible to establish a meaningful valuation for them in their present use. The Trustees therefore capitalised them at original cost, in line with the Trust's accounting policy for tangible fixed assets, which they believed to be a reasonable indication of their value at the date they were donated. The buildings continue to be used as care homes, in furtherance of the Trust's charitable objects, and as such are not held for investment purposes.

The net book value of other tangible fixed assets relates to plant and machinery, fixtures and fittings held by Shetland Heat Energy and Power Limited.

Notes *(continued)*

5 Tangible fixed assets *(continued)*

Charity

	Land and buildings £000	Donated Assets £000	Total £000
<i>Cost</i>			
At beginning and end of year	2,252	9,159	11,411
<i>Depreciation</i>			
At beginning of year	1,952	9,136	11,088
Charge for year	75	-	75
At end of year	2,027	9,136	11,163
<i>Net book value</i>			
At 31 March 2019	225	23	248
At 31 March 2018	300	23	323

6 Managed funds

Group and Charity	2019 Market Value £000	2019 Cost £000	2018 Market Value £000	2018 Cost £000
UK equities	25,349	22,818	41,045	37,591
Overseas equities	186,586	113,479	148,128	97,622
Diversified Investment Fund units	28,951	26,702	23,514	22,002
Property units	39,650	31,131	36,299	28,749
	280,536	194,130	248,986	185,964
Total investments	280,536	194,130	248,986	185,964
Cash on deposit and in hand	1,422	1,417	2,389	2,387
	281,958	195,547	251,375	188,351

Notes *(continued)*

6 Managed funds *(continued)*

	2019 £000	2018 £000
<i>Reconciliation of market value of investments</i>		
Market value at beginning of year	251,375	231,189
Investments purchased	28,300	3,231
Investments sold	(20,106)	(4,615)
Total realised gains on managed fund investments	23,387	20,727
Movement in investment managers' cash balances, accrued income and expenses	(998)	843
	281,958	251,374
	281,958	251,374

As at 31 March 2019, the Trust's funds other than programme-related investments are managed by Insight Investment Management, BlackRock Global Investors, Baillie Gifford & Co. and Schroders Property Managers. The split of the portfolio between the investment managers is as follows:

	2019 Market value £000	2019 Cost £000	2018 Market value £000	2018 Cost £000
Insight Investment Management	28,951	26,702	23,514	22,002
BlackRock Global Investors	84,357	55,798	81,205	55,069
Baillie Gifford	127,590	80,511	107,983	80,160
Schroders Property Managers	41,060	32,536	38,673	31,120
	281,958	195,547	251,375	188,351
	281,958	195,547	251,375	188,351

7 Programme-related investments *(continued)*

	Group		Charity	
	2019 £000	2018 £000	2019 £000	2018 £000
Equity (below)	6,638	5,389	12,485	27,346
Loans (note 8)	24	132	24	132
	6,662	5,521	12,509	27,478
	6,662	5,521	12,509	27,478

Notes *(continued)*

7 Programme-related investments *(continued)*

Equity – Group	Shares in subsidiary undertakings £000	Total £000
<i>Cost</i>		
At beginning of year	6,720	6,720
Effect of Consolidation	-	-
Additions	1,250	1,250
	<hr/>	<hr/>
Cost at end of year	7,970	7,970
	<hr/>	<hr/>
<i>Provisions</i>		
At beginning of year	(1,332)	(1,332)
Effect of Consolidation	-	-
Provided in year	-	-
	<hr/>	<hr/>
Provisions at end of year	(1,332)	(1,332)
	<hr/>	<hr/>
<i>Net book value</i>	6,638	6,638
At 31 March 2019	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2018	5,389	5,389
	<hr/> <hr/>	<hr/> <hr/>

Equity – Charity	Investments in subsidiary undertakings £000
<i>Cost</i>	
At beginning of year	29,841
Additions	675
Disposals	(15,500)
	<hr/>
Cost at end of year	15,016
	<hr/>
<i>Provisions</i>	
At beginning of year	2,495
Provided in year	36
	<hr/>
Provisions at end of year	2,531
	<hr/>
<i>Net book value</i>	
At 31 March 2019	<hr/> <hr/> 12,485
At 31 March 2018	<hr/> <hr/> 27,346

Notes *(continued)*

7 Programme-related investments *(continued)*

As stated in note 1, these consolidated financial statements include the results of the charity's wholly owned trading subsidiaries, Shetland Leasing and Property Developments Limited (SLAP), Shetland Heat Energy and Power Limited (SHEAP) and SCT Renewables Limited (SCT R). The trading results of these companies are summarised below:

	2019 SLAP* £000	2019 SHEAP £000	2019 SCT R £000	2019 VES £000	2019 Total £000	2018 Total £000
Turnover	1,170	2,427	-	199	3,796	4,938
Cost of sales	(86)	(1,300)	-	-	(1,386)	(1,593)
Gross profit	1,084	1,127	-	199	2,410	3,345
Administration expenses	(91)	(1,050)	(5)	(234)	(1,380)	(1,500)
Depreciation on investment properties	(260)	-	-	-	(260)	(564)
Provision made against equity investment	-	-	(31)	-	(31)	(105)
Operating profit/(loss)	733	77	(36)	(35)	739	1,176
Gain/(loss) on disposal of investment properties	4	-	-	-	4	-
Interest receivable and similar income	5	5	-	-	10	5
Profit/(loss) on ordinary activities before taxation	742	82	(36)	(35)	753	1,181
Tax on profit/(loss) on ordinary activities	-	(13)	-	-	(13)	2
Profit/(loss) on ordinary activities after taxation being profit/(loss) for the financial year	742	69	(36)	(35)	740	1,183
Gift aid payment to Shetland Charitable Trust	(3,354)	-	-	-	(3,354)	(2,083)
Retained (loss)/profit for the year after Gift Aid payment	(2,612)	69	(36)	(35)	(2,614)	(900)

*Part Year

Consistent with the current guidance, the Directors now consider the Gift Aid payment to be akin to a distribution rather than an expense, and as a result have now presented it outside of the profit and loss account as an adjustment to profit taken to retained earnings.

Notes (continued)

7 Programme-related investments (continued)

The expenditure of the companies, as recorded in the consolidated statement of financial activities, is analysed as follows:

	2019 Total £000	2018 Total £000
Cost of sales	1,386	1,593
Administration expenses	1,380	1,500
Revaluation of investment properties	-	-
Depreciation on investment properties	260	564
Tax (credit)/charge on profit on ordinary activities	13	(2)
Profit on disposal of investment properties	(4)	-
Interest receivable and similar income	(10)	(5)
	<u>3,025</u>	<u>3,651</u>

Included within the companies' profit/(loss) for the year is a total of £3,353,973 (2018: £2,072,838) payable to the Trust by way of gift aid from SLAP which has been eliminated within the consolidated statement of financial activities.

The assets and liabilities of the subsidiaries were:

	2019 SLAP £000	2019 SHEAP £000	2019 SCT R £000	2019 VES £000	2019 Total £000	2018 Total £000
Tangible fixed assets	-	4,610	-	-	4,610	21,860
Investments	-	-	7,490	6,651	14,141	12,247
Current assets	-	1,693	11	1,710	3,414	8,543
Current liabilities	-	(1,198)	(5)	(38)	(1,241)	(3,531)
Provisions for liabilities and charges	-	(13)	-	-	(13)	-
Total net assets	<u>-</u>	<u>5,092</u>	<u>7,496</u>	<u>8,323</u>	<u>20,911</u>	<u>39,119</u>
Called up share capital	-	1,000	10,027	8,323	19,350	33,459
Profit and loss account	-	483	(2,531)	-	(2,048)	1,506
Capital contribution reserve	-	3,609	-	-	3,609	3,743
Revaluation reserve	-	-	-	-	-	411
Total reserves	<u>-</u>	<u>5,092</u>	<u>7,496</u>	<u>8,323</u>	<u>20,911</u>	<u>39,119</u>

Further details of the subsidiary companies and of their tax charge for the year are included in their financial statements, copies of which may be obtained from Companies House, 139 Fountainbridge, Edinburgh EH3 9FF.

8 Programme-related investments – Loans

	2019 £000	2018 £000
Group and charity		
Agricultural Ten Year Loan Scheme	25	135
Provisions for doubtful debts	(1)	(3)
	<u>24</u>	<u>132</u>

Notes (continued)

9 Debtors

	Group		Charity	
	2019 £000	2018 £000	2019 £000	2018 £000
Trade debtors	513	890	-	2
Amounts owing from subsidiary undertakings	131	36	-	2,073
Prepayments and accrued income	311	253	246	191
Other debtor	-	97	-	-
Programme-related loans	164	629	164	629
	<u>1,119</u>	<u>1,905</u>	<u>410</u>	<u>2,895</u>

10 Cash and cash equivalents

Group	2019 £000	2018 £000
Cash at bank and in hand	<u>19,279</u>	<u>11,763</u>

11 Creditors: amounts falling due within one year

	Group		Charity	
	2019 £000	2018 £000	2019 £000	2018 £000
Trade creditors	298	1,228	57	53
Rents in advance	-	76	-	-
Other tax and social security	50	6	-	-
Other creditors and accruals	1,339	469	389	272
Amounts owing to subsidiary undertakings	-	2	-	-
	<u>1,687</u>	<u>1,781</u>	<u>446</u>	<u>325</u>

12 Provisions for liabilities and charges

Group	Deferred taxation £000
At beginning of year	-
Credit for the year	13
Effect of increased tax rates	-
	<u>13</u>
At end of year	<u>13</u>

The deferred tax liability arising within the Trust's subsidiary companies at the year-end of £13,011 (2018: Nil) is analysed as follows:

Notes (continued)

12 Provisions for liabilities and charges (continued)

Group	Assets		Liabilities		Net	
	2019 £000	2018 £000	2019 £000	2018 £000	2019 £000	2018 £000
Accelerated capital allowances	-	(2)	13	2	13	-
Net tax (assets) / liabilities	-	(2)	13	2	13	-

13 Expendable endowment

	Group Total £000	Charity Total £000
At beginning of year	303,434	303,434
Outgoing resources	(75)	(75)
Gain in the year	25,371	25,371
At end of year	328,730	328,730

14 Unrestricted income funds

Group	General funds £000	Trading funds £000	Pension reserve £000	Revaluation reserve £000	Total unrestricted income funds £000
At beginning of year	(17,354)	3,743	(1,661)	411	(14,861)
Net movement in funds	(80)	(3,653)	(76)	(411)	(4,220)
Actuarial losses	-	-	(235)	-	(235)
At end of year	(17,434)	90	(1,972)	-	(19,316)

Charity	General funds £000	Pension reserve £000	Total unrestricted income funds £000
At beginning of year	(17,354)	(1,661)	(19,015)
Net incoming resources before other recognised gains and losses	(80)	(76)	(156)
Actuarial losses	-	(235)	(235)
At end of year	(17,434)	(1,972)	(19,406)

The group trading funds balance now represents the accumulated surplus on the Trust's subsidiary company undertakings, while the group and charity general fund balances have been brought into alignment.

Notes *(continued)*

15 Operating leases

Group

Non-cancellable operating lease rentals are payable as follows:

	2019 £000	2018 £000
Less than one year	16	15
Between one and five years	59	58
More than five years	204	217
	279	290
	279	290

During the year £17,000 was recognised as an expense in the consolidated statement of financial activities in respect of operating leases (2018: £22,000).

16 Commitments

Capital commitments

SHEAP's contractual commitments to purchase tangible fixed assets at the year-end were £Nil (2018: £Nil).

17 Subsequent Events

There were no subsequent events post the balance sheet date and prior to the date of signing these accounts that would have a material impact on the results reported or the financial position of the group.

18 Pension scheme

The Trust participates in the Shetland Islands Council Pension Fund which provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Trust. The information disclosed below is in respect of the Trust's share of the assets and liabilities throughout the periods shown.

The latest full actuarial valuation was carried out at 31 March 2018 and was updated for FRS 102 purposes to 31 March 2019 by a qualified independent actuary.

	2019 £000	2018 £000
Net pension liability defined benefit obligation	(5,036)	(4,557)
Fair value of plan assets	3,216	3,041
	(1,820)	(1,516)
Unfunded defined benefit obligations	(152)	(145)
	(1,972)	(1,661)
Net pension liability	(1,972)	(1,661)

Notes (continued)

18 Pension scheme (continued)

Movements in present value of defined benefit obligation:

	2019 £000	2018 £000
At 1 April	4,702	5,341
Current service cost	70	63
Interest cost	126	138
Actuarial losses/(gains)	397	(709)
Contributions by members	15	15
Benefits paid	(122)	(146)
	5,188	4,702
At 31 March	5,188	4,702

Movements in fair value of plan assets:

	2019 £000	2018 £000
At 1 April	3,041	3,402
Expected return on plan assets	81	87
Actuarial gains/(losses)	162	(355)
Contributions by employer	39	38
Contributions by members	15	15
Benefits paid	(122)	(146)
	3,216	3,041
At 31 March	3,216	3,041

Expenditure recognised in the statement of financial activities:

	2019 £000	2018 £000
Current service cost	(70)	(63)
Interest cost	(45)	(51)
	(115)	(114)
Total	(115)	(114)

The expenditure is recognised in the following line items in the statement of financial activities:

	2019 £000	2018 £000
Charitable activities – support costs	(115)	(114)
	(115)	(114)

Notes (continued)

18 Pension scheme (continued)

The total amount recognised in the other recognised gains and losses section of the statement of financial activities are as follows:

	2019 £000	2018 £000
Actuarial (losses)/gains	(397)	709
Return on assets attributed to the Charity excluding interest income	162	(355)
	<u>(235)</u>	<u>354</u>

The fair value of the plan assets and the return on those assets were as follows:

	2019 Fair value £000	2018 Fair value £000
Equities	2,541	2,402
Corporate bonds	257	274
Property	386	365
Cash	32	-
	<u>3,216</u>	<u>3,041</u>
Actual return on plan assets	<u>243</u>	<u>66</u>

The expected rates of return on plan assets are determined by reference to the historical actual returns on the Fund as provided by the administering authority and index returns where necessary.

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	2019 %	2018 %
Discount rate	2.4	2.7
Future salary increases	3.1	3.02
Inflation / pension increase rate	2.4	2.4

In valuing the liabilities of the pension fund at 31 March 2019, mortality assumptions have been made as indicated below. The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

Current pensioner aged 65: 22.1 years (male), 24.0 years (female).

Future retiree upon reaching 65: 23.9 years (male), 26.1 years (female).

The Trust expects to contribute approximately £33,000 (2018: £32,000) to its defined benefit plans in the next financial year to 31 March 2019.

Notes (continued)

19 Related parties

In the year to 31 March 2019 the SCT Renewables Limited invested £675,000 (2018: £ Nil) in Viking Energy Shetland LLP in which SCT Renewables Limited is a 90% partner.

