

General Manager: Dr Ann Black

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If calling please ask for
Mary Anderson
Direct Dial: 01595 744992

Our Ref: EMA/TA1/1
Your Ref:

Date: 5 May 2010

Dear Sir/Madam

You are invited to the following meeting:

**Shetland Charitable Trust
Council Chamber, Town Hall, Lerwick
Thursday 13 May 2010 at 10am**

Apologies for absence should be notified to Louise Adamson on 01595 744555, or to Jenna Johnson on 01595 744544.

Yours faithfully

(signed) Dr Ann Black
General Manager

AGENDA

- (a) Hold circular calling the meeting as read.
- (b) Apologies for absence, if any.
- (c) Declarations of Interest.
- (d) Confirm minute of the meeting held on 18 March 2010 (enclosed).

For Decision

1. Funded Bodies Review Group. Report enclosed.

For Information

2. Review of Planned Maintenance – Progress Report. Report enclosed.
3. 2009/10 Provision Outturn and Future Prospects. Report enclosed.
4. Fund Management Annual Review 2009/10. Report enclosed.
5. Fund Manager Transactions. Report enclosed.
6. Recommended Disbursements – Approvals. Report enclosed.
7. Recommended Disbursements – Social Care. Report enclosed.

The following items contain **confidential** information

For Decision

8. Staffing Matters – Change in Staff Terms and Conditions and Grades. Report enclosed.

For Information

9. Art Therapy Service Update. Report enclosed.
10. List of Deeds Executed. Report enclosed.

REPORT

To: Shetland Charitable Trust

13 May 2010

From: General Manager

Report: CT1005031

Funded Bodies Review Group

1. Introduction

- 1.1 This report is presented in response to a request by Trustees for a new Funded Bodies Review Group to resume the work done by the now disbanded Joint Funded Bodies Review Group.

2. Background

- 2.1 In July 2008, Trustees decided, in response to concerns over rising expenditure, to set up a Funded Bodies Review Group. This was a joint Trust/Shetland Islands Council (SIC) group. Their final report was approved by Trustees on 11 February 2010, and is attached as Appendix 1 for reference.
- 2.2 At their meeting on 11 February 2010, Trustees asked that the Review Group be reconstituted, with only Trust input, to resume the work of the previous group (Min Ref CT/03/10).

3. Present Economic Climate

- 3.1 The "credit crunch" and worldwide recession have led to huge UK public sector borrowing. Inevitably there will be an "adjustment" to attempt to balance the nation's books. In part, growth will help, as will higher taxation, but clearly a reduction in public spending will result.
- 3.2 Cuts in public spending are likely to have a severe impact on services, lead to job losses and be detrimental to the wider economy. Furthermore, all the evidence suggests that public sector cuts are going to become more significant over the coming years, with a possible 3% real reduction in spend, year on year, for the next five years.
- 3.3 Shetland is fortunate that its community funds can protect it from the worst effects of the global downturn. It is important that such funds are used to ensure that confidence is retained in the local economy. Officers feel that Trustees should therefore consider continuing to maintain and support services which provide valuable employment, especially in rural areas. Moreover, they feel it is important to

continue to support the quality of life of people living in Shetland, especially in order to retain our young people and to meet the aspiration to grow the population to 25,000 by 2025. That being said, it remains a priority that the funds are used wisely, to procure the maximum long term benefit for the people of Shetland. This can more readily be achieved by working closely with the Trust's strategic partners to target our resources at those in most need.

4. Present Financial Position

- 4.1 All charitable spending by the Trust is supported (and only supported) by investment returns. About 15% of the Trust's funds are invested in assets in Shetland (mostly property) that generate a steady return through rents of about 5% above inflation per annum. The remainder is invested on the world's markets, mostly in shares but also in bonds and commercial property. The Trust expects to make about 5% above inflation per annum on average from the markets. This is a mixture of income (dividends, interest and rents) and capital growth.
- 4.2 The trust's income is dominated by stock market performance, and this is very variable, but has been good (on average) over the Trust's lifetime. For instance in the last five years the Trust's return on its investments in the world's markets has been plus £33 million, plus £15 million, minus £18 million, minus £37 million, and plus £46 million. This huge variation in returns makes the Trust's forward planning quite different from that of the public bodies.
- 4.3 Trustees wish to use the Trust's financial assets in a self sustaining way, and have a target of preserving the Trust's long term investable funds at £220 million (in March 2009 terms). This means that the Trust is allowed to spend around £11 million per annum. This is explained more fully in a concurrent report "2009/10 Provisional Outturn".
- 4.4 The Trust is also proactive in seeking new opportunities for income generation, including investments that provide economic benefit for the people of Shetland.
- 4.5 Trustees have set a budget for 2010/11 of £10.5 million for recurring expenditure, and are committed to one-off expenditure of £0.5 million, which takes the total budget for 2010/11 of just over £11 million.

