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Our Ref: EM/TA1/1

Date: 18 June 2014

Dear Sir/Madam

You are invited to the following:

**Shetland Charitable Trust
Room 12, Islesburgh Community Centre, Lerwick
Thursday 26 June 2014 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.
- (d) Confirm minutes of meeting held on 29 May 2014 (enclosed).

For Decision

1. Voluntary Action Shetland – Retention of Market House Surplus. Report enclosed

For Information

2. Fund Manager Transactions. Report enclosed.
3. Recommended Disbursements - Approvals. Report enclosed.
4. Capital Works Bridging Loan Scheme. Report enclosed.

The following items contain **CONFIDENTIAL** information

For Information

5. Staffing Matters. Report enclosed.
6. Loans to Local Industry – Sums Due But Unpaid Over One Month Old as at 31 May 2014. Report enclosed.
7. Update from Subsidiary Companies (verbal update).
8. Shetland Arts Development Agency Update (verbal update).

For Decision

9. Options for Shetland Heat Energy and Power Limited. Report enclosed.
10. Pension Liability. (Copy to follow)

REPORT

To: Shetland Charitable Trust

26 June 2014

From: Chief Executive

Report: CT1406024

VOLUNTARY ACTION SHETLAND – RETENTION OF MARKET HOUSE SURPLUS

1. Introduction

- 1.1 This report is presented to ask Trustees to consider a request from Voluntary Action Shetland, VAS to retain a surplus of £24,957 on the Market House grant for the replacement and renewal of ICT systems.
- 1.2 As the amount requested to be retained is over the delegated authority (£10,000) of the Chief Executive it must be considered by Trustees.

2. Background

- 2.1 Shetland Charitable Trust (SCT) has funded the construction of various buildings and assets over the last 30 years. One of these projects was Market House.
- 2.2 Trustees provided a grant to VAS, (formally Shetland Council of Social Services) for the construction of Market House in 2003 and updated this grant offer in 2005 to include £26,000 to fund the initial costs of the ICT system and equipment.
- 2.3 Currently when an organisation moves into Market House they pay for their initial ICT equipment however when an upgrade takes place VAS covers the cost of this. This was historically agreed as the majority of organisations were funded by the SCT and was the most cost effective way of providing funding for the ICT replacements.
- 2.4 In the year to 31 March 2010, VAS had to repay a surplus of £25,285 and Trustees agreed to re allocate this surplus into 2010/11 to create a budget for the ICT replacement at Market House following an approach from VAS.
- 2.5 The Trust provided additional grant funding of £19,750 to VAS in June 2010 to replace the ICT equipment at Market House.
- 2.6 When proposing the additional grant funding it was stated by the trustees that "*future provision of ICT equipment should be a planned scheme for VAS to prevent the Trust being approached after a*

further five years to provide similar support” (Minutes of Trustee meeting 24 June 2010 item 37/10).

- 2.7 The reserves policy of SCT also states that when a retention of surpluses is granted *“approved funding must be used for expenditure of a one-off nature, which will not result in future requests, for ongoing funding commitments beyond the current level of support.” (SCT Policy on reserves held by funded bodies section 4)*

3. Current Issue

- 3.1 During the year to 31 March 2014 VAS was successful in receiving a refund from Business Stream totalling £25,000. The refund was due to VAS being overcharged on water rates between August 2010 and March 2014. This created a large surplus on the Market House income and expenditure account which is in excess of the amount the organisation can retain under the SCT reserves policy.
- 3.2 The water rates paid from August 2010 to March 2014 were funded by SCT.
- 3.3 In the draft accounts for the year to 31 March 2014 VAS designated £24,957 of this surplus for the replacement of ICT equipment.
- 3.4 VAS have been quoted a cost of £17,280 excluding labour for the ICT replacement.
- 3.5 As it was agreed historically that the replacement of ICT would be funded through VAS on behalf of all at Market House there has been no approach made to resident organisations to contribute towards this. Please see appendix A for a list of the residents of Market House.
- 3.6 The makeup of residents in Market House has changed since this agreement was made and the majority are no longer funded by the SCT.
- 3.7 A number of the SCT funded organisations are only funded for certain activities with other restricted funding being obtained for other activities.