In the year to 31 March 2019 Shetland Leasing and Property Developments Limited charged Viking Energy Shetland LLP £9,001 (2018: £9,001) in relation to office rental. The transactions were carried out at normal market rates. There was no balance due at 31 March 2019 (2018: £nil).

In the normal course of business, some of the Trustees are appointed as directors or as Trustees of other organisations and charitable bodies within the Shetland Islands, including those which the Trust may from time to time transact with, either through routine business or in the provision of charitable grants. These relationships are not considered to be related party transactions as in no instance is the level of mutual trustees such as to provide direct or indirect control, or to place the Trustees in a position where they are able to provide influence over the financial and operating policies of the other organisations.

20 Accounting estimates and judgements

Key sources of estimated uncertainty

The preparation of the financial statements requires Trustees and directors of the subsidiary companies to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Critical accounting judgements in applying the Company's accounting policies

The Trustees believe that major judgements applied around depreciation and pension valuation assumptions.

The Trust participates in the Shetland Islands Council Pension Fund which provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Trust. In valuing the liabilities of the pension fund and the Trust's share of the scheme assets at 31 March 2019, assumptions have been made. The latest full actuarial valuation was carried out at 31 March 2018 and was updated for FRS 102 purposes to 31 March 2019 by a qualified independent actuary. The assumptions used are consistent with those prescribed for FRS 102.

The directors of SHEAP believe that the major judgements applied are around the PPE and depreciation rates. The company exercises judgement to determine useful lives and residual values of property, plant and equipment. The assets are depreciated down to their residual values over their estimated useful lives. The company exercises judgement in level of bad debts provision required based on its knowledge of customers and past experience.



Audit Highlights Memorandum 2018-19

Shetland Charitable Trust

27 August 2019

CT1909026 Appendix B



Contents

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Summary of financial performance	5-6
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1. Summary of audit differences
2. Recommendations arising from our audit
3. Follow-up of prior year recommendations
4. Confirmation of auditor independence

This report is made solely to the Trustees of Shetland Charitable Trust ('the Charity') in accordance with the terms of our engagement. It has been released to the Trustees on the basis that this report shall not be copied, referred to or disclosed, in whole (save for the Trustees' own internal purposes) or in part, without our prior written consent. Matters coming to our attention during our audit work have been considered so that we might state to the Trustees those matters we are required to state to the Trustees in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Charity and its Trustees, for our work referable to this report, for this report, or for the opinions we have formed.

Please note that that this report is confidential between the Trustees and this firm. Any disclosure of this report beyond what is permitted above will prejudice this firm's commercial interests. A request for our consent to any such wider disclosure may result in our agreement to these disclosure restrictions being lifted in part. If the Trustees receive a request for disclosure of this report under the Freedom of Information Act 2000, having regard to these actionable disclosure restrictions you must let us know and you must not make a disclosure in response to any such request without our prior written consent.



Summary

The purpose of this memorandum is to set out the significant issues that came to our attention during the course of the audit of Shetland Charitable Trust for the year ended 31 March 2019.

Audit status

Whilst our audit is now substantially complete, the following work is still outstanding and so matters communicated in this Report may change pending signature of our audit report. We will provide an oral update on the status of our audit at the Audit Committee meeting:

— Pensions

Audit conclusion

We intend to issue an unqualified audit opinion on the accounts following the Board and Audit Committee adopting them and receipt of the management representations letter.

Accounting and auditing matters

No significant accounting issues arose during the course of our audit.

The financial statements adopted appropriate accounting policies and are in accordance with disclosure requirements of relevant charities legislation, UK GAAP (FRS 102) and the Statement of Recommended Practice.

We have undertaken our audit procedures as set out in our Audit Plan presented to the Audit Committee on 4 March 2019.

We are required under ISA 260 to communicate to you any matters specifically required by other auditing standards; and any other audit matters of governance interest.

We wish to highlight the following matters to those charged with governance:

— We have not identified any other matters to specifically report on that have not been documented elsewhere in this Report.

Summary (cont.)

Audit differences

Under UK auditing standards (ISA (UK&I) 260) we are required to provide the Audit Committee with a summary of audit differences (including disclosure misstatements) identified during the course of our audit, other than those which are 'clearly trivial', which are not reflected in the financial statements.

The following differences were identified during the course of our audit:

— For each investment for which there is a publicly available valuation, there were no variances between the investment value as per the Northern Trust report and that of publicly available information that would result in a material misstatement. However, there is a difference between the net asset valuations and the bid price valuations of the Trust's external investments. The prices as per the London Stock Exchange are net asset valuations which are less prudent than the bid prices used by Northern Trust and therefore could result in the risk of overstatement of the investments balance in the annual accounts. The Trust has used a methodology which brings about a more conservative valuation and is consistent with prior years. Although in totality, the audit difference identified is above materiality, each individual difference is an insignificant proportion of the asset balance and the aggregate difference represents less than 0.01% of the total investments balance, therefore KPMG are satisfied that as such no material misstatement arises due to this difference. As a result of the aforementioned factors, KPMG is not going to propose an adjustment in this regard.

The total of this difference would result in an increase of £214,595 in gain on investments held on the Statement of Financial Activities and a increase in the investments assets on the Balance Sheet.

We are also required to report any adjusted audit differences, other than those that are "clearly trivial" to the Audit Committee. There were no such adjustments identified during our audit.

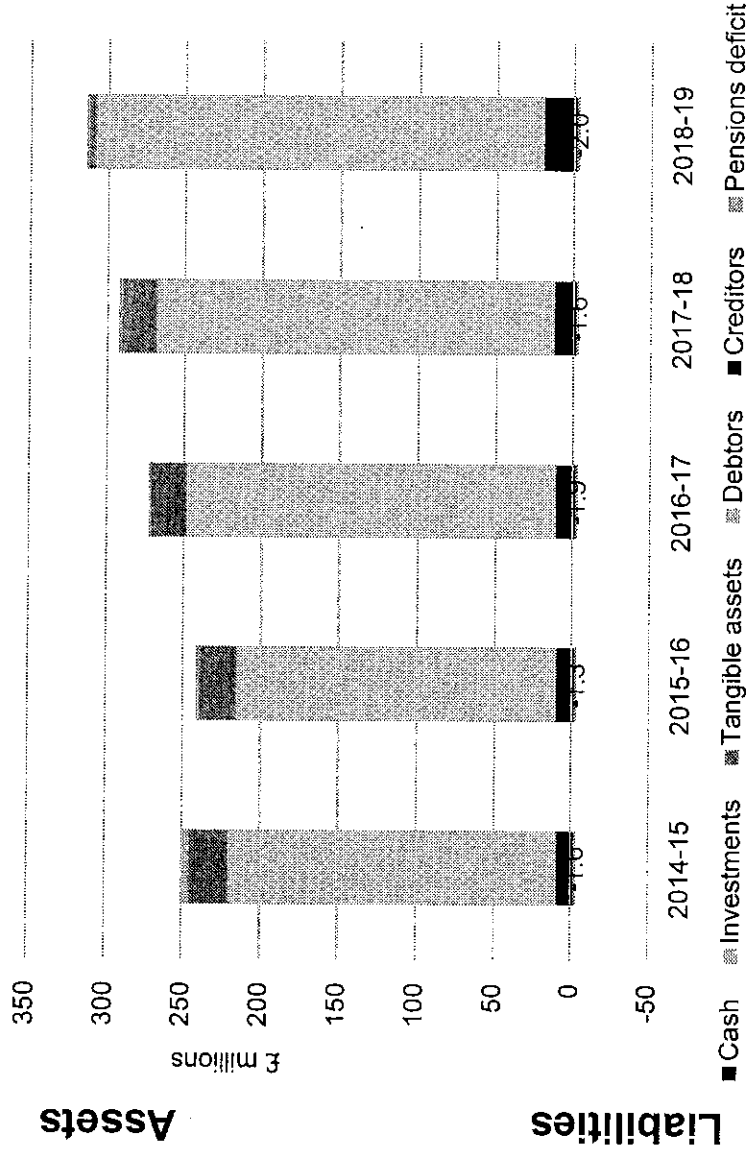
Further detail has been provided in Appendix 1.

Summary of financial performance - Balance Sheet

The Charity has continued to show strong growth performance across the five year period, principally driven by an increase in investments. The sale of Shetland Leasing And Property Developments Ltd (SLAP) to Shetland Islands Council in the current year impacted on Tangible assets, cash and investments.

The Balance Sheet growth is reflected by an increase in total reserves from £245.7m 2014-15 to £310.2m in the current year.

Balance sheet trend analysis



Debtors include programme related loans, of which Fair Isle Electricity Company repaid £500k in the year

Tangible assets have decreased as a result of SLAP sale eliminating £17.3m NBV of assets

Significant growth in investments since the low point in 2015-16

Cash has been positively impacted by SLAP sale

Creditors includes normal operating payables, accruals and deferred income

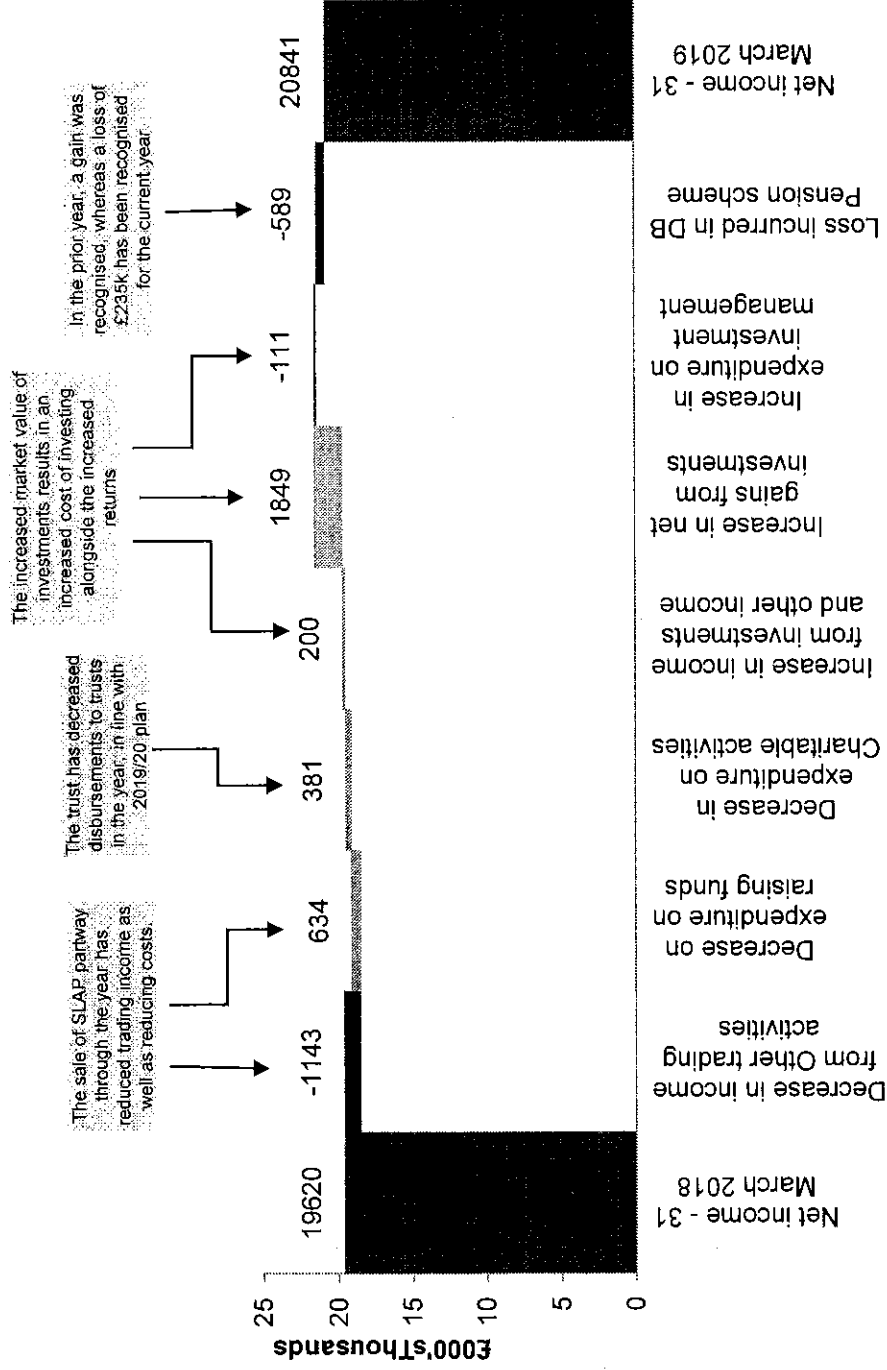
The pensions deficit has fluctuated during the years as a result of the market conditions and actuarial assumptions

Summary of financial performance - Statement of Financial Activities

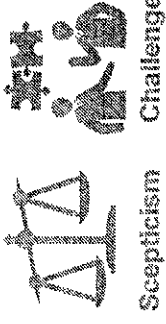
The graph opposite reconciles the net income for the Charity for 2017-2018 with the net income figure for year end 2018-19.

The red columns represent an increased cost or reduced income; green columns are lower cost or increased income.

There has been an increase in net income over the course of the financial year, principally driven by increased gains from the investment portfolio as well as decreased costs as a result of disposing of SLAP.



Audit approach and findings



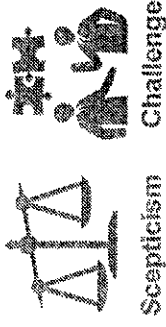
We highlight the work conducted and our findings below in respect of the significant audit risks identified in our discussion with you at the audit planning and strategy stage.

Significant risks	Audit response
<p>Fraud risk from recognition of income</p>	<p>Within auditing standards, there is a presumed significant risk of fraud in respect of recognition of income. We have rebutted this as part of our risk assessment procedures due to the limited management judgement in the recognition of income.</p> <p>Substantive audit procedures confirmed income was recognised in the correct financial year and no unusual manual journal entries were identified during the course of our test work. Controls were also deemed to be operating effectively during the period.</p>
<p>Management override of control</p>	<p>Management is typically in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. To address this risk, we have performed testing of journal entries during the year and at the year end, undertaken a review of unusual transactions in the year, undertaken testing of controls, including 'higher level' controls and reviewed management's accounting estimates for bias.</p> <p>Our work did not identify any matters that required adjustment in the financial statements or which require to be brought to your attention.</p>

Significant risk area required by ISAs



Audit approach and findings (cont.)



