



Shetland Charitable Trust

Chief Executive: Dr Ann Black

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

Date: 18 November 2020

Our Ref: EM/TA48

Dear Sir/Madam

You are invited to the following meeting:

Shetland Charitable Trust
Thursday 26 November 2020 at 11.00am

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

(Please note that this meeting will be held remotely via Zoom conference call, and joining instructions will be sent to you separately)

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 17 September 2020 (enclosed).

For Decision

1. Budget 2021/22. *Report enclosed.*
2. Schedule of Meetings 2021. *Report enclosed.*

For Information

3. Investment Performance Update – Six Months to 30 September 2020. *Report enclosed.*
4. Management Accounts – Six Months to 30 September 2020. *Report enclosed.*
5. Capital Works Bridging Loan Scheme Update. *Report enclosed.*

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

For Decision

6. Shetland Heat Energy and Power. *Report enclosed.*
7. Main Grant Scheme 2021/22 – Approval of Disbursements. *Report enclosed.*

For Information

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

REPORT

To: Shetland Charitable Trust

Date: 26 November 2020

From: Chief Executive

Report: CT2011026

Budget 2021/22

1. Introduction

- 1.1 The purpose of this report is to seek Trustee approval of the recommended budget for 2021/22.

2. Background

- 2.1 At the Trust meeting on 12 September 2019, Trustees approved a new Strategy for 2020 - 2025 (CT1909031). The Strategy states that the Trust aims "to use its available funds to benefit and improve the quality of life of all people living in Shetland and to preserve the Trust reserves for future generations".
- 2.2 In order to preserve the Trust reserves for future generations, Trustees approved a new Financial Plan 2020 - 2025 (CT1909029) at their meeting on 12 September 2019.
- 2.3 The Financial Plan uses the average investment growth above inflation on the Trust's reserves to support annual expenditure. This financial plan envisaged the maximum available expenditure for the year to 31 March 2022 to be £10.26 million.

3. Present Position

- 3.1 A budget of £12.0 million is now proposed as a variation to the Financial Plan for 2021/22 only, to provide additional funds to mitigate against the impact of the COVID 19 crisis.

- 3.2 The table below provides a summary of the overall recommended budget for 2021/22 against the approved 2020/21 budget:

	<u>2021/22</u> Budget £'000	<u>2020/21</u> Budget £'000
Income	<u>1,750</u>	<u>1,851</u>
Expenditure		
Disbursements (See 5 below)	(9,720)	(8,214)
Trust Administration	(650)	(638)
Investment Management	<u>(1,630)</u>	<u>(1,148)</u>
Total Expenditure	<u>(12,000)</u>	<u>(10,000)</u>
Maximum Investment Recall	<u>(10,250)</u>	<u>(8,149)</u>

- 3.3 A full list of the Trust's budgets is given in Appendix A. In summary, the proposed budget shows a maximum investment recall of £10,250,000 is required.
- 3.4 The budget does not take into account possible gains or losses on the value of the Trust investments over the year.

4 Income - £1,750,000

- 4.1 The budgeted income includes dividend income received from UK Equities held by BlackRock and rental payments on the land at Sullom Voe Oil Terminal.
- 4.2 The budgeted income for Local Equity Gift Aid has been reduced to zero, following the sale of Shetland Leasing and Property Developments Limited and uncertainty on forecast gift aid from Shetland Heat Energy and Power Limited.

5 Disbursements - £9,720,300

5.1 Overview

5.1.1 Funding up to a maximum of £9,720,300 is recommended. This is an increase of £1,506,310 on the prior year.

	<u>2021/22</u> Budget	<u>2020/21</u> Budget
Main Grant Scheme	8,320,300	7,303,131
EOI Grants	-	880,859
Main Grant Scheme Contingency	1,300,000	-
Small Grant Scheme	<u>100,000</u>	<u>30,000</u>
Total Disbursements	<u>9,720,300</u>	<u>8,213,990</u>

5.2 Main Grant Scheme – £8,320,300

5.2.1 The recommended awards for the Main Grant Scheme for 2021/22 are set out in the “Approval of Disbursements” paper (CT2011032), item 7 on the agenda. Funding of up to **£8,320,300** is recommended. These have been considered and recommended by the General Purposes Advisory Committee (GPAC).

