

Chief Executive: Dr Ann Black

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Edna Mainland
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Our Ref: EM/TA48

Date: 10 February 2016

Dear Sir/Madam

You are invited to the following:

**Shetland Charitable Trust
Room 10, Islesburgh Community Centre, Lerwick
Thursday 18 February 2016 at 10.00am**

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 (i) 10 December 2015 and (ii) 17 December 2015 (enclosed).

For Decision

1. New Grant Condition. Report enclosed.
2. Records Management Policy. Report enclosed.

For Information

3. Fund Manager Transactions. Report enclosed.
4. Recommended Disbursements - Approvals. Report enclosed.
5. Management Accounts – Nine Months Ended 31 December 2015. Report enclosed.

The following items contain **CONFIDENTIAL** information

For Information

6. Loans to Local Industry – Sums Due But Unpaid Over One Month Old as at 31 January 2016. Report enclosed.
7. Loans to Local Industry – Agricultural Loan Scheme Update. Report enclosed.
8. Deeds Executed. Report enclosed.
9. Update from Chairs of Subsidiary Companies.
10. Update from Chairs of Advisory Committees.

For Decision

11. Investment Strategy. Report enclosed.
12. Shetland Heat Energy and Power Limited. Report enclosed.
13. Disbursement Approval.

REPORT

To: Shetland Charitable Trust

Date: 18 February 2016

From: Chief Executive

Report: CT1602001

New Grant Condition

1. Introduction

- 1.1 The purpose of this report is to seek Trust approval to introduce a new grant condition in relation to the Protection of Vulnerable Groups (PVG).

2. Background

- 2.1 The Protection of Vulnerable Groups (Scotland) Act 2007 was implemented on 28 February 2011 and this legislation places requirements on organisations working with children and vulnerable adults.
- 2.2 Locally the Shetland Islands Council (SIC) has PVG conditions in its Service Level Agreements and grant offer letters. Groups in receipt of Council funding must have appropriate policies and procedures in place, and staff/volunteers doing regulated work must undergo a PVG check.
- 2.3 At the point PVG was implemented the Trust opted not to include a PVG grant condition to groups receiving Trust funding. Instead the Trust asked Council staff to check that applicant groups complied with the legislation.
- 2.4 The Trust grant application forms have included PVG questions for a number of years which have been checked by SIC staff as part of the application process.

3. Present Position

- 3.1 Following discussions with Council officers and in line with best practice it is now felt that the Trust should add a PVG condition into all its grant offer letters.
- 3.2 At the moment there is nothing in the grant offer letter which allows SIC staff administering and monitoring Trust funds to enforce the requirements of PVG Act.
- 3.3 Along with the SIC, it should be noted that most external funders already require successful applicants to comply fully with the PVG

Act. Introducing a PVG grant condition to its standard offer letters would bring the Trust in line with the majority of other funding bodies.

- 3.4 It is proposed that the new grant condition would be:
“that the grantee has in place policies and procedures for their organisation that meet the requirements of the Protection of Vulnerable Groups (Scotland) Act 2007 and which adequately address child protection and adults at risk of harm.”
- 3.5 This condition will be added to all grant offer letters prepared after the meeting date.
- 3.6 The revenue grant offer letters for 2016/17 were issued in December and these organisations will receive a letter which details the new condition and their expected compliance with the condition.

4. Financial Implications

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

5. Recommendations

- 5.1 It is recommended that Trustees approve the new grant condition set out in 3.4 above for all grants issued by the Trust.

Reference: DA1
Date: 5 February 2016

Report Number CT1602001

REPORT

To: Shetland Charitable Trust

Date 18 February 2016

From: Chief Executive

Report: CT1602002

Records Management Policy

1. Introduction

1.1 This report asks Trustees to approve and adopt an updated Records Management Policy.

2. Background

2.1 Shetland Charitable Trust (The Trust) currently has a Records Management Policy which aims to meet the operational and legislative requirements of the Trust.

2.2 The policy has not been updated for some considerable time.

3. Present Position

3.1 The policy has been reviewed by staff and the details updated to bring it in line with current practices. The amended version is attached as Appendix 1.