4. Funding options

- 4.1 VAS has requested to retain the surplus of £24,957 from SCT to pay for the ICT upgrade.
- 4.2 VAS currently has £687,532 in cash at bank and in hand per the draft accounts to 31 March 2014. This is a significant amount of money with the total VAS expenditure being £857,618 per year (this includes depreciation of £102,586).
- 4.3 The cash VAS has in the bank includes £587,509 restricted to its various individual projects but each project will have the need for ICT equipment and therefore this money could be used to contribute towards the costs.
- 4.4 VAS could look at the possibility of reducing the amount they have to pay by revisiting the requirement for VAS to pay for the

replacement of ICT for all resident organisations as the majority are not funded by SCT.

5. Financial Implications

- 5.1 If the surplus is refunded SCT will have additional funds of £24,957.
- 5.2 If the surplus is retained by VAS, SCT will have £24,957 less funds available for investment. SCT has to be consistent in how it applies the reserve policy.

6. Conclusion

- 6.1 VAS are asking SCT to fund another upgrade of their ICT systems. They were previously allowed to use surplus grant to fund an ICT upgrade and the SCT reserves policy states expenditure must be used for a one off purpose and not cause future request for funding from the SCT. The Trustees also noted when they agreed the last upgrade that VAS should provide for future upgrades themselves to stop the SCT being approached again.
- 6.2 The surplus arose due to a refund on excess water rates paid by VAS. These water rates were funded by grants from the SCT so less funding would have been required if the lower rates were applied from the start.
- 6.3 The resident organisations of Market House have also changed causing fewer residents to be SCT funded and, if the upgrade was agreed to by Trustees, they would be providing ICT equipment to organisations the SCT does not fund.
- 6.4 Finally given the amount of cash VAS currently has in the bank it is difficult to demonstrate a requirement for SCT funds.

7. Recommendation

- 7.1 It is recommended that Trustees refuse the application from VAS to retain the funds.
- 7.2 Alternatively, Trustees could allow VAS to retain the surplus as requested to replace the ICT. This would include providing ICT to organisations that SCT do not fund.

Reference: KE/D7
Date: 16 June 2014

Report No: CT1406024

MARKET HOUSE – RESIDENT ORGANISATIONS

Name	SCT Funded?	2013/14 Funding	% SCT Funded
Advocacy Shetland	No	-	-
Association of Shetland Community Councils	No	-	-
Children's Rights Officer	No	-	-
Community Mediation Team	No	-	-
Crossroads Shetland	No	-	-
Disability Shetland	Yes – Rec club	£12,641	61.3%
Family Mediation	No	-	-
Mind Your Head	No	-	-
Moving on Employment Project	No	-	-
Parent Link Shetland	No	-	-
Relationships Scotland Couple Counselling Shetland	Yes to 2013/14	£12,000	100%
Royal Voluntary Service – Shetland	Yes	£47,622	82.9%
Shetland Befriending Scheme	Yes	£54,418	23.7%
Shetland Bereavement Support Group	No	-	-
Shetland Islands Citizens Advice Bureau	Yes – Core	£147,383	89.1%
Shetland Pre-School Play	No	-	-
Voluntary Action Shetland	Yes	£192,377	25.8%
With You for You	No	-	-

REPORT

To: Shetland Charitable Trust

26 June 2014

From: Chief Executive

Report: CT1406021

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 April 2014.

2.2 BlackRock made no purchases or sales in April 2014.

2.3 Schroder Investment Management Limited made no purchases or sales in April 2014.

2.4 This appendix lists 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 there has been in the Charitable Trust's funds during the 2014/15 financial year to 31st May 2014:

2014/15	£ million
Mkt Value at 1 Apr 2013	188.9
Market Movement	4.5
Injection/(Withdrawal)	0.0
Mkt Value at 31 May 2014	<u>193.4</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	AREA	DATE	NUMBER OF UNITS	PURCHASE PRICE (£)
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QF = quoted fixed
UF = unquoted fixed

UNITED KINGDOM

ILF GBP LIQUIDITY FD	DEP	16/04/2014	395,000.00	395,000.00
UK(GOVT OF)1.25% I/L STK 22/11/2032	QF GIL GB	16/04/2014	149,000.00	218,659.90
UK(GOVT OF)1.25% I/L STK 22/11/2032	QF GIL GB	16/04/2014	129,000.00	189,648.38
ILF GBP LIQUIDITY FD	DEP	25/04/2014	25,000.00	25,000.00
ILF GBP LIQUIDITY FD	DEP	01/04/2014	1,719.09	1,719.09