5.3 Main Grant Scheme Contingency– £1,300,000

5.3.1 Throughout the assessment of grant applications for 2021/22, it became clear, that because of COVID 19, organisations who are heavily dependent on trading income face significant ongoing financial uncertainty beyond the current financial year.

5.3.2 To provide a safety net, in the event of continued drop in trading income over 2021/22, the GPAC have recommended a contingency of up to **£1,300,000** be set aside for additional grant assistance to these organisation, if required. The drawdown of these funds will be based on fully assessed and documented evidence of need.

5.4 Small Grant Scheme - £100,000

5.4.1 Trustees approved a new Small Gant Scheme for 2021/22 at their meeting of 17 September 2020 (CT2009024). Funding of up to **£100,000** is recommended. The new scheme will open for applications from 1 December 2020 and seeks to give smaller organisations the opportunity to deliver activities and outcomes that support the objectives of the Trust’s Strategy 2020 – 2025.

5.5 Draw Down of Funding

5.5.1 Trustees are asked to approve the drawdown of funding for the grant schemes in sections 5.2 to 5.4, above.

6. Management and Administration – £650,000

6.1 Funding of **£650,000** is recommended. The 2021/22 budget is shown in detail in Appendix A.

6.2 This is a small increase in management and administration costs.

7. Investment Management - £1,630,400

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

8. Financial Implications

- 8.1 If approved, the budgeted income will be £1,750,000 with expenditure of £12,000,000 giving a projected maximum recall from investments of £10,250,000 for the year to 31 March 2022.
- 8.2 This represents an increase of £1,740,000 in the budget for 2021/22 over that set out in the Financial Plan. This variation to the Financial Plan is proposed for 2021/22 only, and will not have a material effect on the overall five-year plan if the level of external funds are maintained at levels above those forecast.

9. Conclusion

- 9.1 The recommended overall budgeted costs of the Trust are £12,000,000 for the year to 31 March 2022.
- 9.2 The projected maximum recall from investments is £10,250,000 for the year to 31 March 2022.

10. Recommendations

- 10.1 It is recommended that Trustees approve:
- a) budgeted income of £1,750,000 as detailed in section 4;
 - b) budgeted disbursements of **up to** £9,720,300 as detailed in section 5;
 - c) budgeted management and administration expenses of £650,000 as stated in section 6;
 - d) budgeted investment management expenses of £1,630,400 as stated in section 7;

	FY 22 Budget £	FY 21 Budget £
<u>Income and Expenditure</u>		
Managed fund dividends	1,000,000	1,100,000
Agricultural loan interest	-	500
Local Equity Gift Aid	-	-
Rental income	750,500	750,500
Miscellaneous income	-	-
Total Income	<u>1,750,500</u>	<u>1,851,000</u>
Main Grant Scheme	8,320,300	7,303,131
EOI Grants	-	880,859
Main Grant Scheme Contingency	1,300,000	-
Small Grant Scheme	100,000	30,000
Total Disbursements	<u>9,720,300</u>	<u>8,213,990</u>
Total Staffing Costs	337,800	326,000
Property Costs	63,500	63,400
Insurance	11,500	10,500
Administration	4,100	3,800
Supplies and services	6,400	6,150
Legal fees	50,000	50,000
Professional fees	20,000	20,000
Financial Advice	30,000	30,000
External audit fees	20,000	25,000
Trustees expenses	3,000	4,000
Meeting expenses	2,000	3,000
Trustee recruitment	2,500	2,500
Bank charges	400	400
Bought in services	98,800	92,100
Total management and admin	<u>650,000</u>	<u>636,850</u>
Fund managers fees	1,630,400	1,148,400
Total investment costs	<u>1,630,400</u>	<u>1,148,400</u>
Total Expenditure	<u>12,000,700</u>	<u>9,999,240</u>
Investment Recall	<u>(10,250,200)</u>	<u>(8,148,240)</u>