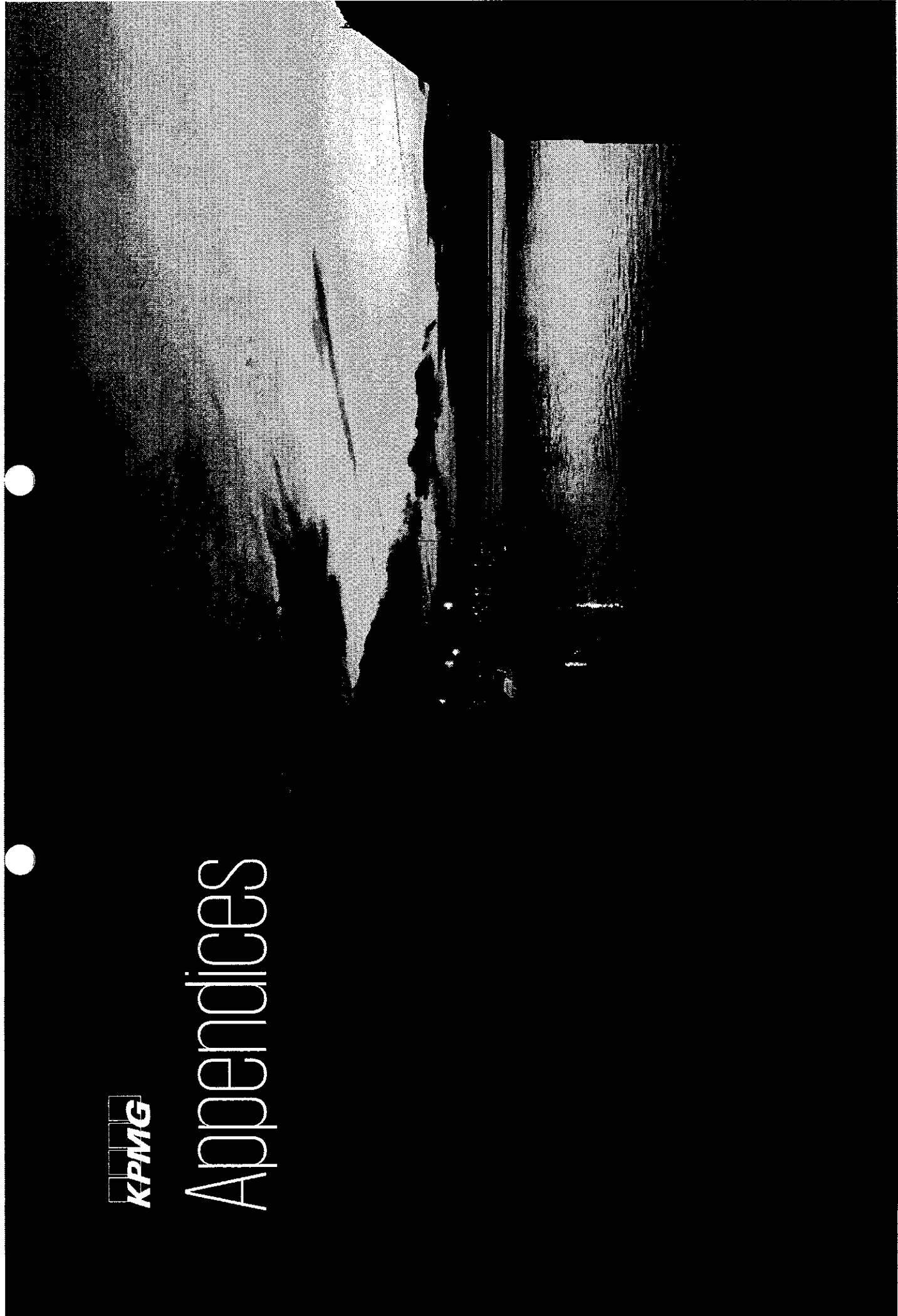
Significant risks	Audit response
<p>Retirement benefit obligations</p>	<p>The Trust accounts for its participation in the Shetland Islands Council Pension Fund in accordance with FRS 102, on a defined benefits basis using valuation information prepared by actuarial consultants. Our audit of the accounting for employee benefits includes evaluation of the actuarial consultants as a third party expert, consideration of the data underlying the actuarial report, including the level of contributions made during the year, the financial assumptions and membership data provided to the actuaries by the Trust, and estimates of the Trust's share of the pension fund assets.</p> <p>Our work in respect of pensions is not yet complete at the date of writing this report.</p>
<p>Going concern</p>	<p>The Trust operates on net income of £21m and has fund balances of £309.4m, attributed mainly to the vast investment portfolio held by the trust. During the course of the audit, KPMG did not find evidence to contradict the going concern assumption and can therefore conclude appropriately on the going concern assumption for the trust.</p>

Other audit focus areas




















APPENDICES



Required communications with the Audit Committee

Type	Response	Type	Response
Our draft management representation letter	 We have not requested any specific representations in addition to those areas normally covered by our standard representation letter for the year ended 31 March 2019.	Significant difficulties	 No significant difficulties were encountered during the audit.
Adjusted audit differences	 There were no adjusted audit differences. See page 11.	Modifications to auditor's report	 None.
Audit differences	 The aggregated profit impact of audit differences would be £215k. In line with ISA 450 we request that you adjust for these items. However, they will have no effect on the opinion in the auditor's report, individually or in aggregate. See page 11.	Disagreements with management or scope limitations	 The engagement team had no disagreements with management and no scope limitations were imposed by management during the audit.
Related parties	 There were no significant matters that arose during the audit in connection with the entity's related parties.	Other information	 No material inconsistencies were identified related to other information in the annual report, Strategic and Directors' reports. The Strategic report is fair, balanced and comprehensive, and complies with the law.
Other matters warranting attention by the Audit Committee	 There were no matters to report arising from the audit that, in our professional judgment, are significant to the oversight of the financial reporting process.	Breaches of independence	 No matters to report. The engagement team and others in the firm, as appropriate, have complied with relevant ethical requirements regarding independence.
Control deficiencies	 We identified no deficiencies in relation to internal control during our work.	Accounting practices	 Over the course of our audit, we have evaluated the appropriateness of the Group's accounting policies, accounting estimates and financial statement disclosures. In general, we believe these are appropriate.
Actual or suspected fraud, non-compliance with laws or regulations or illegal acts	 No actual or suspected fraud involving management, employees with significant roles in internal control, or where fraud results in a material misstatement in the financial statements were identified during the audit.	Significant matters discussed or subject to correspond-dence with management	 There were no significant matters arising from the audit.
Going concern assessment[*]	 There are no significant matters affecting the entity's ability to continue as a going concern.		

Appendix 1

Summary of audit differences

Under UK Auditing Standards (ISA (UK&I) 260) we are required to provide the Audit Committee with a summary of audit differences (including disclosure misstatements) identified during the course of our audit, other than those which are 'clearly trivial', which are not reflected in the financial statements. In line with ISA (UK&I) 450 we request that you correct uncorrected differences. However, they will have no effect on the opinion in our auditor's report, individually or in aggregate. As communicated previously with the Audit Committee, details of all adjustments greater than £10K are shown below:

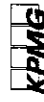
Audit differences (£k)				
No.	Detail	SOFA Dr/(cr)	ES Dr/(cr)	Comments
1	Dr Investments Cr SOFA – Gain on investments	£215	£215	For each investment for which there is a publicly available valuation, there were no variances between the investment value as per the Northern Trust report and that of publicly available information that would result in a materially misstatement. There is a difference between the net asset valuations and the bid price valuations of the Trust's external investments However, in totality these are above materiality and as such, we are required to include as an audit difference. We do not propose an adjustment is made.
Total		£215	£215	

Under UK Auditing Standards (ISA UK&I 260) we are required to provide the Audit Committee with a summary of adjusted audit differences (including disclosures) identified during the course of our audit. There were no such adjustments identified during our audit.

Appendix 2

Confirmation of Auditor Independence

We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the and audit staff is not impaired. Our annual independence letter is shown on the following two slides



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Document Classification: KPMG Confidential

Appendix 3
DRAFT

[Letterhead of Client]

KPMG LLP
319 St Vincent Street
Glasgow
G2 5AS

12 September 2019

Dear sirs,

This representation letter is provided in connection with your audit of the Group and parent Charity financial statements of Shetland Charitable Trust ("the Charity"), for the year ended 31 March 2019, for the purpose of expressing an opinion:

- i. as to whether these financial statements give a true and fair view of the state of the Group and parent Charity's affairs as at 31 March 2019 and of the Group's surplus or deficit for the financial year then ended;
- ii. whether the financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice (including Charities SORP FRS 102: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)); and
- iii. whether the financial statements have been prepared in accordance with the Charities Act 2011.

These financial statements comprise the Group and Parent Charity Balance Sheet, the Group Statement of Financial Activities, Parent Charity Statement of Financial Activities, the Group Cash Flow Statement, and notes, comprising a summary of significant accounting policies and other explanatory notes.

The Trustees confirm that the representations they make in this letter are in accordance with the definitions set out in the Appendix to this letter.

The Trustees confirm that, to the best of their knowledge and belief, having made such inquiries as it considered necessary for the purpose of appropriately informing themselves:

Financial statements

1. The Trustees have fulfilled their responsibilities, as set out in the terms of the audit engagement dated 23 March 2015, for the preparation of financial statements that:
 - i. give a true and fair view of the state of the Group and parent Charity's affairs as at the end of its financial year and of the Group's surplus or deficit for that financial year;
 - ii. have been properly prepared in accordance with UK Generally Accepted Accounting Practice ("UK GAAP") (including Charities SORP FRS 102: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the FRS 102); and
 - iii. have been prepared in accordance with the Charities Act 2011.

The financial statements have been prepared on a going concern basis.

2. Measurement methods and significant assumptions used by the Trustees in making accounting estimates, including those measured at fair value, are reasonable.
3. All events subsequent to the date of the financial statements and for which section 32 of FRS 102 requires adjustment or disclosure have been adjusted or disclosed.

Information provided

4. The Trustees have provided you with:
 - access to all information of which it is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - additional information that you have requested from the Trustees for the purpose of the audit; and
 - unrestricted access to persons within the Group and the Charity from whom you determined it necessary to obtain audit evidence.
5. All transactions have been recorded in the accounting records and are reflected in the financial statements.
6. The Trustees confirm the following:
 - i) The Trustees have disclosed to you the results of their assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Included in the Appendix to this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets.

- ii) The Trustees have disclosed to you all information in relation to:
 - a) Fraud or suspected fraud that it is aware of and that affects the Charity and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements; and
 - b) allegations of fraud, or suspected fraud, affecting the Charity's financial statements communicated by employees, former employees, analysts, regulators or others.

In respect of the above, the Trustees acknowledge their responsibility for such internal control as they determine necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, the Trustees acknowledge their responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

7. The Trustees have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

8. The Trustees have disclosed to you and have appropriately accounted for and/or disclosed in the financial statements, in accordance with section 21 of FRS 102, all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
9. The Trustees have disclosed to you the identity of the Group and the Charity's related parties and all the related party relationships and transactions of which it is aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with section 33 of FRS 102.

Included in the Appendix to this letter are the definitions of both a related party and a related party transaction as we understand them and as defined in FRS 102.

10. The Trustees confirm that:

- a) The financial statements disclose all of the key risk factors, assumptions made and uncertainties surrounding the charity's ability to continue as a going concern as required to provide a true and fair view.
- b) No events or circumstances have been identified that may cast significant doubt on the ability of the Group and Charity to continue as a going concern.

11. On the basis of the process established by the Trustees and having made appropriate enquiries, the Trustees are satisfied that the actuarial assumptions underlying the valuation of pension scheme liabilities are consistent with their knowledge of the business and in accordance with the requirements of section 28 of FRS 102.

The Trustees further confirm that:

- a) all significant retirement benefits, including any arrangements that are:
 - statutory, contractual or implicit in the employer's actions;
 - arise in the UK and the Republic of Ireland or overseas;
 - funded or unfunded; and
 - approved or unapproved,have been identified and properly accounted for; and
- b) all plan amendments, curtailments and settlements have been identified and properly accounted for.

This letter was tabled and agreed at the meeting of the Trustees on 12 September 2019.

Yours faithfully,

Appendix 1 to the Trustees' Representation Letter of Shetland Charitable Trust: Definitions

Criteria for applying the disclosure exemptions within FRS 102

- The Charity discloses in the notes to its financial statements:
 - A brief narrative summary of the disclosure exemptions adopted; and
 - The name of the parent of the group in whose consolidated financial statements its financial statements are consolidated, and from where those financial statements may be obtained]

Financial Statements

A complete set of financial statements (before taking advantage of any of the FRS 102 exemptions) comprises:

- Group and parent Charity Balance Sheet as at the end of the period;
- Group Statement of Financial Activities for the period;
- [Group Cash Flow Statement for the period;] and
- notes, comprising a summary of significant accounting policies and other explanatory information.

Material Matters

Certain representations in this letter are described as being limited to matters that are material.

FRS 102 states that:

Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or combination of both, could be the determining factor.

Fraud

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users. Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

Error

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- a) was available when financial statements for those periods were authorised for issue; and

- b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Management

For the purposes of this letter, references to “management” should be read as “management and, where appropriate, those charged with governance”.

Qualifying Entity

A member of a group where the parent of that group prepares publicly available consolidated financial statements which are intended to give a true and fair view (of the assets, liabilities, financial position and profit or loss) and that member is included in the consolidation by means of full consolidation.

Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in FRS 102 as the “reporting entity”).

- a) A person or a close member of that person’s family is related to a reporting entity if that person:
 - i. has control or joint control over the reporting entity;
 - ii. has significant influence over the reporting entity; or
 - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions apply:
 - i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - iii. Both entities are joint ventures of the same third party.
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - vi. The entity is controlled, or jointly controlled by a person identified in (a).
 - vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related party transaction:

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Appendix 2 – Uncorrected audit differences

Dr Investments	215,000	
Cr SOFA - Gain on Investments		215,000

being the difference from the third party investments values obtained by KPMG and the amounts recorded in the Northern Trust valuation report.



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Chief Executive: Ann Black

Registered Charity Number SC027025

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ZE1 0NQ

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mail@shetlandcharitabletrust.co.uk
www.shetlandcharitabletrust.co.uk

If calling please ask for:
Raymond Mainland
Direct Dial: 01595 744994

Our Ref: AC/TA2
Your Ref:

Date: 12 September 2019

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Yours faithfully,

Andrew Cooper
Chairman, SCT

Appendix to the Trustees' Representation Letter of Shetland Charitable Trust:
Definitions

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 - iii. Both entities are joint ventures of the same third party.
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - vi. The entity is controlled, or jointly controlled by a person identified in (a).
 - vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

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Appendix 2 – Uncorrected audit misstatements

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Cr Investments	215,000

being the difference from the third party investments values obtained by KPMG and the amounts recorded in the Northern Trust valuation report.



REPORT

To: Shetland Charitable Trust

12 September 2019

From: Chief Executive

Report number CT1909027

Service Performance of Funded Organisations – Year Ending 31 March 2019

1. Introduction

1.1 The Purpose of this Report is to present Trustees with information regarding the service performance of various organisations to which the Trust provides funding.

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”*.

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 each organisation, which is then reviewed by the Trust staff.