5. Proposal

- 5.1 Officers feel that the need for, and timing of further cuts might require some further consideration by Trustees. In view of the situation described above, it is questionable whether it would be either necessary or prudent to exacerbate the economic situation by imposing further cutbacks. The reviews already undertaken have identified savings of nearly £2 million. Trustees will be aware that a major review is in progress on the Trust's Planned Maintenance programme, which is the subject of a concurrent report. This means that some 90% of the Trust's spending will have been reviewed. Not

including the Planned Maintenance review, a saving of some 10% has been achieved. In the budget process, the remaining smaller organisations and schemes were restricted to a standstill budget, which represented a real cut in funding of some 2%.

6. Financial Implications

6.1 There are no financial implications arising directly from this report.

7. Conclusion

7.1 The Trust is close to achieving its target of self-sustainability. Given the national economic situation, which will almost certainly impinge on other public bodies in Shetland, you may wish to consider whether it is necessary to further review our commitments at this time.

7.2 Officers will continue to work to maintain and improve the financial position of the Trust, both by continually scrutinising expenditure, and by seeking out new opportunities for income generation.

8. Recommendation

8.1 Trustees are asked to consider whether it would be in the best interests of the Trust and the Shetland Community to establish a new Review Group at this time.

8.2 Trustees are rather asked to monitor Trust income and expenditure through the normal reporting and decision-making process.

Reference: AB/EMA/DA5

Report Number CT1005031-d

REPORT**To:** Shetland Charitable Trust

13 May 2010

2.**From:** General Manager

Report: CT1005036

**Review of Planned Maintenance
Progress Report****1. Introduction**

- 1.1 This report is to update Trustees on the progress of the Planned Maintenance Review, and sets out the proposed timetable for its completion.

2. Background

- 2.1 On 25 June 1998, Trustees agreed to set up a special reserve to fund maintenance on buildings either owned or funded by the Trust. The reserve would be used to fund cyclical maintenance. At the same time an Asset Replacement Reserve was set up to fund major repairs/refurbishments and eventual replacement of assets. As programmes were developed it was apparent that there was no mechanism to replace vehicles, equipment and furniture, so that was included in the plans as well.
- 2.2 In October 2002 (Min Ref CT/75/02), Trustees decided for financial reasons that it was no longer possible to maintain a separate reserve for this purpose, but that the Planned Maintenance Programme would be funded from within the Trust's annual budget. The funding of major repair/refurbishment and asset replacement was not addressed at this time, although the Asset Replacement Reserve was also abandoned for the same reason.
- 2.3 At their meeting on 10 December 2009, Trustees received (at their request) a list of properties whose maintenance is funded by the Trust. Since the rest of the Trust's annual expenditure has been reviewed, it is appropriate that the Planned Maintenance Programme is also reviewed, to ensure consistency and value for money throughout the programme. This review is also seen as an opportunity to revisit the definition of maintenance, and to identify and eliminate areas where the Trust may be seen to subsidise "business units" which are competing in the open market.
- 2.4 The list of assets maintained by Trust funds is attached as Appendix 1 to this report.

3. Present Position

- 3.1 It is clear that it is not possible to complete a fundamental review in the timescale available, so I have set out the progress to date, and an indicative timetable for completion of the work. As part of the Service Level Agreement with the Shetland Islands Council (SIC), SIC's Building Services Manager is acting as the Trust's adviser on the technical aspects of this review.
- 3.2 A definition of maintenance has been supplied by the Trust's technical adviser.
- "The main purpose of maintenance is to preserve or retain an asset's operational status for its originally intended use. Periodic expenditure ensures that the asset continues to deliver the required services while being a safe and healthy place for employees, service users and the general public."***
- 3.3 Work has begun on analysing the present programmes of the participants identified in Appendix 1, in the following headings:-
- Statutory testing
 - Planned maintenance
 - Equipment and vehicles
- 3.4 Under the definition in 3.2 above, equipment and vehicles would not be classed as maintenance items. There is also no place in this budget for capital projects such as major refurbishments, adaptations in line with service needs or replacement of machinery and services.
- 3.5 Maintenance works are generally evaluated and funded on a "cost per metre squared" basis. The main benefit of this approach is that accurate comparisons can be made with other similar buildings. All the organisations whose maintenance programmes are funded by the Trust have supplied details of the gross internal floor areas of each of their buildings.
- 3.6 It is also proposed that more of the maintenance costs of some buildings and moveable plant should be recovered from income generated by these assets.
- 3.7 Meetings have been held with each of the relevant organisations to explain the new approach, which may have to be phased in to ensure continuity of service during the transition.
- 3.8 Further meetings and site visits are planned for the summer, and a full report on the review will be presented at the September meeting.