REPORT**To:** Shetland Charitable Trust**Date:** 26 November 2020**From:** Chief Executive**Report:** CT2011027**Schedule of Meetings 2021****1. Introduction**

- 1.1 The purpose of this report is to seek Trustees' approval to the schedule of meetings for 2021.

2. Present Position

- 2.1 During 2020, there were four scheduled Trust meetings. This worked well and it is proposed to continue with this during 2021. Special Meetings will be called if and when required. There was one Special Meeting during 2020.

3. Proposed Schedule

- 3.1 For 2021, the following meeting dates are proposed and have been reviewed and recommended by the Audit & Governance Advisory Committee:

Thursday 11 February 2021
Thursday 3 June 2021
Thursday 16 September 2021
Thursday 25 November 2021

- 3.2 It is proposed that the venue will be the Shetland Charitable Trust Boardroom at 22-24 North Road, Lerwick, Shetland and the time of each meeting will be agreed in advance.
- 3.3 During 2020, the Covid-19 Pandemic changed the way that Trust Meetings could be held. Trustees agreed to adopt the method of conducting meetings by Zoom and this worked well. It is proposed that, if meetings cannot be held at the venue noted at 3.2 above, then an alternative virtual method will be arranged.

4 Recommendations

- 4.1 The Audit & Governance Advisory Committee recommend that Trustees adopt the diary of meetings set out at 3.1 above for 2021.

Ref: TA48

Report Number CT2011027



REPORT

To: Shetland Charitable Trust

Date: 26 November 2020

From: Chief Executive

Report: CT2011028

Investment Performance Update – Six Months to 30 September 2020

1. Introduction

- 1.1 The Trust's external investments are managed on its behalf by fund managers. The purpose of this report is to review investment performance for the six months to 30 September 2020.

2. Market Performance

- 2.1 Following the collapse of equity markets during February and March, some regions and sectors have seen a strong recovery over the last six months. Performance in the US and the technology sector has been particularly strong.
- 2.2 Performance of the equity markets in the UK and Europe has remained stagnant after an initial gradual recovery.

3. Overall External Fund Performance

- 3.1 This report concentrates on the six months from April 2020 to September 2020. However, as the Trust is a long term investor, the report also considers the performance over one and three years.
- 3.2 The Trust has four fund managers with total investments under management at the end of September 2020 of £411.8 million. During the period funds of £4.5 million were recalled to meet the cost of disbursements. The funds, type of mandate and market values at the end of September 2020 are as follows:

Manager	Mandate	Market Value Sept 2020 (£m)	% of Reserves
Baillie Gifford	Active Equities	248.7	60.4
BlackRock	Passive Equities	82.6	20.1
Schroders	UK Property	51.1	12.4
Insight	Diversified Growth	29.4	7.1
Total		411.8	100.0

- 3.3 The return on the Trust's external investments over the six month period was 38.3%. This short term gain was driven by the recovery in world equity markets and should be considered together with the negative returns of the final quarter of 2019/20.
- 3.4 The Trust's Financial Plan 2020-25 assumes a medium term return of 6.5% per annum. This is the return the Trust seeks over the medium term to meet its planned expenditure and to preserve the value of reserves in real terms.
- 3.5 The Trust also agrees a benchmark return for each fund manager to assess their performance against. Detailed below is the overall returns achieved against the combined benchmark:

Annualised Performance over	Actual Return %	Benchmark Return %	Over/ (Under) Performance %
6 Months	38.3	13.8	24.5
1 Year	39.4	(1.0)	40.4
3 Years	18.4	4.6	13.8

- 3.6 Overall, the Trust's external investments have exceeded the benchmark return for each period and have met the Financial Plan assumed return.
- 3.7 The positive return over the last 12 months continues to be driven by the performance of Baillie Gifford.