3.2 The Audit & Governance Advisory Committee have reviewed the updated policy and have agreed the content.

4. Financial Implications

4.1 There are no financial implications arising from this report.

5. Recommendations

5.1 Trustees are asked to approve and adopt the Records Management Policy as recommended by the Audit & Governance Advisory Committee and attached as Appendix 1.

Reference: TA36
Date: 5 February 2016

Report Number CT1602002

Records Management Policy

1. Introduction

- 1.1. This policy governs the management of all the records produced or acquired by the Shetland Charitable Trust (the Trust) and by its staff, in the course of its business.

2. Definitions

- 2.1. For the purpose of this policy, records shall be defined as all documents, regardless of form, produced or received by the Trust in the conduct of its business.
- 2.2. Documents include all forms of recorded information such as correspondence, computer data, files, financial statements, manuscripts, publications, moving images, sound recordings, drawings, or other material bearing upon the activities and functions of the Trust.
- 2.3. Records produced or received by any employee of the Trust in the course of the Trust business becomes Trust property and subject to the Trust's policy for retention/disposal, access and publication.

3. Purpose

- 3.1. The purpose of this Policy is to meet the following operational and legislative requirements:
 - 3.1.1. Improve the quality of records
 - 3.1.2. Improve the accessibility of records
 - 3.1.3. Reduce the quantity of paper and space used for storage
 - 3.1.4. Comply with the principles of the Data Protection Act 1998 regarding the processing, retention and protection of information
 - 3.1.5. Contribute to the efficient management of information resources within the Trust by ensuring that records are retained only as long as they are positively required to support operations or to demonstrate compliance with legal or regulatory requirements
 - 3.1.6. Ensure compliance with other relevant policies and legislation

4. Objectives

- 4.1. The objectives of this Policy are:

- 4.1.1. To secure a co-ordinated approach to the management of information
- 4.1.2. To ensure relevant staff understand responsibilities
- 4.1.3. To ensure information is being effectively and efficiently managed throughout the Trust
- 4.1.4. To ensure information can be identified and retrieved when required by providing a well structured record keeping system
- 4.1.5. To ensure records are maintained over time by providing appropriate protection of records throughout their life cycle
- 4.1.6. To ensure selection and disposal decisions can be explained by careful documentation of the disposal of records

5. Responsibilities

- 5.1. The Chief Executive will put in place a Retention Schedule in accordance with the objectives of this Policy, and will oversee the operation of this.

6. Review

- 6.1. This Policy will be reviewed annually.

REPORT

To: Shetland Charitable Trust

8 February 2016

From: Chief Executive

Report: CT1602003

FUND MANAGER TRANSACTIONS

1. Introduction

1.1 Shetland Islands Council provides Treasury support to Shetland Charitable Trust under the terms of a Service Level Agreement (SLA).

2. Investment Decisions

2.1 Appendix A lists the investment decisions made by Insight Investment Management Limited in October, November and December 2015.

2.2 Appendix B lists the investment decisions made by Schroder Investment Management Limited in October, November and December 2015.

2.3 No purchases or sales were made by BlackRock in the months of October, November and December 2015.

2.4 These appendices list purchases in order of transaction size and sales in order of the size of the gain or loss made on the transaction.

2.5 The Fund Managers make investment decisions based on the terms of Investment Management Agreements.

3. Movement on Charitable Trust Funds

3.1 The following table shows the movement in the Charitable Trust's funds during the 2015/16 financial year to 31st January 2016:

2015/16	£ million
Mkt Value at 1 Apr 2015	207.0
Market Movement	(7.3)
Injection/(Withdrawal)	(3.7)
Mkt Value at 31 Jan 2016	<u>196.0</u>

(These are unaudited figures and are for information only.)

4. Recommendation

4.1 The Trustees are asked to note this report.

APPENDIX A)

INSIGHT INVESTMENT MGMT REPORT - PURCHASES

NAME OF SECURITY	DATE	NUMBER OF UNITS	PURCHASE PRICE (£)
UNITED KINGDOM			
ILF GBP LIQUIDITY FD	16/10/2015	320,000.00	320,000.00
INSIGHT INV FDS UK CRP ALL MAT BD GROSS S	15/10/2015	0.00	318,422.12
ILF GBP LIQUIDITY FD	06/11/2015	270,000.00	270,000.00
ILF GBP LIQUIDITY FD	07/12/2015	90,000.00	90,000.00
ILF GBP LIQUIDITY FD	01/12/2015	668.00	667.98
ILF GBP LIQUIDITY FD	01/10/2015	608.17	608.12
ILF GBP LIQUIDITY FD	02/11/2015	597.18	597.20
TOTAL UNITED KINGDOM			<u><u>1,000,295.42</u></u>