4 Financial Implications

- 4.1 There are no financial implications arising directly from this report. However it is anticipated that some savings may be realised from the revision of the maintenance programme, although it is recognised that some expenditure, particularly on vehicles and equipment, may be reallocated to the revenue budget.

5 Recommendation

- 5.1 Trustees are recommended to note the progress of the review of Planned Maintenance, and to expect a final report in September.

Reference: EMA/TA12

Report Number CT1005036-f

List of properties maintained by Shetland Charitable Trust

<p>Owned and managed by Shetland Amenity Trust</p>	<p><u>Offices / workshops</u> Garthspool Offices Staney Hill workshop, recycling unit and horticulture unit Glass recycling centre Haroldswick workshop Culvister site accommodation</p> <p><u>Camping Böds</u> Betty Mouats - Sumburgh Sail Loft - Voe Johnny Notions - Eshaness Voe House - Waas Skeld Shop - Skeld Aithbank - Fetlar Windhouse Lodge - Yell Nesbister - Whiteness Grieves House - Whalsay</p> <p><u>Museums and Historic Buildings</u> Quendale Mill Sumburgh Lighthouse Scatness Visitor Centre Tangwick Haa Museum Eshaness Lighthouse Bressay Lighthouse Unst Heritage Centre Hamars- Unst Noss Pony Pund Shetland Museum & Archives and Hays Dock</p> <p><u>Monuments</u> White Wife Gloup Memorial Hagdale Horse Mill Girista Lime Kiln Old Scatness Monument</p>
<p>Owned and managed by Shetland Recreational Trust</p>	<p><u>Leisure Centres, with associated outbuildings</u> Clickimin Complex Unst Yell Whalsay North Mainland West Mainland</p> <p><u>Pools</u> South Mainland Scalloway</p>

Appendix 1**List of properties maintained by Shetland Charitable Trust**

Owned and managed by Shetland Arts	Weisdale Mill
Owned by Shetland Charitable Trust, managed by Shetland Arts	Garrison Theatre
Owned and managed by Voluntary Action Shetland	Market House
Owned and managed by the Swan Trust	The Swan
Owned and managed by Shetland Charitable Trust	Office at 22-24 North Road Springfield Chalet

List of Properties owned by Shetland Charitable Trust not on the Maintenance Programme

Maintenance paid by SHEAP	Peak Load Boiler Station
Maintenance paid by SIC as part of the terms of their use	Care homes at Yell, Unst, Whalsay, Brae and Levenwick

REPORT

To: Shetland Charitable Trust

27th April 2010**3.**

From: Financial Controller

Report: CT1005035

2009/10 Provisional Outturn and Future Prospects**1. Introduction**

- 1.1 The year that has just ended has been one of the best, in financial terms, in the whole history of the Shetland Charitable Trust. The world's markets recovered strongly during the year; the Trust's property company, SLAP, did very well; and SHEAP was profitable again. Expenditure fell by over £1 million year on year and Trustees made difficult decisions which will see further reductions in expenditure to come.
- 1.2 The above excellent performances must be set against the context of following on from two poor years on the markets.
- 1.3 Trustees decided in 2002 that they must see a reduction in expenditure down to sustainable levels. The budget set for the current year, 2010/11, finally achieves matching planned expenditure to the affordable target.
- 1.4 In the final part of the report I look at future prospects and the achievability of Trustees' long term financial strategy of spending at a level that allows the financial 'pot' to be protected against inflation and passed onto future generations.

2. Provisional Out Turn

- 2.1 Provisional figures for the year just ended are shown in Appendix A. The first sheet shows the movement in the year, with the second sheet showing the balance sheet. The value of the Trust has grown from £176.3 million at 31 March 2009 to £218.6 at 31 March 2010. This net increase in value of £42.3 million is very welcome after the losses of the two years before.
- 2.2 The first line of the first sheet shows that the investments on the world's markets, managed by Blackrock BGI, Insight and Schrodgers, made £50.4 million in the year. Trustees will receive a separate report today that will give more details, but it is worth noting that the UK markets grew from a low point on 6th March 2009 (when the FTSE100 was at 3530.7) by 62.7% in the period to 2nd April 2010

(when the FTSE100 had reached 5744.9). Other equity markets also performed very strongly. I have included a graph showing the ups and downs of the FTSE100 over time as Appendix B, for those who are interested.