4. Fund Manager Performance Baillie Gifford

- 4.1 Baillie Gifford has an active equity mandate which invests in around 30-50 shares throughout the world. The benchmark for Baillie Gifford is the MSCI All Country World Index.
- 4.2 Detailed below is Baillie Gifford's performance for the last six months, the last year and the last three years.

Annualised Performance over	Actual Return %	Benchmark Return %	Over/ (Under) Performance %
6 Months	66.3	23.6	42.7
1 Year	94.3	5.3	89.0
3 Years	35.4	8.5	26.9

- 4.3 Baillie Gifford returned 66.3% over the six months to 30 September 2020, compared to the broad market return of 23.6%, which was 42.7% above the benchmark return.
- 4.4 Baillie Gifford continue to deliver excellent returns for the Trust. Their concentrated portfolio of stocks has outperformed the market, as

many of these companies have seen accelerated growth during the COVID 19 crisis.

- 4.5 Over the last three years, Baillie Gifford have returned 148.2%, equivalent to a return of 35.4% per annum.

5. Fund Manager Performance BlackRock

- 5.1 The fund with BlackRock is invested passively in equities, so the fund is aiming to equal the benchmark return. The benchmark for BlackRock is made up of the All Share Indices in each region the funds are invested in.

- 5.2 Detailed below is BlackRock's performance for the last six months, the last year and the last three years.

Annualised Performance over	Actual Return %	Benchmark Return %	Over/ (Under) Performance %
6 Months	18.2	14.5	3.7
1 Year	(3.0)	(7.7)	4.7
3 Years	3.7	1.5	2.2

- 5.3 The mandate with BlackRock over the six months to 30 September 2020 produced a return of 18.2%, matching the recovery in the world equities markets over the period.

- 5.4 Over the last three years, BlackRock have returned 11.5%, equivalent to a return of 3.7% per annum.

6. Fund Manager Performance Schroders

- 6.1 Schroders invests in property via a fund of funds approach where they invest in various different property funds to spread investment risk. The Benchmark for Schroders is the IPD UK All Balanced Fund Index.

- 6.2 Detailed below is Schroders' performance for the last six months, the last year and the last three years.

Annualised Performance over	Actual Return %	Benchmark Return %	Over/ (Under) Performance %
6 Months	(0.7)	(1.8)	1.1
1 Year	(1.4)	(2.8)	1.4
3 Years	3.8	2.7	1.1

- 6.3 Over the six months to 30 September 2020 Schroders have returned negative 0.7% which was above the property benchmark. The UK property market remains stagnant with concerns on rent, rental growth and valuations. Uncertainty around Brexit had been the main contributor to this stagnation, but this has been replaced by the concerns for the UK economy from the COVID 19 crisis.

- 6.4 Over the last three years, Schroders have returned 11.7%, equivalent to a return of 3.8% per annum.

7. Fund Manager Performance Insight

- 7.1 Insight has a diversified growth fund mandate, which invests into various different asset classes to spread risk and smooth returns. The benchmark return for Insight is an annual return of cash plus 4.0% over rolling five year periods.
- 7.2 Detailed below is Insight's performance for the last six months, the last year and the last three years.

Annualised Performance over	Actual Return %	Benchmark Return %	Over/ (Under) Performance %
6 Months	7.0	2.2	4.8
1 Year	(4.0)	4.5	(8.5)
3 Years	1.0	4.6	(3.6)

- 7.3 Overall Insight produced a return of 7.0% over the period, which was 4.8% above the benchmark return. Insight's portfolio has recovered well over the last six months, but they remain behind the benchmarks over longer periods.
- 7.4 Over the last three years, Insight have returned 3.0%, equivalent to a return of 1.0% per annum.