- (S)
- 3.2 Appendix A is a summary of the detailed service performance reports provided by most of the organisations funded by the Trust. For 2018/19, the format has been extended to provide comparisons with previous years, where possible.
 - 3.3 The Trust will implement a new Strategy for 2020 – 2025. A new approach to reporting will be developed to improve the evaluation the outcomes supported by Trust funding.
 - 3.4 The summary reports in Appendix A are presented in a consistent format and captures the key service and financial performance information for the organisations.

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. The Trust continues to work closely with organisations throughout the year to help ensure maximum benefits to Shetland and its inhabitants.

6. Recommendations

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

Reference: DA1

Report No: CT1909027

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:

1. Opening hours

	Target	Actual	Variance	17/18	16/17
Clickimin Leisure Complex	4,900	5,021	+121	5,036	5,023
Rural Centres	22,350	22,708	+358	22,798	22,457
Total	27,250	27,729	+479	27,834	27,480

2. Admissions

	Target	Actual	Variance	17/18	16/17
Clickimin Leisure Complex	380,000	512,024	+132,024	471,909	400,803
Rural Centres	269,500	281,659	+12,159	301,720	301,241
Total	649,500	793,683	+144,183	773,629	702,044

3. Other Service Targets

	Target	Actual	Variance	17/18	16/17
General Subscriptions	400	448	+48	505	462
Corporate Subscriptions	470	728	+258	634	586
Swimming Classes & Courses	26,000	31,060	+5,060	35,347	37,100
Sport & Exercise Classes	25,000	58,106	+33,106	56,616	55,126
Senior Leisure Club Attendances	3,200	2,417	-783	2,499	3,049
Health Promoting Class Attendances	1,470	1,630	+160	1,096	1,675
Partnership Events	6	18	+12	12	12
Case Studies	8	8	0	9	10

PERFORMANCE SUMMARY

The total opening hours of 27,729 is 479 above target. The total admissions of 793,683 are 144,183 above target. The Clickimin Leisure Complex admissions of 512,024 are 132,024 above target. This increase can be attributed to usage by pupils from the new Anderson High School.

Shetland Recreational Trust (SRT) achieved all their key performance targets. SRT received total funding in 2018/19 of £3,082,989 and operated within their agreed budgets.

Shetland Arts Development Agency
PURPOSE:

To encourage, support, inspire, promote, develop and deliver 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 the Shetland Isles.

- Exhibitions by local, national and international artists and makers at Bonhoga
- Promote and support Visual Arts
- Promote and support Crafts development
- Provide Drama development opportunities
- Develop Dance activities
- Promote and support Literature development
- Promote and support Music development
- Encouraging Film and Digital Media development
- Encourage performances at Mareel and the Garrison Theatre

	Concerts, Screenings, Exhibition Days			Audierice Attendances		
	2018/19	2017/18	2016/17	2018/19	2017/18	2016/17
Youth Arts	86	8	8	7,130	388	554
Education & Learning	13	3	8	402	170	209
Arts & Wellbeing	1	1	1	60	50	15
Development & Support	311	307	0	16,036	16,818	0
Programming	4,120	4,272	4,767	166,320	182,942	205,080
Recording Studio	0	0	0	0	0	0
Programme Total	4,531	4,591	4,787	189,948	200,368	205,858
SCT Target	3,000	3,000	3,000	160,000	160,000	160,000

	Development Session			Participations		
	2018/19	2017/18	2016/17	2018/19	2017/18	2016/17
Youth Arts	159	125	79	1,476	1,523	1,027
Education & Learning	1,504	1,315	1,115	9,313	6,471	7,629
Arts & Wellbeing	145	163	219	1,002	1,081	1,536
Development & Support	90	131	43	978	4,300	943
Programming	147	302	295	4,913	5,230	7,027
Recording Studio	177	127	178	428	50	1,058
Programme Total	2,222	2,163	1,929	18,110	18,655	19,220
SCT Target	1,300	1,300	1,300	9,000	9,000	9,000

PERFORMANCE SUMMARY

Overall audience attendances figures totalled 189,948. Events and attendances were generally above target on the priority areas identified by Shetland Arts Development Agency (SADA).

SADA achieved all their key performance targets. Any potential over delivery is currently being reviewed by SADA and will decrease as core funding is reduced. SADA received total funding in 2018/19 of £633,974 and operated within budget.

Royal Voluntary Service

PURPOSE:

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:

For 2018/19, new targets were agreed for the Royal Voluntary Service (RVS).

1. 50% of new referrals supported by RVS will see an improvement in wellbeing measured against the key outcomes of:
 - Happiness – 33%
 - Confidence – 24%
 - Isolation – 63%
 - Companionship – 48%
 - Inclusion – 80%

2. Minimum of 180 service users receive RVS support
 - Average 179

3. Minimum of 6,000 passenger journey supported
 - 5,443

4. Four case studies
 - 4

PERFORMANCE SUMMARY

The Royal Voluntary Service were close to their targets for the majority of outcomes. Numbers accessing the Islesburgh lunch club was partially restricted by the transport provision being at capacity.

The Royal Voluntary Service received funding of £46,985 and operated with budget.

Shetland Befriending Scheme
PURPOSE:

Offering vulnerable young people the opportunity to form a trusting relationship with an adult to promote his/her personal development.

KEY TARGETS:

To recruit up to 8 new volunteers in the next financial year to offer the befriending service to young people

2018/19	2017/18	2016/17
7 recruited	16 recruited	14 recruited

To continue to actively promote the service to the Shetland Community and engage in recruitment drives to seek new volunteers

2018/19	2017/18	2016/17
2 recruitment drives	2 recruitment drives	2 recruitment drives

To continue to provide high quality Befriending Service to children and young people Shetland wide. Up to 25 children and young people will receive a service per annum; and 75% of young people will achieve a positive outcome

2018/19	2017/18	2016/17
16 young people matched to volunteer 92% achieved positive outcome	17 young people matched to volunteer 100% achieved positive outcome	21 young people matched to volunteer 88% achieved positive outcome

To continue to support, monitor and review matches occurring on a regular basis to ensure the befriending is benefiting the young person

2018/19	2017/18	2016/17
16	17	21

To have up to 8 newly trained volunteers ready to be matched to a young person

2018/19	2017/18	2016/17
7	6	7

PERFORMANCE SUMMARY

The Shetland Befriending Scheme continued to support young people to promote their personal development and achieved many of their key targets.

The Shetland Befriending Scheme received total funding of £54,418 in 2018/19 and operated within budget. Funding primarily supports staff costs and volunteer expenses.



Shetland Islands Citizens Advice Bureau

KEY TARGETS:				
Outcome	Target	2018/19	2017/18	2016/17
New Cases Opened	2000	1,724	1,840	2,016
Total Number of Issues Raised	8000	6,353	7,200	7,973
Deliver information and advice services for at least 30.5 hours per week.	30.5hrs	30.5hrs	30.5hrs	30.5hrs
Intensive support to individuals to develop and implement plans to reduce financial problems	150	411	196	166
Total confirmed financial gains	£100,000	£1,692,924	£1,699,914	£1,049,654
Confirmed financial gains from generalist advice	£15,000	£104,343	£112,678	£123,665

PERFORMANCE SUMMARY

Shetland Islands Citizens Advice Bureau (SICAB) have achieved almost all their key targets for 2017/18.

SICAB received total funding in 2018/19 of £132,265 and operated within budget.



COPE Limited

PURPOSE:

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

KEY TARGETS:

PRIORITY 1: Stimulating Social Enterprise

- Attendance at Social Enterprise Scotland Board meetings.
- Completed lesson delivery on Social Enterprise for 3rd years at AHS
- Attendance at Charity Fair at AHS
- Attendance at SIC Practice Development day hosted by SIC with Employability Manager
- Hosted visit for CEO of Scottish Council for Voluntary organisation.
- Continued connection and collaboration with EGRC and Shetland High Schools in relation to DYW project.
- Attendance at meeting regarding the future of employability services within Shetland. Relationships being established to avoid crossover and individualised support.
- Planning meeting held with HIE to look at progress in relation to growth plans.
- SLA meeting with SIC completed. Positive signs for future collaboration.
- Social Investment Scotland to travel to Shetland to meet with COPE in June as part of a island visit.
- COPE ltd were highlighted in a Briefing paper completed by Social Firms Scotland for the Scottish Government regarding the role of social firms working to halve the disability employment gap.

PRIORITY 2: Developing Stronger Organisations

- EOPS now fully installed in garden Co. Soap Co scheduled for near future. Community Assets Fund
- Three more participants began ASDAN Workright in 2019.
- Manual handling risk assessment training to be undertaken and all manual handling tasks risk assessed by end of 2019.
- Employability Manager attended SUSE employability conference in April. This will enable us to be at the forefront of employability trends and provide useful networking opportunities with others within the sector.

PRIORITY 3: Realising Market Opportunity

- SSC to appear in Tatler Magazine for 3 consecutive months.
- Shetlandeli products to be entered into the HIE Food and Drink awards to boost visibility within the sector.
- Survey been completed for customers of the Home Co to seek feedback on service delivery and products requirements.
- Shetland Soap Company website launched
- Cope products showcased at Practice Development Event in Mareel. Event run by SIC
- Social media presence around autism awareness week
- Social Media Planning for learning disabilities week underway

PERFORMANCE SUMMARY

Shetland Charitable Trust supports the management and premises costs of COPE and they have achieved demonstrated the activities undertaken under their management function.

In 2018/19, COPE received funding of £154,967 and operated within budget.

Voluntary Action Shetland

PURPOSE:

To provide a central point for the voluntary sector, providing office space, storage, administrative support, sign-posting, advice and information to the voluntary sector in Shetland.

KEY TARGETS:

Third Sector Organisations feel better connected and are able to influence and contribute to public policy

- Full partner on Shetland Partnership Board
- Third Sector Forum – 4 meetings in year (2018: 2) giving third sector opportunity to engage with partner agencies.
- VAS attended 4 meetings (2018: 7) in relation to the Local Improvement Outcome Plan.
- Represents the third sector on strategic forums and partnerships both locally and nationally.

Third sector organisations are well managed and deliver quality services

- Support third sector organisations - 89 organisations (2018: 89) received information and support.
- Provide regular communication to third sector organisations – 16 newsletters (2018: 16) and 126 e-bulletins (2018: 126).
- Deliver training courses as identified from partners – 25 workshops (2018: 25)
- Ensure organisation information on the MILO national platform is up to date – 640 organisations data is up to date.
- Provide Independent Examination of accounts – 84 organisations (2018: 83) assisted to OSCAR compliant standard.
- Providing premises as a recognised 'Hub' for developing and supporting third sector organisations – 19 organisations (2018: 19).

Social Enterprise Develops and Grows

- Social Enterprises given regular information and updates on relevant topics i.e. procurement and tendering, business planning, asset transfer.
- 6 social enterprises (2018: 6) provided with consultancy/ one to one support in business planning, management and sustainability
- Network with private employers to create value and understanding

More people have increased opportunity and enthusiasm to volunteer

- People interested in volunteering receive appropriate responses and support information – 1,972 responses (2018: 1,482) to enquiries.
- Provide access to volunteering opportunities – 100% of volunteering opportunities are promoted online (2018: 100%).
- 93 local opportunities registered on MILO and promoted locally and nationally (2018: 118).
- Young people receive recognition for volunteering through Saltire – all High Schools visited
- Providing a varied training programme for volunteers, to enable them to be effective volunteers and use the transferable skills gained in other areas of life. Attendance of 117 (2018: 171).

PERFORMANCE SUMMARY

Voluntary Action Shetland continues to support a wide range of third sector organisations from their premises at Market House and have achieved all their key targets.

In 2018/19, Voluntary Action Shetland received total funding of £144,361 made up of £66,369 towards core running costs and £77,992 towards supporting Market House. Both areas operated within budget.

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 Activities project.

KEY TARGETS:
Achievements

	Target	2018/19	2017/18	2016/17
Dry Sports	35 sessions	35	35	37
Bowls Comp.	1 per year	1	1	1
Yoga	20 sessions	20	20	20
Wednesday Social Club	48 sessions	48	48	48
Case Studies	2 per year	2	2	2
Swimming	9 session	9	9	9
Swimming Gala	1 per year	1	1	1
Arts & Crafts Club	12 sessions	12	12	n/a

PERFORMANCE SUMMARY

Overall Disability Shetland achieved all their key targets in 2018/19.

Disability Shetland received total funding of £12,641 in 2018/19 to support their adult recreation clubs and operated within budget.

Shetland Link Up

PURPOSE:

Providing support to people who are affected by mental health problems by:

- (a) Offering support and relief to, and facilitating friendship for, those affected by mental ill health; and
- (b) Developing links with other community resources and facilities so that people affected by mental ill health are enabled to access such resources and facilities more easily and are integrated into the wider community to a greater extent.

KEY TARGETS:

	Target	2018/19	2017/18	2016/17
Attendance at SLU mixed group	1,000	1,612	1,785	1,573
Number of volunteers at SLU	2	4	4	5
Total volunteer hours	200	225	180	354
Satisfaction outcome	75%	100%	100%	100%
Total client contacts	1,500	1,821	1,994	1,746
Clients supported per annum	36	36	45	36

PERFORMANCE SUMMARY

Shetland Link Up have achieved all their key targets for 2018/19 and have exceeded many. Clients attending came from all over Shetland.

Shetland Link Up received total funding in 2018/19 of £47,994 and operated within budget.

PURPOSE:

Rural Care Model is expected to maintain the following services: -

- Long stay 24 hour residential care for individuals who have assessed needs as being unable to safely remain in their own homes;
- Respite care to provide support to carers and/or families who care for their family members;
- Short stay beds for individuals who require a period of reablement before they are ready to resume living in their own home;
- Day care for adults, allowing isolated vulnerable adults to access social care activities with their peers or allow voluntary carers respite;
- Other non-residential community care services delivered in the individual homes.

KEY TARGETS:

- To maintain the number of permanent beds available for residential and respite care –
The number of beds have been maintained at 146 (2018: 146)
- To ensure resources are used effectively, maintaining high Care Home occupancy-
Occupancy – Averaged 76% (2018: 85%) over the year, with an increasing proportion of respite and reablement clients.
- To maintain performance against the national health and wellbeing outcomes –
Proportion of last 6 months of life spent at home or in a community setting - 94% (highest in Scotland) (2018: 95%).
- To maintain positive Care Inspectorate results.-
All Care Centres assessed as good or very good in latest inspections (2018: good or very good)

PERFORMANCE SUMMARY

The Rural Care Model achieved all their key targets in 2018/19.

The Rural Care Model received total funding of £2,091,516 in 2018/19 and operated within budget.

REPORT**To:** Shetland Charitable Trust

Date 12 September 2019

From: Chief Executive

Report: CT1909028

Investment Plan 2020 - 2025**1. Introduction**

- 1.1 The purpose of this report is to seek Trustee approval of the Investment Plan 2020 - 2025 attached as Appendix A.