- 2.3 The local investments did well in 2009/10 as well. SLAP achieved rents of over £2.5 million on a property portfolio of £16 million. SHEAP generated profits of over £400,000 and is on course to repay the Trust's investments since 1st April 2002, plus inflation, plus 5% pa over 30 years. A less positive note is the fall in the value of the rent for the land at Sullom Voe Terminal. The rent is proportional to throughput, and it fell from £1.3 million in 2008/09 to £1.1 million in 2009/10. There are positive rumours and indications from the West of Shetland, and the Clair Ridge Developments should give a welcome boost in the future. Total's new gas plant will not directly affect throughput at Sullom Voe Terminal.
- 2.4 I have included a further graph as Appendix C, which shows the Trust's annual expenditure from the beginning in 1976. The 2009/10 figure is the provisional outturn, the 2010/11 figure is based on the revenue budget set and the 2011/12 figure is from my own projections. The graph shows the spending consequences of decisions taken in 2002 to gradually seek to reduce spending to sustainable levels. Trustees have taken a measured approach to the task and expenditure has come down from over £17 million pa to £11 million. Although there has been a degree of pain for the funded bodies and their users, this has been achieved in ways and at a pace that has avoided service "meltdown". I believe that Trustees, present and past, can take considerable satisfaction in their sensible approach that has avoided "knee jerk" reactions to their fortunes on the world's markets.

3. Future Prospects – The World

- 3.1 The Trust's income is dominated by stock market performance, and although this is very variable, it has been good, on average, over the Trust's lifetime. For example, in the last five years the Trust's investments in the world's market have returned: plus £33 million, plus £15 million, minus £18 million, minus £37 million and plus £46 million. This huge variation in returns makes the Trust's forward planning quite difficult.
- 3.2 Last time I wrote a report like this I was worried about fall out from political events such as the fall of Saddam Hussein, regime change in Cuba and the behaviour of North Korea. Since then we have had the "credit crunch" and world wide recession. As I write this report, what might be known to the future as the Greek debt crisis is unfolding. So it is hard to guess what the future will bring and even harder to predict what the market will do.
- 3.3 Trustees have been well served over 30 years or so by the assumption that the world's markets will provide good average returns. There have been some very worrying falls in recent years, but Trustees have held their nerve. Reaction to changing conditions has generally been taken in a measured way, and I suggest that this is a sensible approach to take forward.

4. Future Prospects – Shetland Charitable Trust

- 4.1 The second sheet of Appendix A is a balance sheet and it shows the Trust to have net assets of £218.6 million at 31 March 2010. This includes around £7.2 million of “donated” assets, such as the rural care homes and the Garrison Theatre, which do not generate a direct financial return. I sometimes call them the non-investable assets. Notwithstanding this point, the Trust’s investable assets (on the world’s markets, and in local assets) are at about £210 million, which is reasonable close to, but below, the long term average target of £220 million (in March 2009 money). Trustees have accepted my view of a reasonable average return from our investments of 5% pa real (ie 5% above inflation). I see no reason to change that view, but of course, we may be wrong, but will not know that until the future arrives.
- 4.2 The Trust’s investments in local assets such as SLAP’s property portfolio, the land at Sullom Voe Terminal and the District Heating Scheme (since 1st April 2002) have together produced returns of at least 5% pa above inflation. This is good news for two reasons. Firstly, there is a double plus here, the Trust makes a financial return, and the Shetland economy is stimulated or enlarged or both. Secondly, as the income is mostly generated from rents, is it stable from year to year. Both these points mean that I would like to see the proportion of the Trust’s investments which are held in local assets grow considerably from the current level of about £30 million or 15%, provided such local investments make suitable returns in direct financial terms. SLAP already has plans to invest £10 million over the next two years, and there maybe more to come.
- 4.3 Trustees have finally ‘balanced the books’. The expenditure budget for 2010/11 is £11 million. The projected average income for the Trust, after protecting the ‘pot’ from inflation is £11 million. This happy state of balance (with both income and expenditure adjusted for inflation), could continue for a long time to come, with only two caveats. They are that the average income expectation of 5% pa above inflation would need to be matched by actual outcomes, and there would be no change in expenditure (other than adjusting for inflation). I have said enough about the first caveat and look at the second in the next paragraph.
- 4.4 What does the Trust face looking forward? The past tells us that even standing still is difficult. In the main the Trust funds other Shetland charities to carry out charitable activities. The two biggest cost areas are wages and building related costs. Over the last twenty years at least, both of these have seen increases at a rate faster than general inflation (RPI). This may not be the case for a year or two ahead, but I expect normal patterns to be resumed. So standing still on running cost grants is likely to be possible for a year or two, but probably not indefinitely.
- 4.5 The Trust funds costs associated with over 30 buildings through its planned maintenance programme. Generally speaking, they are in good repair and all are well maintained. It is likely that costs will remain about the same over the next few years. However, as I have