8. Financial Implications

- 8.1 The long term investments and their performance are important to the Trust and the achievements of its outcomes and objectives.
- 8.2 Trustees approved the Investment Plan 2020–25 at their meeting held on 12 September 2019. The Plan sets out the overarching investment approach of the Trust to ensure the long-term strategic and financial objective of achieving a self-sustaining Trust.
- 8.3 The Investment Plan for the Trust is overseen by the Investment Advisory Committee (IAC), who meet regularly and report to the Board of Trustees. It is recognised that the actual investment performance each year will be different to what is expected. The IAC monitor the medium to long term performance against the Trust's objectives.

9. Recommendations

- 9.1 Trustees are asked to note this report.

REPORT

To: Shetland Charitable Trust

Date: 26 November 2020

From: Chief Executive

Report: CT2011029

Management Accounts – Six Months to 30 September 2020**1 Introduction**

1.1 The purpose of this report is to present Shetland Charitable Trust's (the Trust) Management Accounts for the six months ended 30 September 2020, for noting. These Management Accounts deal with all income and expenditure of the Trust.

2 Management Accounts

2.1 Table 1 below shows the Summary Budget for the Trust for 2020/21 and the results in the six months to 30 September 2020.

Table 1: Summary Management Accounts 2020/21

Item	Current Budget £m	Actual to Sept 2020 £m
Income	1.9	1.7
Disbursements	(8.2)	(4.5)
Management and Administration	(0.6)	(0.3)
Fund Managers Fees	(1.2)	(0.8)
Gain on Investments	18.4	114.5
Total	10.3	110.6

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

2.3 In the six months ended 30 September 2020 the Trust made a gain on its investments of £114.5m.

3 Financial Implications

3.1 No direct financial implications flow from this information report.

4 Recommendations

4.1 Trustees are asked to note the Trust's satisfactory financial performance in the six months ended 30 September 2020 as shown in the Management Accounts in Appendix A.

Reference: DA5/1

Report No: CT2011029



Shetland **Charitable Trust**

Management Accounts

6 Months Ended 30 September 2020

**Shetland Charitable Trust
Income and Expenditure
Period to 30 September 2020**

	<u>6 Month Actual £</u>	<u>Annual Budget £</u>	<u>Variance £</u>
<u>Income</u>			
Managed fund dividends	377,770	1,100,000	(722,230)
Managed fund interest	770,279	-	770,279
Agricultural loan interest	252	500	(248)
Local equity gift aid	190,000	-	190,000
Rental income	356,640	750,500	(393,860)
Bank interest	1,282	-	1,282
Miscellaneous income	-	-	-
	<u>1,696,223</u>	<u>1,851,000</u>	<u>(154,777)</u>
<u>Expenditure</u>			
Disbursements	(4,525,710)	(8,213,990)	3,688,280
Management and administration	(262,475)	(637,610)	375,135
Fund managers	(730,237)	(1,148,400)	418,163
	<u>(5,518,422)</u>	<u>(10,000,000)</u>	<u>4,481,578</u>
Gain on investments	114,457,905	18,400,000	96,057,905
Surplus/(Deficit)	<u>110,635,706</u>	<u>10,251,000</u>	<u>100,384,706</u>

Shetland Charitable Trust
Balance Sheet
Period to 30 September 2020

	Sep-20	
	£	£
Tangible fixed assets		173,000
Investments		<u>423,620,939</u>
		423,793,939
Trade debtors	67	
Prepayments and Accrued income	161,437	
Other debtors	415,784	
Bank	<u>4,570,824</u>	
	5,148,112	
Trade creditors	7,152	
Accruals and deferred income	960,953	
Other creditors	<u>(779)</u>	
	967,326	
Net current assets		<u>4,180,786</u>
		427,974,725
Pension liability		(1,648,000)
		<u>426,326,725</u>
Opening reserves		315,691,019
Surplus for period		<u>110,635,706</u>
Closing reserves		<u>426,326,725</u>