2. Background

- 2.1 The Trust implemented its current investment strategy in 2016 (CT1602009). A further investment review was undertaken in November 2018 (CT1811038).
- 2.2 The introduction of the strategy sought to increase the projected long term return on investments to 7.5% per annum.
- 2.3 The strategy introduced a diversified growth manager and an active equity manager where 10% and 37.5% respectively, of the Trust's reserves were invested. The remaining assets continued to be invested in passive equities (37.5%) and property (15%).

3. Present Position

- 3.1 The strategy adopted in 2016, has provided significant returns since its adoption and the review in 2018 recommended the continuation of the Strategy.
- 3.2 To ensure consistency with the Trust's Strategy 2020 - 2025 and associated Plans the Investment Strategy will now be referred to as Investment Plan 2020 - 2025
- 3.3 The Investment Plan for the Trust is overseen by the Investment Advisory Committee (IAC), who report to the Board of Trustees.
- 3.4 The Plan is reviewed periodically by the IAC, and sets out the overarching investment approach of the Trust to ensure the long-term strategic and financial objective of achieving a self-sustaining Trust.

4. Financial Implications

- 4.1 The Investment Plan is projected to realise return on investments of 7.5% per annum.

(3)

5. Recommendations

- 5.1 The Investment Advisory Committee recommend that Trustees approve the Investment Plan 2020 - 2025 attached as Appendix A.

Reference: DA11

Report Number CT1909028

Investment Plan 2020-2025

The Investment Plan for the Trust is overseen by the Investment Advisory Committee, who report to the Board of Trustees.

The plan is reviewed periodically, and sets out the overarching investment approach of the Trust to ensure the long-term strategic and financial objective of achieving a self-sustaining Trust; in maintaining the real value of the Trust; and in providing the funds for disbursement on an annual basis.

The Trust funds are invested both externally on the world markets, and through the local subsidiary companies – Shetland Heat Energy and Power Limited and SCT Renewables Limited.

The Investment Plan seeks to achieve an annual growth in the Trust funds, balanced against achieving higher long term returns from the Trust investments. Trust funds are managed by selected professional investment fund management companies.

The Investment Plan focus is on:

- **Growth Assets** – An allocation to growth assets in order to generate the long term investment returns required by the Trust. The main asset in this category is equities. A strong weighting towards equities is required to meet the Trust's objectives. Equity allocation 75% of funds.
- **Diversification** – To spread the Trust's reserves over different types of asset classes in order to seek a smoother annual return, and have the flexibility to exploit short term opportunities in volatile markets. Diversified Growth Fund allocation 10% of funds.
- **Stability** – Certain asset classes have a long term investment aim in line with the Trust's long term view. Property fits into this category with its steady annual rental income along with long term capital growth. Property allocation 15% of funds.

When the Trustees make decisions about investing the Trust funds, they seek appropriate advice and act as reasonably prudent as commercial investors would.

REPORT

To: Shetland Charitable Trust

Date: 12 September 2019

From: Chief Executive

Report: CT1909029

Financial Plan 2020 - 2025

1. Introduction

- 1.1 The purpose of this report is to seek Trustee approval of the Financial Plan 2020 - 2025 attached as Appendix A.

2. Background

- 2.1 The current financial plan was agreed by Trustees in 2015 (CT1505022) and covers the financial years 2016/17 to 2019/20. It stated that expenditure should be no more than £8.5 million per annum by 2019/20 in order for the Trust to be self sustainable.
- 2.2 Following the Investment Strategy review implemented in 2016, this was revised to £9.0 million per annum by 2019/20 to reflect the increase in fund management costs.
- 2.3 The Trust has been successful in this aim and budgeted expenditure in the final year (2019/20) is £9.0 million.

3. Present Position

- 3.1 As at 30 June 2019, the Trust's externally managed investments are £307 million (including £12.3 million yet to be invested with Schrodgers) and the anticipated income from local investments is £0.7 million per annum.
- 3.2 The Trust's externally managed investments have increased by over £100 million since 2015. However, the extra income this has provided has been offset by a reduction in income from local investments of around £2.8 million per annum.
- 3.3 In 2015, the Financial Plan anticipated around 40% of the budgeted expenditure to be met from income from local investments and 60% from externally managed investments. This has now changed to less than 10% from local investments and more than 90% from externally managed investments.

(4)

4. Financial Plan

- 4.1 The Trust's long term financial aim is "to use the average investment growth above inflation on the Trust's reserves to support annual expenditure, and so to be able to pass on the reserves preserved against inflation to future generations" (CT0805040). This approach is known as "self sustainable use of reserves" or sometimes simply "self-sustainability".
- 4.2 To achieve the Trust's aim of self-sustainability over the period it is necessary to make assumptions for future price inflation and the future return on external investments.
- 4.3 In 2015, following detailed financial advice, the Financial Plan assumed future inflation of 3.0% per annum and a future investment return of 5.5% per annum over the period. It is recommended the future inflation assumption of 3.0% per annum be retained for the period 2020 - 2025.
- 4.4 As part of KMPG's recent investment advice, they estimated the medium term expected return from the current investment strategy. Their best estimate is 6.4% per annum. It is therefore recommended that, for the period 2020 - 2025 the future return on externally managed investments is assumed to be 6.5% per annum.
- 4.5 Recent volatility have seen equity markets drop by as much as 15% on several occasions. It is recommended, that a 15% fund buffer be used in the calculation of future returns, for budgetary purposes. The calculation of future investment returns would be based on 85% of the Trust's externally managed investments.
- 4.6 The Financial Plan for the Trust is overseen by the Investment Advisory Committee, who report to the Board of Trustees.

5. Financial Implications

- 5.1 Adopting the proposed Financial Plan could increase the **maximum** Trust expenditure to £10,000,000 in 2020/21 potentially rising to £11,110,000 in 2024/25, depending on decisions on future disbursements.

6. Conclusion

- 6.1 The Trust seeks to approve a Financial Plan for the coming 5-year period in order to meet its long term financial strategy of self-sustainability and this has been considered in detail by the Investment Advisory Committee.

7. Recommendations

- 7.1 The Investment Advisory Committee recommend Trustees approve the Financial Plan 2020 – 2025 attached as Appendix A.

Financial Plan 2020-2025

The Financial Plan for the Trust is overseen by the Investment Advisory Committee, who report to the Board of Trustees.

The Financial Plan uses the average investment growth above inflation on the Trust's reserves to support annual expenditure. This enables the reserves preserved against inflation to be passed to future generations, aligned to the purpose of the Trust.

Annual expenditure is dependent on the assumed rate of return of the Trust's investments for the Strategy period, whilst also ensuring that the Trust fund is also protected against poor investment returns over the period and any major decline or crash in world stock markets.

For the Strategy period 2020-2025 a rate of return on the Trust investments above inflation of 3.5% per annum is assumed. It will also take into account suitable protection of the overall fund value given the continuing uncertainty in world markets.

This will allow indicative annual disbursement levels to be set with confidence for the period of the strategy against which all the funding applications will be assessed.

The core assumptions for the period are set out below:

- Future Investment Return – 6.5% per annum
- Future Rate of Inflation – 3.0% per annum
- Fund Buffer – 15% of externally managed investments.

Based on the agreed core assumptions, the maximum budgeted expenditure for the period 2020-25 is as follows:

Maximum Budgets				
Financial Year 2020-21	Financial Year 2021-22	Financial Year 2022-23	Financial Year 2023-24	Financial Year 2024-25
£10,000,000	£10,260,000	£10,530,000	£10,820,000	£11,110,000

REPORT**To:** Shetland Charitable Trust**Date** 12 September 2019**From:** Chief Executive**Report:** CTCT1909030**Disbursement Plan 2020 - 2025****1. Introduction**

- 1.1 The purpose of this report is to seek Trustee approval of firstly the Disbursement Plan 2020 - 2025 attached as Appendix A, and secondly the Main Grant Scheme Application Guidance attached as Appendix B.

2. Background

- 2.1 The Trust approved its current disbursement plan in May 2015 (CT1505038) covering the period 2016 - 2020.

3. Present Position

- 3.1 Trustees have developed a Strategy for the period 2020 - 2025.
- 3.2 The Strategy will guide and direct the work of the Trust over the next five years and has informed the development of Disbursement Plan 2020 - 2025.
- 3.3 The Disbursement Plan, detailed in Appendix A, states that the Trust will operate a Main Grant Scheme and Small Grant Scheme over the period 2020 - 2025.
- 3.4 The Disbursement Plan and Main Grant Scheme Application Guidance seek to meet the ambitions and objectives of the Strategy 2020 - 2025 through the award of grant funding.
- 3.5 The Small Grant Scheme will remain in its current format for 2020 - 2021. The Application Guidance for the new Small Grant Scheme will be developed further this year and brought forward to a future Trust meeting.
- 3.6 Subject to the approval of the Disbursement Plan, both the Main Grant Scheme and Small Grant Scheme will be open for applications.
- 3.7 The Disbursement Plan for the Trust is overseen by the General Purposes Advisory Committee, who report to the Board of Trustees

(2)

4. Financial Implications

4.1 The financial implications of Disbursement Plan are subject to future decisions on grant funding awards.

5. Recommendations

5.1 The General Purposes Advisory Committee recommend that Trustees approve:

- a) the Disbursement Plan 2020 - 2025 attached as Appendix A; and
- b) the Main Grant Scheme Application Guidance attached as Appendix B.

Reference: DA11

Report Number CT1909030

Disbursement Plan 2020-2025

The Disbursement Plan for the Trust is overseen by the General Purposes Advisory Committee, who report to the Board of Trustees.

Disbursements are approved in November each year by the Trust Board to allow organisations to effectively plan their activity, service or project for the coming year.

Over the Trust's Strategy period 2020-2025, it is the intention of the Trustees that the funds are able to support applications, which align to the purpose and strategic objectives of the Trust.

We can fund projects, activities or services that:

- meet the strategic ambition and charitable objectives of the Trust,
- meets one or more of the Trust's funding strands
- will promote inclusion and reduce inequality issues in Shetland;
- demonstrate effective delivery across Shetland;
- demonstrate evidence of need and the gap in provision
- demonstrate the benefit and impact the Trust funding will make through the Specific, Measurable, Achievable, Relevant and Time based (SMART) objectives set out by the applicant.

The Trust will operate a Main Grant Scheme for larger organisations and a Small Grant Scheme for smaller organisations and individuals. The Main Grant Scheme is for organisations with an annual turnover of over £50,000 per annum. The Small Grant Scheme will cover organisations with an annual turnover of under £50,000 per annum and individuals.

The application pack includes:

- Strategy Map
- Main Grant Scheme– Application Guidance
- Expression of Interest Form
- Full Application Form

These documents provide details of who can apply, what the Trust can fund and the application process and requirements.



Shetland Charitable Trust

Main Grant Scheme – Application Guidance

Contents

1. Introduction
2. Who can apply?
3. What can we fund?
4. Your contribution
5. The application process
6. When we receive your application
7. Accounting for and evaluating your grant
8. Application Checklist
9. Contact details

1. Introduction

OUR PURPOSE

The purpose of the Trust is 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.

OUR AMBITION

Over the period 2020-2025, the Trust will seek to use its funding:

- To improve the quality of life for all the people of Shetland;
- To achieve a positive impact against the Trust Strategic Objectives through its disbursement decisions;
- To promote inclusion and reduce inequalities in Shetland;
- To demonstrate the impact and outcomes of Trust funding.

OUR STRATEGIC OBJECTIVES

The strategic objectives of the Trust 2020-2025 will be:

- To enhance provision of services and activities, aligned to the Trust's ambition, and beyond the obligation of statutory services;
- To support the services and activities provided by the three large Trusts in Shetland;
- To support voluntary sector services in Shetland;
- To support, if appropriate, the core revenue costs of organisations where there is difficulty in sourcing alternative external funding to maintain or enhance the services provided.

The ambition to **promote inclusion and reduce inequalities** in Shetland will be a central theme for the Trust over 2020-2025, across all its funding commitments. All organisations, which benefit from Trust funding, will be asked to demonstrate how they are addressing these aims within their service provision.

FUNDING STRANDS

The Trust will consider funding for the following strands of activity:

- Arts and Culture
- Sport and Recreation
- Heritage and the Environment
- Social Care and Welfare

2. Who can apply?

Under this scheme we accept applications from organisations undertaking charitable activities that meet the Trust's charitable objects.

Applications will be considered from:

- Charities
- Trusts
- Charitable incorporated organisations
- Not-for-profit community and voluntary groups
- Public sector organisations undertaking charitable activities

We will not consider applications from:

- Community Councils or Development Companies
- Public Halls or Clubs
- Community Museums or Heritage Centres
- Churches or organisations promoting a religion
- Private sector companies or commercial entities

Applications will normally only be considered for organisations whose average turnover is over £50,000 in the last three years. New organisations will have to demonstrate their financial capacity including evidence of existing secured funding.

Applications will only be considered for organisations who have less than 12 months free reserves or can demonstrate financial need. We appreciate that your organisation may have good reason to hold more than 12 months free reserves, e.g. you may be planning a large capital investment. It is important that you let us know this at the time of application to allow us to consider these factors.

We encourage you to work with other organisations to develop and carry out your project / service / activity. If you plan to work with another organisation to carry out a significant proportion of your project / service / activity, we advise you to formalise your relationship with a partnership agreement.

If you are making a joint application, you will need to decide which organisation will be the lead applicant. The lead applicant will fill in the application form, and if you are successful, receive the grant and report on progress.

3. What can we fund?

We will consider funding projects, services or activities that:

- meet the strategic ambition and charitable objectives of the Trust,
- meets one or more of the Trust's funding strands
- will promote inclusion and reduce inequality issues in Shetland;
- demonstrate effective delivery across Shetland;
- demonstrate evidence of need and the gap in provision
- demonstrate the benefit and impact the Trust funding will make through the Specific, Measurable, Achievable, Relevant and Time based (SMART) objectives set out by the applicant.

We will consider revenue funding for:

- salaries or seasonal staff costs
- project costs (such as activity costs, volunteer expenses, transport, etc.)
- core (running) costs such as rent, heating and lighting - in such cases, the core work of your organisation must reflect at least one of our funding strands.

We are a match funder; this means we do not fully fund projects, services or activities

We do not fund the following:

- Projects, services or activities that do not meet the Charitable objects of the Trust
- Work which does not address one of our funding themes
- Capital works
- The standalone purchase costs of buildings and/or land
- Statutory services or responsibilities or the replacement of statutory revenue
- Projects which duplicate existing projects, services or activities
- Projects which may be to the detriment of existing services and businesses
- Costs of any activity that has taken place before a grant is awarded
- Loan payments
- Business or commercial ventures
- Recoverable VAT
- Funding applications by individuals
- Projects, services and activities, which incorporate the promotion of political or religious beliefs.
- The salaries of staff employed by, or seconded from, another organisation

4. Your contribution

Applicants are encouraged to make every effort to obtain external funding which might further reduce any funding sought from the Trust.