TOTAL UNITED KINGDOM				<u>830,027.37</u>
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OVERSEAS

NO OVERSEAS INVESTMENTS PURCHASED

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

NAME OF SECURITY	AREA	DATE	NUMBER OF UNITS	SELLING PRICE (£)	PROFIT/ (LOSS) (£)
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QF = quoted fixed
UF = unquoted fixed

UNITED KINGDOM

HOSPITAL CO DARTFO 3.003%-IDX LKD	31/10/31 GBF QF CIL GB	30/04/2014	1,182.70	1,182.70	26.93
ILF GBP LIQUIDITY FD	DEP	15/04/2014	395,000.00	395,000.00	0.00
UK(GOVT OF) 0.25% IDX LKD GILT 22/3/52	QF GIL GB	16/04/2014	186,000.00	220,214.02	-15,262.80
UK(GOVT OF) 0.125% I/L GILT 22/3/68 GBP	QF GIL GB	16/04/2014	165,000.00	190,774.74	-18,406.97

TOTAL UNITED KINGDOM				<u>807,171.46</u>	<u>-33,642.84</u>
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OVERSEAS

NO OVERSEAS INVESTMENTS SOLD

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

To: Shetland Charitable Trust

26 June 2014

From: Chief Executive

Report No. CT1406022

RECOMMENDED DISBURSEMENTS – APPROVALS

1. Background

- 1.1 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. CT/02/06)
- 1.2 It is a requirement that all approvals are reported to subsequent Trust Meetings.

2. Community Arts Grants - £5,965

- 2.1 The following community arts grants were approved by the Director of Development Services, in consultation with Shetland Arts, in the period 16 May 2014 to 12 June 2014: -

Name of Organisation/ Individual	Grant Approved (£)
Shetland Jazz Club	2,940
Aestaewast	800
Fetlar Developments Limited	2,225

3. Recommendation

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

Our Ref: MJ/DA1
Date: 12 June 2014

Report Number CT1406022

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REPORT

To: Shetland Charitable Trust

Date: 26 June 2014

From: Chief Executive

Report: CT1406023

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. CT/15/10)
- 2.2 Funding for capital projects is only released once work has been completed and invoices paid. This creates an almost insurmountable cashflow burden for most 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. 19 organisations have received a bridging loan, 13 have fully repaid their loans and 2 have made a part payment. In total £1,828,975 has been repaid. Some £354,701 remains due to be repaid by 6 organisations as they receive their grants.
- 3.2 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. The lost return to the Trust could be approximately £35,000 pa.

5. Conclusion

- 5.1 Nineteen capital projects undertaken by community groups throughout Shetland might not have taken place without the support of the Trust's Scheme.

6. Recommendation

- 6.1 Trustees are recommended to note this report.

Reference: MJ/DC14
Date: 13 June 2014

Report Number: CT1406023

Capital Works Bridging Loan Scheme

CT1406023 – Appendix A

PROJECT	BRIDGING LOAN £	REPAID £	DUE TO SCT £	NOTE
Burrae Pier	25,650	25,650		
Ollaberry Hall	110,000	110,000		
Bressay Sports Park	114,537	114,537		
Scalloway Museum	345,000	345,000		
Fair Isle Hall	62,000	62,000		
Sandsayre Pier	170,000	170,000		
Sandness Hall	100,000	100,000		
Northmavine Club	26,640	26,640		
Hillswick Hall	100,000	60,000	40,000	Final claim has been submitted to Leader and currently awaiting final sign off. Repayment expected soon.
Fetlar Electric Minibus	35,600	35,600		
Mareel	276,505	276,505		
Sumburgh Lighthouse	120,000		120,000	Work completed in May 2014. Repayment being arranged.
Aith Public Hall	9,900	9,900		
Collafirth Marina	58,320		58,320	Repayment expected in June 2014
South Nesting P.Hall	88,442	88,442		Project now fully repaid
Aithsvoe Marina	68,202		68,202	Project is underway. Expected repayment September/October 2014
Gerमतwatt Centre	10,000	10,000		
Shetland Skatepark Assoc.	62,179	40,000	22,179	Works completed. Part repayment made of £40,000. Remainder will be paid once final leader claim has been approved.
Hoswick Visitor Centre	46,000		46,000	Project is underway. Part repayment due shortly.
TOTALS	1,828,975	1,474,274	354,701	