Shetland Charitable Trust
Rental Income
Period to 30 September 2020

	<u>6 Month Actual £</u>	<u>Annual Budget £</u>	<u>Variance £</u>
Sullom Voe Site	356,140	750,000	(393,860)
Shetland Golf Course	500	500	-
	<u>356,640</u>	<u>750,500</u>	<u>(393,860)</u>

**Shetland Charitable Trust
Disbursements
Period to 30 September 2020**

	6 Month Actual £	Annual Budget £	Variance £
Shetland Amenity Trust	571,494	1,142,988	(571,494)
Shetland Arts Development Agency	301,761	603,522	(301,761)
Shetland Recreational Trust	1,486,401	2,972,802	(1,486,401)
Support to Rural Care Model	993,094	1,986,188	(993,094)
<u>Other Revenue Grants</u>			
Ability Shetland Recreation Club	12,641	12,641	-
Shetland Befriending Scheme	34,209	54,418	(20,209)
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	65,181	144,361	(79,180)
Shetland Samaritans	4,000	4,000	-
Royal Voluntary Service	23,493	46,985	(23,492)
Sub Total Charitable Organisations	3,659,888	7,303,131	(3,643,243)
<u>EOI Main Grant Scheme</u>			
Ability Shetland	34,594	-	-
Advocacy Shetland	35,000	-	-
British Red Cross	27,064	-	-
Gaada	49,400	-	-
Mind Your Head	61,240	-	-
Shetland Care Attendant Scheme & VAS	39,708	-	-
Shetland Rape Crisis	28,467	-	-
Shetland Women's Aid	70,000	-	-
The Swan Trust	14,000	-	-
VAS - Shetland Befriending Scheme 16+	7,000	-	-
Sub Total EOI Grants	366,473	880,859	(514,386)
<u>Schemes</u>			
Arts Grant Scheme	-	15,000	(15,000)
Senior Citizens Clubs	-	15,000	(15,000)
Sub Total Schemes	-	30,000	(30,000)
<u>One Off Approved Grant</u>			
Shetland Health Board Endowment Fund - MRI Scanner Appeal	500,000	-	500,000
Surplus Grants Refunded	(651)	-	(651)
Total	4,525,710	8,213,990	(3,688,280)

Shetland Charitable Trust
Management and Administration Expenditure
Period to 30 September 2020

	6 Month Actual £	Annual Budget £	Variance £
Basic Pay and Allowances	141,049	308,000	(166,951)
Professional Membership Fees	183	700	(517)
Staff recruitment	-	1,000	(1,000)
Travel and Subsistence	699	7,500	(6,801)
Training and Staff Development	205	8,860	(8,655)
Sub Total Staffing Costs	142,136	326,060	(183,924)
Operating Costs			
Insurance	10,940	10,500	440
Administration	1,187	3,650	(2,463)
Supplies and Services	3,265	6,150	(2,885)
Bank Charges	99	250	(151)
Professional Fees	2,720	20,000	(17,280)
External Audit Fees	21,511	25,000	(3,489)
Financial advice	-	30,000	(30,000)
Trustees Expenses	-	4,000	(4,000)
Meeting expenses	62	3,000	(2,938)
Legal Fees	-	50,000	(50,000)
Trustee Recruitment Costs	-	2,500	(2,500)
Sub Total Operating Costs	39,784	155,050	(115,266)
Property Costs			
Energy Costs	534	8,000	(7,466)
Water Rates	313	1,400	(1,087)
Building Maintenance	28,486	51,000	(22,514)
Cleaning	105	2,000	(1,895)
Sub Total Property Costs	29,438	62,400	(32,962)
Bad debt write off	-	-	-
Reduction in Bad Debt Provision	-	-	-
Bought In Services			
Treasury	-	15,000	(15,000)
Payroll	-	750	(750)
Pension	-	2,000	(2,000)
Building Maintenance	46,400	47,000	(600)
Committee Services	-	7,200	(7,200)
Computer Services	-	4,400	(4,400)
Messenger Service	-	450	(450)
Peninsula	1,117	2,300	(1,183)
Public Relations	3,600	15,000	(11,400)
Sub Total Bought In Services	51,117	94,100	(42,983)
Total	262,475	637,610	(375,135)