OVERSEAS

NO OVERSEAS INVESTMENTS PURCHASED

TOTAL OVERSEAS	<u><u>0.00</u></u>
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INSIGHT INVESTMENT MGMT REPORT - SALES

NAME OF SECURITY	DATE	NUMBER OF UNITS	PURCHASE PRICE (£)	PROFIT/ (LOSS) (£)
UNITED KINGDOM				
ILF GBP LIQUIDITY FD	15/10/2015	320,000.00	320,000.00	0.00
ILF GBP LIQUIDITY FD	16/12/2015	225,000.00	225,000.00	0.00
ILF GBP LIQUIDITY FD	07/10/2015	60,000.00	60,000.00	0.00
TOTAL UNITED KINGDOM			<u><u>605,000.00</u></u>	<u><u>0.00</u></u>

OVERSEAS

NO OVERSEAS INVESTMENTS SOLD

TOTAL OVERSEAS	<u><u>0.00</u></u>	<u><u>0.00</u></u>
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APPENDIX B)

SCHRODERS REPORT - PURCHASES

NAME OF SECURITY	DATE	NUMBER OF UNITS	PURCHASE PRICE (£)
UNITED KINGDOM			
INDUSTRIAL PROPERTY INVESTMENT FUND IPIF FEEDER GBP	05/10/2015	943.52	800,002.27
THREADNEEDLE PROPERTY UNIT TRUST	28/10/2015	1,530.85	449,999.89
MAYFAIR CAP PPTY (MCPUT)	09/12/2015	239.80	299,989.80
MAYFAIR CAP PPTY (MCPUT)	11/12/2015	206.65	206,652.10
MULTI-LET INDL PROPERTY UNIT TRUST	11/12/2015	206.65	206,652.10
SCHRODER INVT MGMT REGL OFFICE PPTY UNITTR	18/12/2015	183.33	183,333.33
MULTI-LET INDL PROPERTY UNIT TRUST	05/11/2015	30.77	30,767.10
TOTAL UNITED KINGDOM			<u>2,177,396.59</u>

OVERSEAS

NO OVERSEAS INVESTMENTS PURCHASED

TOTAL OVERSEAS	<u>0.00</u>
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SCHRODERS REPORT - SALES

NAME OF SECURITY	DATE	NUMBER OF SHARES	SELLING PRICE (£)	PROFIT/ (LOSS) (£)
UNITED KINGDOM				
STANDARD LIFE UK SHOPPING CENTRE	20/10/2015	167.78	176,722.84	59,804.01
TOTAL UNITED KINGDOM			<u>176,722.84</u>	<u>59,804.01</u>

OVERSEAS

NO OVERSEAS INVESTMENTS SOLD

TOTAL OVERSEAS	<u>0.00</u>	<u>0.00</u>
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REPORT

To: Shetland Charitable Trust

Date: 18 February 2016

From: Chief Executive

Report No: CT1602004

RECOMMENDED DISBURSEMENTS – APPROVALS

1. Background

- 1.1 On 30 March 2000, Trustees approved a report which authorised the then Director of Education and Community Services to act on behalf of the Trust and approve applications for community support grants to organisations operating within Shetland. (Min. Ref. CT19/00)
- 1.2 On 8 February 2006, Trustees approved a report which authorised the then Head of Service – Community Development to act on behalf of the Trust and approve applications for community arts grants to organisations and individuals operating within Shetland. (Min. Ref. CT02/06)
- 1.3 It is a requirement that all approvals are reported to subsequent Trust Meetings.