We will prioritise applications that can demonstrate sustainable matched funding and leverage.

Your contribution will also depend on the level of grant you are asking for.

5. The application process

Expression of Interest

Our application process is competitive and we cannot fund every good quality application that we receive. We recognise the work that goes into preparing an application, so to keep competition at manageable levels, and to give you the best chance possible, we ask all applications for a grant of up to £100,000 to complete a short Expression of Interest (EOI) form as the first stage in the process.

The EOI form asks you to provide summary details of your organisation, your project and the outcomes you aim to achieve.

We will use the information you provide to decide whether to invite you to submit a full application. An invitation to apply does not guarantee a grant from us but does indicate we see potential in your application in terms of potential Trust funding support.

Full Application

A full application is mandatory for all funding and is the only submission required for applications for a grant of over £100,000.

In the application, you will be required to provide:

- Organisational Details
- Contribution to the Trust's Strategic Objectives
- Project / Service / Activity details
- Why Project / Service / Activity is needed
- Outcomes and Activities
- Details of how you will acknowledge your grant
- Summary of Evaluation Plan

You will also be required to provide the following supporting documents

- Governing documents to demonstrate good governance. For guidance on this visit https://www.oscr.org.uk/media/3621/v10_guidance-and-good-practice-for-charity-trustees.pdf
- Last three years' accounts and current year's management accounts
- Cash flow and detailed cost breakdown of project / service / activity
- Organisational staffing structure
- Detailed Evaluation Plan
- List of current management committee / board representatives
- Copies of Adult/Child Protection policies and procedures
- Partnership agreements (if applicable)

Once you have submitted your application form, it is not possible to return this for further work. It is therefore important you are happy with your answers and have included all supporting documents before you submit your application.

6. When we receive your application

Once we receive your application, we will send you an email during normal office hours to acknowledge receipt. This will be sent to you within 5 working days.

Your application will then be checked by Trust staff against the approved application criteria.

If your application is successful:

- Successful applications will be issued with a grant offer letter and acceptance docquet. The acceptance docquet should be duly signed and a complete copy of the grant offer letter returned within 6 weeks of the letter date, failing to do so may result in the grant offer being withdrawn.
- An organisation must comply with the grant conditions and use the grant only for the purpose set out in your application form.

If your grant application is unsuccessful:

- The organisation will be informed of the main reasons it was not successful. Some examples are given below.

Common Reasons for Rejection / Failure to demonstrate

- Does your work closely match SCT's identified ambitions and objectives?
 - If your work genuinely doesn't fit with these then your efforts may be better focused on applying to other funders.
- What is the potential impact and reach of your work?
 - With limited funds, we need to make the most effective use of our money. Ideally, the work SCT funds should make a wider impact – beyond the immediate beneficiaries and life of the project / service / activity.
- Can you provide evidence of the difference you have made so far and that you have a track record to successfully deliver the work?
 - We need to see that organisations are best placed to provide the work they do. Evidence of past impact, and how you've learned from it. If your organisation is new, we need to see that your plans are based on sound evidence or learning from elsewhere.

7. Accounting for and evaluating your grant

Accounting For Grant Awards

You must:

- Account for the grant in a separate restricted reserve, which includes Trust grant income and expenditure only.
- Provide evaluation and service performance reports as required for the proper monitoring of the grant, the reports to be of a format and frequency agreed by the Trust.
- Provide management accounts for the organisation to account for the grant at a frequency mutually agreed.
- Provide, within six months of the end of the period for which the grant was given, accounts prepared in accordance with current regulations, showing how the grant was applied and what surplus remains (if any).
- Repay to the Trust any unused monies in the restricted reserve over the value of 3 months of the total grant.
- Acknowledge the grant publicly as appropriate and as practical, in accordance with the Trust's published grant acknowledgement guidelines.
- Comply with every request from the Trust for the supply of any information as required for the proper monitoring of the grant, including the minutes of formal meetings where appropriate.

Tips for evaluating your grant award can be found below.

Outcomes

Outcomes are changes, impacts or benefits that happen as a direct result of the project.

Outcomes are the differences or changes you want to make through your project / service / activity. They are about changes in people's skills, knowledge, feelings or behaviours. They should relate directly to the need for your project / service / activity, i.e. the reason it exists, and the people it will support, i.e. your beneficiaries.

Outcomes should include change words such as **"improve"**, **"increase"**, **"reduce"**, **"do better"** or **"maintain"**. When writing outcomes, you should explain who is changing, what is changing and how the change is happening.

Example Outcome: Isolated older people experience reduced feelings of loneliness

- Who is changing? Isolated older people
- What is changing? Their feelings of loneliness
- How (in what direction) is change happening? Their loneliness is reduced.

Activities

Activities are the things you will do and deliver in order to achieve your outcomes. They should include words that describe what you will do e.g. “**support**”, “**provide**”, “**run**”, “**deliver**”, “**enable**”. They should also include relevant beneficiary numbers and frequency/duration of the activity, where appropriate. Examples of activities are:

- Deliver an annual support programme to 20 disabled people
- Run a monthly carers support group for 15 carers
- Recruit and train 5 volunteers
- Run programmes in 6 schools for a total of 60 pupils facing disadvantages

Make sure there is a direct link between your outcomes and the activities you will be doing.

Evaluation

We expect all applicants to evaluate their funding against the agreed outcomes. You will need to create an evaluation plan at the start of your funding period. This will be an outline of how you are going to collect data to measure, analyse and understand what you are doing and ultimately to provide evidence about the outcomes you have achieved.

You will be expected to provide regular updates to the Trust in service performance monitoring reports either quarterly, six monthly or annually. The format and frequency will be agreed mutually between your organisation and the Trust.

As well as regular monitoring reports, at the end of your funding period, you will be required to write a comprehensive evaluation of your project / service / activity detailing the impact of the Trust funding.

8. Application Checklist

Use this handy checklist to make sure you are ready to apply.

- I have read this guidance document
- I have prepared a detailed breakdown of costs and cash flow
- I have demonstrated the need for my project / service / activity?
- I have clear outcomes the funding will support
- I have set out the actions required to achieve the outcomes
- I have planned how to evaluate my project and have included an evaluation plan
- I have completed the application form
- I have attached all the mandatory supporting documents (See section 5)

9. Contact details

If you have any questions, please contact us before you complete the application form.

Our contact details are as follows:

Shetland Charitable Trust
22-24 North Road
Lerwick
Shetland
ZE1 0NQ

Tel: (01595) 744994



REPORT

To: Shetland Charitable Trust

Date 12 September 2019

From: Chief Executive

Report: CT1909031

Strategy 2020 - 2025

1. Introduction

- 1.1 The purpose of this report is to seek Trustees approval of the Strategy 2020 - 2025 (the Strategy) attached as Appendix A.

2. Background

- 2.1 The Trust is coming to the end of its current agreed funding period which was approved by Trustees in December 2014 (CT1412059).

2.2 Trustee agreed:

- a) the Trust shall aim to reduce its total expenditure to £8,500,000 by the year ended 31 March 2020. This will be achieved by reducing expenditure by £350,000 per annum. By 1 April 2020 the Trust will also aspire to provide revenue funding which is inflation linked.
- b) the Trust should, in principle, continue to support:
- i. Services provided by the three large Trusts;
 - ii. People in need through age, disability or circumstances within Shetland where possible
 - iii. The core revenue costs of organisations

3. Present Position

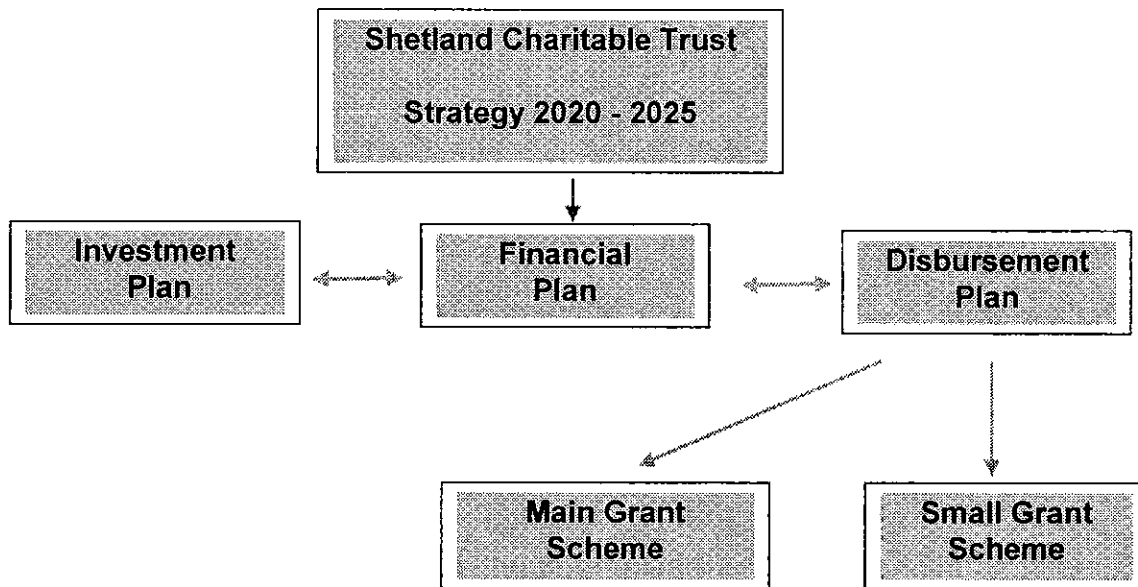
- 3.1 Trustees have developed a Strategy for the period 2020 - 2025.
- 3.2 The Strategy will guide and direct the work of the Trust over the next five years. It has been developed to build on the positive impact that Trust funding has made to date.

4. Strategy 2020 - 2025

- 4.1 The Strategy is attached as Appendix A. In sections 2 to 4, the Strategy states:
- a) The Purpose of Shetland Charitable Trust
 - b) The Ambition of the Shetland Charitable Trust 2020 - 2025
 - c) Strategic Objectives of the Shetland Charitable Trust 2020 - 2025.

(2)

- 4.2 The Strategy has an increased focus on promoting inclusion and reducing inequalities in Shetland. A demonstration of the impacts and outcomes achieved through Trust funding will be required.
- 4.3 The Strategy also sets out how the Trust will meet its ambitions and objectives over the period.
- 4.4 The relationship of the Investment Plan, Financial Plan and Disbursement Plan to the Strategy is shown below:



5. Financial Implications

- 5.1 There are no direct financial implications arising from this report. Any financial implications regarding the Strategy are subject to decisions on future disbursements.

6. Recommendations

- 6.1 The General Purposes Advisory Committee recommend that Trustees approve the Strategy 2020 - 2025 attached as Appendix A.

Reference: DA11

Report Number CT1909031



**Shetland Charitable Trust
Strategy 2020-2025**

**22-24 North Road
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ZE1 0NQ**

Tel: 01595-744994

E-mail: mail@shetlandcharitabletrust.co.uk

Registered Charity Number SC027025

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Executive Summary

Shetland Charitable Trust is an independent Scottish charity and Trust, set up to benefit the people of Shetland. The Trust was established in 1976 and to date has disbursed over £320 million to Shetland organisations working in the fields of arts, culture, sport and recreation, the environment, heritage, and social care and welfare, including supporting the three large Shetland based Trusts, Shetland Amenity Trust, Shetland Arts Development Agency and Shetland Recreational Trust, and the Rural Care Model which is in place in Shetland. The Trust is comprised of a Board of 12 Trustees who are responsible for the governance and strategic direction of the Trust.

The purpose of the Trust is 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.

Over the period 2020-2025, the Trust will seek to use its funding:

- To improve the quality of life for all the people of Shetland;
- To achieve a positive impact against the Trust Strategic Objectives through its disbursement decisions;
- To promote inclusion and reduce inequalities in Shetland;
- To demonstrate the impact and outcomes of Trust funding.

The Trust targets its funding where impact, positive outcomes, and evidence of need can be demonstrated and shown to be delivered or addressed. Funding decisions are made on an open and transparent basis against this. Over the period 2020-2025, the Trustees will identify where funding can be used in particular to promote inclusion and reduce inequalities in Shetland. All organisations which benefit from Trust funding will be asked to demonstrate how they are addressing these areas. The Trust is open to both new and existing funding bids which align to its purpose and strategic objectives for the period 2020-2025 as set out:

- To enhance provision of services and activities, aligned to the Trust's ambition, and beyond the obligation of statutory services;
- To support the services and activities provided by the three large Trusts in Shetland;
- To support voluntary sector services in Shetland;
- To support, if appropriate, the core revenue costs of organisations where there is difficulty in sourcing alternative external funding to maintain or enhance the services provided.

The Trust works in partnership with stakeholders and organisations to maximise the impact and demonstrate the evidence base for its funding contributions. The Trust's priorities will be informed, for example, by Shetland's Partnership Plan 2018-2028, and the Shetland Integration Joint Board. The Trust will work with all the organisations it funds to build an evidence base of the positive impact and outcomes each organisation's activities and service provision is making. This will ensure the funding available for disbursement continues to achieve the maximum impact for the people of Shetland.

Disbursements of Trust funds will normally be approved annually. Each application for funding will be assessed against the ambition, purpose and strategic objectives of the Trust, and the impact which the funding will help deliver. Disbursements are then made to approved funding applicants through an annual grant offer letter. This also sets out the reporting requirements and the acknowledgement of Trust funding. Organisations are also encouraged to seek alternative funding wherever possible.

Regular communication is undertaken to increase the understanding of the work and activities the Trust funding supports. A mid-term review of progress against the Strategy ambition and objectives will be undertaken, as part of the Trust risk management process and governance in place to 2025.

What will be different 2020-2025

- **An increased focus on promoting inclusion and reducing inequalities in Shetland**
- **A better demonstration of the impacts and outcomes achieved through Trust funds**
- **Open to new funding bids aligned to the Trust's ambition and strategic objectives 2020-2025**

1. Introduction

Shetland Charitable Trust (the Trust) is an independent Scottish charity and Trust, set up to benefit the people of Shetland. The Trust was established in 1976 as the recipient of disturbance receipts from the oil industry. Since its establishment, it has disbursed over £320 million to Shetland organisations to enhance the quality of life for the people and communities of Shetland.

The Trust is governed by a Trust Deed which sets out the charitable purposes that the funds can be legally used for. The Trust is comprised of a Board of 12 Trustees, appointed for an initial four-year term through an open recruitment process. The Trustees are responsible for the governance and strategic direction of the Trust. The Trustees are supported in the operation of the Trust by the Chief Executive and Executive team.

To date, the Trust has provided funding to a wide range of local charities and organisations. These organisations provide a range of activities and services especially in the fields of social care and welfare; arts, culture, sport and recreation; and the environment and heritage – all to the benefit of the population of Shetland.