Shetland Charitable Trust
Investment expenses
Period to 30 September 2020

	<u>6 Month</u> Actual £	<u>Annual</u> Budget £	<u>Variance</u> £
Management Expenses	51,023	-	51,023
Black Rock fees	48,004	107,000	(58,996)
Northern trust fees	24,538	46,400	(21,862)
Insight investment fees	65,446	148,000	(82,554)
Schroders fees	53,819	141,000	(87,181)
Baillie Gifford fees	487,408	706,000	(218,592)
	<u>730,237</u>	<u>1,148,400</u>	<u>(418,163)</u>





REPORT

To: Shetland Charitable Trust

Date: 26 November 2020

From: Chief Executive

Report: CT2011030

Capital Works Bridging Loan Scheme

1. Introduction

- 1.1 The purpose of this report is to provide Trustees with an update of the Capital Works Bridging Loan Scheme as at 31 October 2020.

2. Background

- 2.1 On 18 March 2010, Trustees agreed to provide short term bridging finance to community organisations undertaking capital projects. The interest free loans are used to alleviate cash flow problems when waiting for funding from EU, Scottish Government, SRDP, LEADER, ERDF and/or lottery grants to be received. (Min. Ref. CT15/10)
- 2.2 Funding for capital projects is often only released once work has been completed and invoices paid. This can create insurmountable cash flow burdens for some organisations.
- 2.3 A total of £1 million was set as the maximum available at any one time.
- 2.4 It was noted at the Trust meeting on 27 February 2020, that in future, only the projects relating to the current financial year would be reported on rather than including all the historical information.

3. Present Position

- 3.1 As at 1 April 2020, there were seven loans outstanding.
- 3.2 In the period 1 April 2020 to 31 October 2020, one organisation has fully repaid their loan and two organisations have made part repayments. A further one organisation has drawn down the final instalments of their approved loan.
- 3.3 As at 31 October 2020, six loans remained active with £621,784 due to be repaid to the Trust.

3.4 Appendix A lists the outstanding loans as at 31 October 2020.

3.5 Covid-19 has had an impact on some of these projects and their timeline for repayment, due to work being put on hold during the pandemic. The Trust is in contact with all organisations to receive updates on repayments.

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 returns.

5. Conclusion

5.1 Six loans remain active and no new applications for bridging loans have been received this financial year.

6. Recommendation

6.1 Trustees are recommended to note this report.

Reference: D19

Report Number: CT2011030

Capital Works Bridging Loan Scheme Update

CT2011030 - Appendix A

Project	Project Costs £	Bridging Loan Approved £	Drawn Down to Date £	Repaid £	Due to SCT £	Notes
Loans approved 2019/20						
Papa Stour History and Community Group	33,043	10,000	10,000	10,000	-	Repaid April 2020
Sandwick Social & Economic Development	149,300	75,000	75,000	35,000	40,000	Extension requested due to Covid-19
Scalloway Community Development Group	25,200	20,000	20,000	-	20,000	Repayment due November 2020
Hillswick Wildlife Sanctuary	428,100	366,000	366,000	-	366,000	Final draw down completed in October 2020
Community Development Company of Nesting	211,377	175,985	175,985	125,985	50,000	Extension requested due to Covid-19.
Foula Electricity Trust	86,201	25,000	25,000	-	25,000	Extension requested due to Covid-19
Fetlar Community Association	140,000	120,784	120,784	-	120,784	Extension requested due to Covid-19
TOTAL	1,073,221	792,769	792,769	170,985	621,784	