2. Community Support Grants - £12,356

- 2.1 The following community support grants were approved by the Director of Development Services, in consultation with Shetland Arts, in the period 30 October 2015 to 5 February 2016: -

Name of Organisation	Grant Approved (£)
Mossbank Community & Youth Centre	47
Brae Youth Centre	5,490
Sandveien Neighbourhood Centre	6,819

3. Recommendation

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

Ref: DA1
Date: 5 February 2016

Report No: CT1602004

REPORT

To: Shetland Charitable Trust

Date: 18 February 2016

From: Chief Executive

Report: CT1602005

Management Accounts – Nine Months Ended 31 December 2015

1 Introduction

1.1 The purpose of this report is to present the Trust's Management Accounts to the end of December 2015, 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 2015/16 and the results in the nine months to 31 December 2015.

Table 1: Summary Management Accounts 2015/16

Item	Current Budget £m	Spend to Dec 2015 £m
Income	8.1	3.4
Disbursements	(8.7)	(8.1)
Management and Administration	(0.7)	(0.4)
Fund Managers Fees	(0.4)	(0.4)
Loss on Investments	-	(6.7)
Total	(1.7)	(12.2)

2.2 A more detailed analysis of the figures above is set out in Appendix 1.

2.3 The main item of expenditure which is over budget is professional fees. This is due to the cost of the investment strategy review which was not included in the budget set in February.

2.4 In the first nine months of the year due to uncertainties in the market the Trust made a loss on its investments of £6,723,426.

3 Financial Implications

3.1 No direct financial implications flow from this information report.

4 Recommendations

4.1 Trustees are asked to note the satisfactory financial performance to 31 December 2015, as shown in the Management Accounts in Appendix 1.

Reference: DA5
Date: 5 February 2016

Report No: CT1602005



Shetland Charitable Trust

Management Accounts

9 Months Ended 31 December 2015

**Shetland Charitable Trust
Income and Expenditure
Period to 31 December 2015**

	<u>9 Month Actual £</u>	<u>Annual Budget £</u>	<u>Variance £</u>
Income			
Managed fund dividends	2,699,577	5,066,000	(2,366,423)
Agricultural loan interest	4,140	9,996	(5,856)
Local equity gift aid	6,799	2,084,794	(2,077,995)
Rental income	690,249	1,020,500	(330,251)
Bank interest	4,725	-	4,725
Miscellaneous income	-	-	-
	<u>3,405,490</u>	<u>8,181,290</u>	<u>(4,775,800)</u>
Expenditure			
Agricultural loan expenditure	(774)	-	(774)
Disbursements	(8,113,010)	(8,790,552)	677,542
Management and administration	(383,605)	(652,130)	268,525
Fund managers	(406,373)	(412,324)	5,951
	<u>(8,903,762)</u>	<u>(9,855,006)</u>	<u>951,244</u>
Gain/(Loss) on investments	(6,723,426)	-	(6,723,426)
Surplus/(Deficit)	<u>(12,221,698)</u>	<u>(1,673,716)</u>	<u>(10,547,982)</u>

Shetland Charitable Trust
Balance Sheet
Period to 31 December 2015

	Dec-15	
	£	£
Tangible fixed assets		5,982,810
Investments		<u>222,230,496</u>
		228,213,306
Trade debtors	27,302	
Prepayments and Accrued income	240,488	
Other debtors	65,860	
Bank	<u>2,386,820</u>	
	2,720,470	
Trade creditors	51,565	
Accruals and deferred income	869,820	
Amounts owed to subsidiary	236,212	
Other creditors	<u>11,575</u>	
	1,169,172	
Net current assets		<u>1,551,298</u>
		229,764,604
Pension liability		(1,625,000)
		<u>228,139,604</u>
Opening reserves		240,361,301
Surplus for period		<u>(12,221,698)</u>
Closing reserves		<u>228,139,603</u>

Shetland Charitable Trust
Rental Income
Period to 31 December 2015

	<u>9 Month Actual £</u>	<u>Annual Budget £</u>	<u>Variance £</u>
Sullom Voe Site	669,749	1,000,000	(330,251)
District heating	20,000	20,000	-
Shetland Golf Course	500	500	-
	<u>690,249</u>	<u>1,020,500</u>	<u>(330,251)</u>