Organisations that have benefitted from Trust funding include the three large Shetland based Trusts, Shetland Amenity Trust, Shetland Arts Development Agency and Shetland Recreational Trust, and the Rural Care Model which is in place in Shetland. A range of other voluntary organisations and bodies based in Shetland have also benefitted from Trust funding.

The Trust operates to agreed Investment, Financial and Disbursement plans, approved and overseen by the Board of Trustees, and in support of the agreed Strategic Objectives of the Trust. In 2019, the Trust undertook a comprehensive Strategic Review to determine its Strategy for the period 2020-2025, as set out in this document. The Strategy Process which was undertaken is outlined in Appendix 1.

2. The Purpose of Shetland Charitable Trust

The purpose of the Trust is 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.

Core Principles and Values of the Trust

The core principles and values, which underpin this purpose, are:

- The Trust will operate in an open and transparent manner, to the highest standards of corporate governance;
- The Trust will seek to maximise and demonstrate the impact and value that its funding delivers to the quality of life in Shetland for all;
- The disbursement of Trust funds will be evidence based;
- The Trust will add value and develop the services available to the people of Shetland, through its funding commitments and based on evidence of need;
- The Trust will work in partnership with other stakeholders and organisations to maximise the impact of its funding contribution.

3. The Ambition of the Shetland Charitable Trust 2020-2025

Over the period 2020-2025, the Trust will seek to use its funding:

- To improve the quality of life for all the people of Shetland;
- To achieve a positive impact against the Trust Strategic Objectives through its disbursement decisions;
- To promote inclusion and reduce inequalities in Shetland;
- To demonstrate the impact and outcomes of Trust funding.

The Trust will continue to improve the quality of life for the people of Shetland. The Trust will target its funding where impact, positive change and outcomes, can be demonstrated and shown to be delivered. Over the period 2020-2025, the Trustees will identify where funding can be used in particular to promote inclusion and reduce inequalities in Shetland. Trust funding will add value or help address these areas – where there is evidence of a clear need or gap in provision.

By 2025, Shetland Charitable Trust will aim to evidence the positive difference and impact its funding has made against each of its strategic objectives, where an agreed baseline and impact measures can be put in place.

This Strategy sets out the ambition, purpose and strategic objectives of the Trust over the period 2020-2025. The Strategy further sets out how the Trust will operate and deliver against its strategic objectives as set out below.

What will be different 2020-2025

- **An increased focus on promoting inclusion and reducing inequalities in Shetland**
- **A better demonstration of the impacts and outcomes achieved through Trust funds**
- **Open to new funding bids aligned to the Trust's ambition and strategic objectives 2020-2025**

4. Strategic Objectives of the Shetland Charitable Trust 2020-2025

The strategic objectives of the Trust 2020-2025 will be:

- To enhance provision of services and activities, aligned to the Trust's ambition, and beyond the obligation of statutory services;
- To support the services and activities provided by the three large Trusts in Shetland;
- To support voluntary sector services in Shetland;
- To support, if appropriate, the core revenue costs of organisations where there is difficulty in sourcing alternative external funding to maintain or enhance the services provided.

The ambition to promote inclusion and reduce inequalities in Shetland will be a central theme for the Trust over 2020-2025, across all its funding commitments. All organisations, which benefit from Trust funding, will be asked to demonstrate how they are addressing these aims within their service provision.

The services provided by the three Large Trusts, Shetland Amenity Trust, Shetland Arts Development Agency, and Shetland Recreational Trust, have been supported by the Trust

since their inception. The level and quality of service provided by each Trust for the people of Shetland would not be possible without Shetland Charitable Trust support.

The Trust will continue to encourage the organisations it funds to seek other sources of funding, and therefore move to a more self-sustaining basis. However, it is recognised that the core revenue costs of organisations are often the most difficult areas to obtain external funding. The Trust will continue to support this area for services and activities aligned to the Trust's strategic objectives and evidence based requirements.

The Shetland community is underpinned and supported by a strong voluntary sector. Many voluntary organisations provide the best and most effective means of addressing needs and reducing inequalities of access to service provision within the community.

The Trust funding does not and should not be used in place of statutory service provision. It should enhance provision of services and activities which align to the ambition, purpose and strategic objectives of the Trust.

5. The Delivery of the Strategy 2020-2025

Trust Governance

The Board of Trustees, supported by the Board Advisory Committees, oversees the governance of the Trust. Each Advisory Committee is chaired and made up of Trustees, and reports to the full Board at regular intervals.

The Trustees are responsible for setting the strategic direction, the oversight and governance of the operations, and the approval of the operating plans. Each Trustee is selected against set criteria. All Trustees have a commitment to make a positive difference and lasting legacy for Shetland and its community. All the Trustees undertake their role in a voluntary capacity.

The Evidence Base for the Strategy

Shetland's Partnership Plan (SPP) 2018-2028 is the local outcome improvement plan for Shetland. It sets out a shared vision that "Shetland is a place where everyone is able to thrive; living well in strong, resilient communities; and where people and communities are able to help plan and deliver solutions to future challenges." The SPP will deliver across the four priority themes of Participation, People, Place and Money.

The Trust will use the SPP, and in particular the evidence base and community response to the SPP, to guide its priorities. The Plan thus guides the Trust on how best to address gaps in the provision of services, focusing on promoting inclusion and reducing inequalities.

Similarly, the Trust will seek to engage with the Shetland Integration Joint Board (IJB) and its evolving approach to Sustainable Service Models for Health and Social Care delivery in Shetland. The Trust was involved in setting up a network of small rural care centres as part of its commitment to support the elderly across Shetland. It is recognised the cost of providing residential care per resident in Shetland is very high compared to other areas of Scotland.

The Trust has continued to support Rural Care through an annual grant, as part of the funding support it provides to provision for the elderly in Shetland. The Trust is now keen to explore how future funding commitments may be better aligned to the aims and objectives of the IJB. The difference and impact of Trust funding needs to be evidenced and demonstrated.

Examples of the evidence base that the Trust will use to guide its strategic objectives and priorities include:

- Shetland: Our Place – Place Standard Final Report March 2017
- The Shetland Place 7 Locality Community Forums
- Shetland's Commission on Tackling Inequalities Report 2017

The Trust will work with the organisations it funds to build an evidence base of the positive impact each organisation's activities and service provision is making.

Key Considerations for the Strategy Delivery

The funding provided by the Trust has delivered many positive benefits to Shetland. The Trust is committed to ensuring that its future funding disbursements continue to achieve a positive impact, and make a difference to the lives of people living in Shetland.

The transition over 2020-2025 towards a more impact and outcome measurement of the Trust funding against its purpose and strategic objectives will be incrementally implemented. The Trust will learn from existing good practice elsewhere, and the work, which is being carried out on national and local performance indicators. This will allow a more consistent and transparent decision framework to be put in place for the Board of Trustees to ensure the funding available for disbursement achieves the maximum impact.

This will be done by recognising the reality of existing funding commitments to organisations, and working with organisations to mitigate any consequences arising from changes to the disbursement model. This will allow organisations to plan for future service provision with a degree of certainty.

The Trustees are also committed to ensuring that the Trust is open and responsive to new funding bids which align to its purpose and strategic objectives.

The Trust acknowledges that some of the organisations it supports will need assistance to demonstrate and evidence the impact and outputs they deliver with Trust funding. The Trust will work with these organisations to help address this, respecting at all times that it is for each organisation itself to decide its strategic priorities and direction.

Over the period of this Strategy, the Trust will support and encourage more collaboration across organisations applying for Trust funding, where this can lead to stronger service provision and efficiency.

The period 2020-2025 will be a transition for both the Trust and the organisations and services it supports. The ultimate objective of the Strategy is to ensure the Trust funds, and the organisations it supports, maximise the positive outcomes and enhance the quality of life for the people of Shetland.

Management and Monitoring of the Strategy

The Strategy for the Trust will be led and overseen by the Board of Trustees. The implementation of the Strategy will be delivered by the Chief Executive and the Executive Team. The principal delivery focus will be set out in the three operation plans as follows:

Operational Plans

- The Investment Plan for the period 2020-2025 will be overseen by the Investment Advisory Committee, who report to the full Board of Trustees. The plan will set out the overarching investment approach of the Trust to ensure the long-term financial objective of achieving a self-sustaining Trust;
- The Financial Plan will be overseen by the Investment Advisory Committee, who report to the full Board of Trustees. The plan will set out a balanced budget for each financial year, matching Trust income and expenditure;
- The Disbursement Plan will be overseen by the General Purposes Advisory Committee, who report to the full Board of Trustees. The plan will set out the recommendations for Trust disbursements on an annual basis, ensuring the disbursements reflect the purpose and strategic objectives of the Trust, and report on progress against the ambition and strategic objectives of the Trust.

As part of the budget process, disbursements will be recommended for approval annually. However, indicative budgets may be approved for longer periods depending on the needs of the applicant and the strength of their applications.

The annual disbursement of funding will ultimately be approved by the Board of Trustees against a decision framework which will assess each application against the ambition, purpose and strategic objectives of the Trust, and the impact which the funding will help deliver.

Disbursements will be made to approved funding applicants through an annual grant offer letter which will clearly set out:

- The funds approved for disbursement and how they will be used against the application submitted;
- The drawdown arrangements for the funding;
- The reporting requirements of the funding recipient organisation – to include consideration of delivery against the activities and outcomes the funding seeks to achieve, and any milestones set as a condition of the funding;
- Demonstrate that the Trust funding has been acknowledged.

Consideration will also be given to the efforts of each organisation benefitting from Trust funding to seek alternative funding streams and move to a more self-sustaining position for the future. This would also include joint or collaborative bids for funding which bring efficiencies in delivery and further maximise the impact of Trust funding.

A mid-term review of progress against the Strategy ambition and objectives will be undertaken by the Board of Trustees. A Risk Assessment is in place for the Strategy, attached as Appendix 3. This will form part of the Strategic Risk Register for the Trust, which is regularly reviewed and updated by the Board of Trustees.

6. Communication and Engagement

The Trust is committed to the principle of openness and transparency, and will ensure clarity and consistency in its decision-making process. The Board meetings and AGM will remain open to the public over the period of the Strategy, and the agenda and public minutes of each Board meeting are accessible on the Trust website, alongside the Trust documents and regulations.

In addition, the Trust will engage with partner organisations and stakeholders to build the evidence base from which to inform its decisions. This will help to identify where and how the Trust funds can make a positive difference and provide clear added value to the quality of life of the people of Shetland against the strategic objectives of the Trust.

The Board of Trustees and Executive Team have set out their commitment to engage with key stakeholders and the wider community of Shetland, this is set out in Appendix 2.

The Trust will work to increase its visibility within Shetland over the Strategy period through more proactive communication. This will increase the understanding of the work and activities the Trust funding supports.

A programme of informal working lunches will continue over the Strategy period where Trustees meet and learn from other organisations. The Trust will, where practical, establish a programme of visits for Trustees to see the impact the Trust funding is making.

Where appropriate, opportunities for joint promotion and engagement in the work the Trust funding supports with the organisations will also be taken forward.

7. Conclusion

The Trust Strategy for 2020-2025 will guide and direct the work of the Trust over the next five years. It has been developed to build on the positive impact that Trust funding has made.

The Strategy will ensure the Trust continues to make a real difference to people's lives through its funding commitments. It will ensure that the funding commitments made over this next five year period are evidence based, open and transparent, and deliver the purpose and ambition of the Trust. In particular, it will aim to promote inclusion and address inequalities in Shetland, and continue to benefit and improve the quality of life for all people living in Shetland.

It is envisaged the purpose and strategic objectives set out within this Strategy will not fundamentally change over the subsequent five years. However, the Trust will apply the knowledge gained over this time to maximise the impact of funding against its strategic objectives.

Appendix 1: The Strategy Planning Process

The Strategy for 2020-2025 was developed from January to April 2019, with the support of an external strategy consultant. The Strategy process was led by the General Purposes Advisory Committee, on behalf of the Trust Board, who provided additional insight and an overview of the process.

The process from January – April 2019 involved:

- A desk review of the Trust disbursement and financial plans for the period 2015-2019, and the activities and outcomes which the Trust funding had supported.
- A desk review of Trust background documents and information to inform the Strategy process.
- One-to-one meetings with all the Trustees and Executive Team of the Trust, in terms of their aspirations for the Trust 2020-2025.
- Three Strategy workshops with the full Board of Trustees on 6 February, 7 March and 27 March respectively, which worked through:
 - The current position of the Trust
 - Areas of good practice and lessons learned 2015-2019
 - The context for the Trust Strategy 2020-2025
 - Suggested changes to the disbursement process of the Trust
 - The consequences of any changes to the disbursement process
 - The ambition for the Trust 2020-2025 – impacts and outcomes
 - Agreement on the strategic objectives of the Trust 2020-2025
 - Defining the disbursement priorities and process 2020-2025
 - Management and monitoring arrangements for the Strategy
 - Identification and management of any specific risks to the Strategy
 - The communications for the Strategy
- A meeting with the Community and Planning Development Officer for the Shetland Partnership Plan to discuss the SPP priorities and the existing evidence base under development.
- Engagement with the Trust Executive Team to review the current operating arrangements in place and any processes requiring to be developed for the successful Strategy implementation.
- Planned communication with stakeholders on the Trust's Strategic direction 2020-2025.
- Final draft Strategy presented to Trustee workshop in May prior to the Trust formal approval process for the Strategy.
- Thereafter, the Operational Plans were developed by Trust Executive Team.
- The Strategy and Operational Plans to be formally approved by the full Board of Trustees in September.

Appendix 2: Communications

Communications for the Trust is overseen by the General Purposes Advisory Committee, who report to the Board of Trustees. It encompasses both stakeholder engagement and public relations undertaken directly and indirectly by the Trust. The aim is to promote the Trust and its activities, and to protect and enhance the Trust's reputation to its key audiences.

The Trust will inform and engage each audience as appropriate in terms of:

- What the Shetland Charitable Trust does
- Why it does what it does
- How it operates

The purpose of the Trust is clearly set out within the Strategy. The Strategy also sets out the rationale for what the Trust seeks to achieve and how it will do this. This is reinforced by the principles and values of the Trust, and its commitment to operate in an open and transparent manner.

Over 2020-2025, the Trust aims to increase its public profile. It will promote a better understanding of the activities the Trust funding supports, and the positive impact it helps deliver.

Stakeholder Engagement

The Trust engages regularly with a range of stakeholders in the delivery of its strategy and funding commitments. This includes both statutory and non-statutory bodies, and the funded organisations which benefit from Trust funding.

Over 2020-2025, the Trust will continue to engage through the Shetland Partnership Plan (SPP) to build the evidence base required to better determine how best to maximise the impact of Trust funding. This will help to identify where there are gaps in service provision or areas of need that the Trust may be able to address through its strategic objectives.