Shetland Charitable Trust
Disbursements
Period to 31 December 2015

	9 Month Actual £	Annual Budget £	Variance £
Shetland Amenity Trust	1,052,728	1,052,728	-
Shetland Arts Development Agency	696,038	696,038	-
Shetland Recreational Trust	2,518,000	2,518,000	-
<u>Other Charitable Organisations</u>			
Disability Shetland Recreation Club	12,641	12,641	-
The Swan Trust	44,650	44,650	-
Shetland Churches Council Trust	54,004	54,004	-
Shetland Befriending Scheme	54,418	54,418	-
Citizens Advice Bureau	132,265	132,265	-
COPE Limited	154,967	154,967	-
Shetland Link Up	47,994	47,994	-
Voluntary Action Shetland	126,461	126,461	-
Festival Grants	30,000	30,000	-
Local Charitable Organisations	11,552	14,000	(2,448)
Royal Voluntary Service	46,985	46,985	-
Sub Total Charitable Organisations	4,982,703	4,985,151	(2,448)
<u>Schemes</u>			
Community Support Grants	37,956	54,241	(16,285)
Arts Grant Scheme	19,655	35,000	(15,345)
Senior Citizens Clubs	12,336	15,000	(2,664)
Support to Rural Care Model	1,805,625	2,407,500	(601,875)
Buses for Elderly and Disabled	37,485	49,980	(12,495)
Sub Total Schemes	1,913,057	2,561,721	(648,664)
<u>Direct Schemes</u>			
Planned Maintenance	1,243,680	1,243,680	-
Sub Total Direct Schemes	1,243,680	1,243,680	-
Surplus Grants Refunded	(26,430)	-	(26,430)
Total	8,113,010	8,790,552	(677,542)

* These budgets have been modified by subsequent decisions of the Trust

Shetland Charitable Trust
Management and Administration Expenditure
Period to 31 December 2015

	9 Month Actual £	Annual Budget £	Variance £
Basic Pay and Allowances	179,158	290,000	(110,842)
Professional Membership Fees	343	1,700	(1,357)
Staff recruitment	534	5,000	(4,466)
Travel and Subsistence	4,752	6,000	(1,248)
Training and Staff Development	1,766	3,010	(1,244)
Sub Total Staffing Costs	186,553	305,710	(119,157)
Operating Costs			
Insurance	10,493	11,000	(507)
Administration	1,386	5,900	(4,514)
Supplies and Services	5,287	7,000	(1,713)
Bank Charges	199	500	(301)
Professional Fees: Other	48,764	20,000	28,764
External Audit Fees	21,000	25,000	(4,000)
Financial advice - internal investments	19,566	50,000	(30,434)
Trustees Expenses	2,661	4,000	(1,339)
Meeting expenses	1,939	2,700	(761)
Legal Fees	29,462	50,000	(20,538)
Trustee Recruitment Costs	30	3,000	(2,970)
Sub Total Operating Costs	140,789	179,100	(38,311)
Property Costs			
Energy Costs	4,069	6,000	(1,931)
Water Rates	888	2,000	(1,112)
Maintenance - Garrison Theatre	788	30,000	(29,212)
Maintenance - 22-24 North Road	6,906	12,660	(5,754)
Cleaning	967	2,500	(1,533)
Sub Total Property Costs	13,619	53,160	(39,541)
Bad debt write off	-	-	-
Bought In Services			
Treasury	33,618	33,000	618
Payroll	-	2,860	(2,860)
Pension	(1,208)	3,000	(4,208)
Building Maintenance	-	49,000	(49,000)
Committee Services	-	12,000	(12,000)
Computer Services	4,080	7,000	(2,920)
HR Service	1,594	4,000	(2,406)
Messenger Service	-	1,000	(1,000)
Media Services	2,400	-	2,400
Insurance Admin	2,160	2,300	(140)
Sub Total Bought In Services	42,644	114,160	(71,516)
Total	383,605	652,130	(268,525)

Shetland Charitable Trust
Investment expenses
Period to 31 December 2015

	<u>9 Month</u> Actual £	<u>Annual</u> Budget £	<u>Variance</u> £
Managed fund misc	67,164	-	67,164
Fund managers fees	-	30,000	(30,000)
Black Rock fees	99,000	128,000	(29,000)
WM Company fees	10,255	12,324	(2,069)
Northern trust fees	30,000	40,000	(10,000)
Insight investment fees	142,120	138,000	4,120
Schroders fees	57,834	64,000	(6,166)
	<u>406,373</u>	<u>412,324</u>	<u>(5,951)</u>