The Trust will also seek to engage with the Integrated Joint Board (IJB) over 2020-2025 to determine how it may support the emerging rural care model.

The Trust will work with each organisation receiving Trust funding to monitor progress and performance. This will ensure the organisation can demonstrate the impacts of Trust funding. The grant conditions will set out the minimum requirements in terms of the acknowledgement of funding provided through signage and marketing communications. More emphasis will be placed on the production of case studies and joint promotion opportunities with the Trust.

Public Relations

The Trust is supported in its PR and media communications by an external consultancy contract, which provides a first point of contact for all media enquiries and supports the development of marketing content for the Trust. In addition, the Trustees themselves and the Executive Team all have a role to play in ensuring a consistent message is portrayed of the Trust and its work.

Over 2020-2025, the Trust will develop its PR and media communications as follows:

- Consistent promotion of the key messages set out within the Trust PR Policy, which will be updated to reflect the new Trust Strategy;
- Maximise the opportunity to introduce new Trustees, with an emphasis on why they have become involved with the work of the Trust;
- Update the Trust website and social media platforms with more focus on the projects and beneficiary case studies that the Trust funds;
- Increased social media – ideally visual and case study based on the difference the Trust funding has made to people's lives, young and old.

Appendix 3: Strategy Risk Assessment

The Trust has in place a robust Risk Management Process and Assurance Framework, with highlighted risks assigned to the appropriate Advisory Committee to manage and monitor. The full Risk register is considered by the Board of Trustees annually.

The existing high level risks actively managed by the Trust, and its Advisory Committees, are as follows:

- Governance – To ensure the Charitable Trust operates with good governance
- Reputational – To be well regarded within the local community
- Investment – To ensure robust investment decisions
- Disbursements – To ensure robust disbursement decisions
- Strategic Direction – To ensure the Trust continues to enhance the quality of life for residents of Shetland

Each risk is allocated a risk level, and scored against likelihood and impact, and the mitigating measures and action plan to manage each risk set out.

The specific risks identified through the Strategy Plan development will be incorporated within the current Risk Register either as a new risk assigned to the relevant Advisory Committee, or highlighted and addressed within the existing high level risks set out above.

The Strategy Risks identified are:

- Over-subscription in opening up the Trust fund to new bids – this will be addressed within the Disbursement high level risk;
- The robustness and clarity of the disbursement process in addressing the strategic objectives of the Trust - this will be addressed within the Disbursement high level risk;
- The transition period of 2019/20 when the Trust will move to a new Trust Strategy and succession planning for a new Chair and Trustees - this will be addressed within the Disbursement high level risk;
- The availability of impact and outcome data and evidence to support the Trust decision framework - this will be addressed within the Disbursement high level risk;
- Additional staff resource which may be required in managing and monitoring new and existing funding applications - this will be addressed within the Disbursement high level risk;
- Insufficient finance to meet approved funding applications to the level the Trust would wish to support - this will be addressed within the Investment high level risk.



REPORT

To: Shetland Charitable Trust

Date: 12 September 2019

From: Chief Executive

Report: CT1909032

Investment Review Report - Quarter to 30 June 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 quarter to 30 June 2019.

2. Detail

- 2.1 This report concentrates on the three-month period from April to June 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 June 2019 of £295 million. The funds, type of mandate and market values at the end of June 2019 are as follows:

Manager	Mandate	% of Reserves	Market Value £m
Baillie Gifford	Active Equity	46%	134
BlackRock	Passive Equity	30%	89
Schroders	Property	14%	42
Insight	Diversified Growth Fund	10%	30

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.

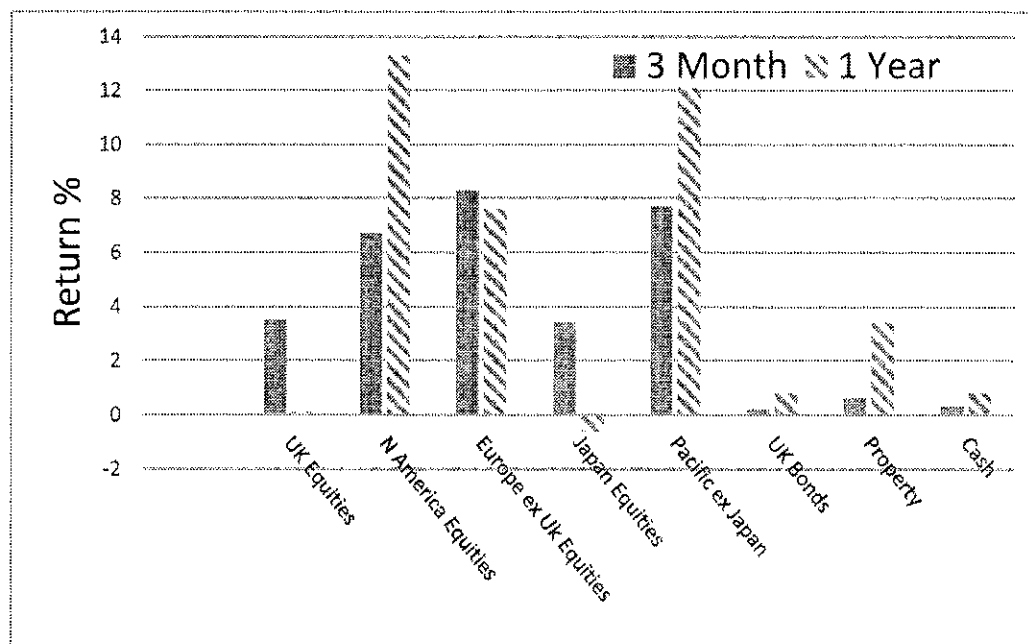
	£m
Market Value 31/03/19	282.0
Additions / (Withdrawals)	(0.3)
Investment Return	<u>13.5</u>
Market Value as at Jun 2019	<u>295.2</u>

2.4 The figures show an overall £13.2 million increase in value over the three month period. This increase in value is due mainly to the positive return from equity markets over the period.

2.5 The Trust received £0.3 million of dividend income during the three month period to June 2019. This dividend was from BlackRock and is their quarterly dividend distribution from the UK equity investment, which is automatically paid into the Trust's bank account.

2.6 Over the three month period to June equity markets have performed well, although with significant volatility. Gains in April were offset by losses in May with positive returns again in June. European and US equities have performed well with Japan and the UK showing more modest gains. 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 June 2019, performed as follows:

Manager	Mandate and Benchmark	Fund Return %	Benchmark Return %	% Return Compared to Benchmark
Baillie Gifford	Equity (Active)	5.3	6.0	(0.7)
BlackRock	Equity (Passive)	5.9	5.2	0.7
Schroders	Property	0.7	0.6	0.1
Insight	Diversified Growth Fund	3.2	1.2	2.0

- 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 June where Baillie Gifford returned 5.3% compared to the broad market return of 6.0%. This active fund seeks to provide diversification to BlackRock's passive fund that tries to replicate the market return.
- 2.11 The fund with BlackRock is invested passively in equities, so the fund is aiming to equal the benchmark return. BlackRock exceeded this aim over the three month period. The mandate with BlackRock over the three month period produced a return of 5.9%, 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 0.7% 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 produced a 3.2% return over the quarter which was 2.0% above the benchmark return.

2.14 The overall investment return for the Trust's investments for the three month period to the end of June 2019 was 4.6%, which was 0.2% above the benchmark return.

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: CT1909032

REPORT

To: Shetland Charitable Trust

Date: 12 September 2019

From: Chief Executive

Report: CT1909033

Management Accounts – Three Months Ended 30 June 2019

1 Introduction

1.1 The purpose of this report is to present the Trust's Management Accounts for the three months ended 30 June 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 three months to 30 June 2019.

Table 1: Summary Management Accounts 2019/20

Item	Current Budget £m	Spend to Jun 2019 £m
Income	1.7	0.9
Disbursements	(7.4)	(3.7)
Management and Administration	(0.6)	(0.2)
Fund Managers Fees	(1.0)	(0.3)
Gain on Investments	-	12.5
Total	(7.3)	9.2

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

2.3 In the three months ended 30 June 2019 the Trust made a gain on its investments of £12.5m.

(8)

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 June 2019 as shown in the Management Accounts in Appendix A.

Reference: DA5/1

Report No: CT1909033



Shetland Charitable Trust

Management Accounts

3 Months Ended 30 June 2019

**Shetland Charitable Trust
Income and Expenditure
Period to 30 June 2019**

	<u>3 Month Actual £</u>	<u>Annual Budget £</u>	<u>Variance £</u>
<u>Income</u>			
Managed fund dividends	297,675	985,000	(687,325)
Managed fund interest	402,663	-	402,663
Agricultural loan interest	212	750	(538)
Local equity gift aid	-	-	-
Rental income	210,274	700,500	(490,226)
Bank interest	2,296	-	2,296
Miscellaneous income	-	-	-
	<u>913,120</u>	<u>1,686,250</u>	<u>(773,130)</u>
<u>Expenditure</u>			
Disbursements	(3,675,982)	(7,383,167)	3,707,185
Management and administration	(227,202)	(637,610)	410,408
Fund managers	(290,216)	(1,033,400)	743,184
	<u>(4,193,400)</u>	<u>(9,054,177)</u>	<u>4,860,777</u>
Gain on investments	12,493,390	-	12,493,390
Surplus/(Deficit)	<u>9,213,110</u>	<u>(7,367,927)</u>	<u>16,581,037</u>

Shetland Charitable Trust
Balance Sheet
Period to 30 June 2019

	<u>Jun-19</u>	
	£	£
Tangible fixed assets		248,000
Investments		<u>307,328,796</u>
		307,576,796
Trade debtors	300	
Prepayments and Accrued income	259,420	
Other debtors	208,890	
Bank	<u>12,787,686</u>	
	13,256,296	
Trade creditors	17,071	
Accruals and deferred income	307,303.0	
Amounts owed to subsidiary	-	
Other creditors	<u>(779)</u>	
	323,595	
Net current assets		<u>12,932,701</u>
		320,509,497
Pension liability		(1,972,000)
		<u>318,537,497</u>
Opening reserves		309,324,387
Surplus for period		<u>9,213,110</u>
Closing reserves		<u>318,537,497</u>

Shetland Charitable Trust
Rental Income
Period to 30 June 2019

	<u>3 Month Actual £</u>	<u>Annual Budget £</u>	<u>Variance £</u>
Sullom Voe Site	210,274	800,000	(589,726)
Shetland Golf Course	-	500	(500)
	<u>210,274</u>	<u>800,500</u>	<u>(590,226)</u>

**Shetland Charitable Trust
Disbursements
Period to 30 June 2019**

	<u>3 Month Actual £</u>	<u>Annual Budget £</u>	<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>			
Disability Shetland Recreation Club	12,641	12,641	-
The Swan Trust	-	-	-
Shetland Churches Council Trust	-	-	-
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	-	-	-
Local Charitable Organisations	11,552	11,552	-
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	6,258	15,000	(8,742)
Sub Total Schemes	<u>8,542</u>	<u>30,000</u>	<u>(21,458)</u>
Surplus Grants Refunded	-	-	-
Total	<u>3,675,982</u>	<u>7,383,167</u>	<u>(3,707,185)</u>

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

	<u>3 Month</u> Actual £	<u>Annual</u> Budget £	<u>Variance</u> £
Basic Pay and Allowances	65,975	290,000	(224,025)
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	<u>66,430</u>	<u>306,000</u>	<u>(239,570)</u>
Operating Costs			
Insurance	10,296	10,000	296
Administration	221	2,250	(2,029)
Supplies and Services	1,050	6,500	(5,450)
Bank Charges	173	250	(77)
Professional Fees: Other	5,549	20,000	(14,451)
External Audit Fees	139	23,250	(23,111)
Financial advice	59,456	50,000	9,456
Trustees Expenses	216	5,000	(4,784)
Meeting expenses	729	3,000	(2,271)
Legal Fees	28,080	50,000	(21,920)
Trustee Recruitment Costs	-	5,000	(5,000)
Sub Total Operating Costs	<u>105,908</u>	<u>175,250</u>	<u>(69,342)</u>
Property Costs			
Energy Costs	756	8,000	(7,244)
Water Rates	46	1,400	(1,354)
Building Maintenance	46,151	51,000	(4,849)
Cleaning	645	2,000	(1,355)
Sub Total Property Costs	<u>47,598</u>	<u>62,400</u>	<u>(14,802)</u>
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	560	2,160	(1,600)
Public Relations	2,970	15,000	(12,030)
Sub Total Bought In Services	<u>7,267</u>	<u>93,960</u>	<u>(86,693)</u>
Total	<u>227,202</u>	<u>637,610</u>	<u>(410,408)</u>

Shetland Charitable Trust
Investment expenses
Period to 30 June 2019

	<u>3 Month</u> Actual £	<u>Annual</u> Budget £	<u>Variance</u> £
Managed fund misc	32,525	-	32,525
Fund managers fees	-	-	-
Black Rock fees	26,274	85,000	(58,726)
Northern trust fees	12,188	46,400	(34,212)
Insight investment fees	32,914	134,000	(101,086)
Schroders fees	25,433	138,000	(112,567)
Baillie Gifford fees	160,882	630,000	(469,118)
	<u>290,216</u>	<u>1,033,400</u>	<u>(743,184)</u>

REPORT

To: Shetland Charitable Trust

Date: 12 September 2019

From: Chief Executive

Report: CT1909034

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 38 projects have received bridging loans, totalling £3,339,253. Of these, 33 projects have fully repaid their loans.

3.2 Since April 2018, the Trust has provided four organisations with bridging loans totalling £268,890 with repayments due between now and early next year 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.

(P)

5. Conclusion

- 5.1 Thirty eight 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: CT1909034

Capital Works Bridging Loan Scheme

CT1909034– 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 Jail	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	Repayment overdue due to issues with contractor. SCT receiving regular updates.
Sandwick Social and Economic Development	160,302	120,000	85,000	35,000	Final £35k repayment due July 2019. Now overdue but in contact with organisation.
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
TOTAL	14,878,564	3,339,253	3,155,363	183,890	

REPORT

To: Shetland Charitable Trust

Date: 12 September 2019

From: Chief Executive

Report No: CT1909035

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. Arts Grant Scheme - £1,332

- 2.1 The following Arts Grant was approved in the period 15 February 2019 – 28 August 2019

Name of Individual/Organisation	Grant Approved (£)
Shetland Folk Society	1,332

3. Senior Citizen Club Grants - £6,258

- 3.1 The following Senior Citizen Clubs Grants were approved in the period 15 February to 28 August 2019

Name of Club	Grant Approved (£)
South Mainland Community Association – Senior Citizens	2,100
Islesburgh Sixty Plus Group	1,224
Shetland Probus Club	1,176
Walls and Sandness Senior Citizens' Club	550
Yell Senior Leisure Club	1,208

(81)

4. Recommendation

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

Ref: DA1

Report No: CT1909035