already said above, in the medium term I expect costs associated with buildings to rise at a rate higher than general inflation, and they can also be expected to go up as the buildings gets older. One of the consequences of the stockmarket crash from 2000 to 2003 (the bursting of the "Tech Bubble") was that Trustees were forced to abandon setting aside funds into an asset replacement reserve. The issue has not gone away, and the Trust has no funds available to deal with replacement or major refurbishment of Care Homes, Recreational Facilities, Amenity Buildings or Market House.

- 4.6 The Shetland Community Planning Board has been considering reports on likely demographic trends in Shetland. The conclusion is that the population is likely to have a higher average age in future, and this is bound to increase the demand for services funded by the Trust. Nearly 40% of current expenditure is targeted at older folk.
- 4.7 Trustees have seen a switch of part of the investments in worldwide shares to investments in local assets and more exposure to UK and European commercial property. These changes are designed to reduce the volatility in investment returns without losing out on average returns. The Viking Energy project still appears to offer the prospect of returns significantly above that which can be expected from other investments. If that prospect becomes a reality, Trustees will have found an investment that can boost income, perhaps double it. Trustees will have to decide whether that benefit and others outweighs potential dis-benefits. Viking Energy appears to offer, at this stage, the possibility of being able to increase spend in the longer term in a sustainable manner.

5. Conclusions

- 5.1 The Trust has just about got its overall spending down to a self-sustaining level, where it can expect to be able to hand over the 'pot' of reserves to future generations. The Trust gets no income from Government or any other outside agencies, and is heavily dependent on the performance of the world's market. However, after two difficult and worrying years, the Trust has had an excellent year last year and is back near to, but still below, Trustees' target level of investable funds.
- 5.2 The Trust can only finance new burdens in three ways: by abandoning the Trustees' self-sustaining policy and spending reserves, which once spent will not re-appear; or by substituting new expenditure for items currently funded, which cannot be achieved in a major way without a severe impact on existing services; or by increasing income.

6. Recommendations

- 6.1 Trustees are asked to note this report.

Reference: JPG/cl

Report Number CT1005-035

APPENDIX A

SHETLAND CHARITABLE TRUST
Summary of the Movements on the Revenue and Capital Accounts for the Year Ended 31 March 2010

	2009/10 £ million	2009/10 £ million	2008/09 £ million	2008/09 £ million	2007/08 £ million	2007/08 £ million
Fund Managers		50.4		-40.7		-17.0
Local Investments						
Ag. Loan Interest	0.1		0.1		0.1	
SLAP/SHEAP Profits	4.2		4.1		4.0	
Rents, Less Depreciation	1.0		1.3		1.6	
Interest on SLAP loans	-0.3		-1.5		-2.2	
		<u>5.0</u>		<u>4.0</u>		<u>3.5</u>
TOTAL INVESTMENT RETURNS		<u>55.4</u>		<u>-36.7</u>		<u>-13.5</u>
Expenditure						
Charitable	-11.7		-12.5		-12.1	
Administration	-0.5		-0.6		-0.5	
Movement in Pension Liability	0.0		-0.4		0.2	
		<u>-12.2</u>		<u>-13.5</u>		<u>-12.4</u>
TOTAL EXPENDITURE		<u>-12.2</u>		<u>-13.5</u>		<u>-12.4</u>
DEFICIT FOR THE YEAR		43.2		-50.2		-25.9
OPENING NET ASSETS		176.3		219.4		246.1
Donated Properties						
New Donations	0.0		8.0		0.0	
Depreciation on Donated Properties	-0.9		-0.9		-0.8	
MOVEMENT ON DONATED PROPERTIES		<u>-0.9</u>		<u>7.1</u>		<u>-0.8</u>
CLOSING NET ASSETS		<u>218.6</u>		<u>176.3</u>		<u>219.4</u>

CT1005035- APP A
Sheet 1

SHETLAND CHARITABLE TRUST
Balance Sheet at 31 March 2010

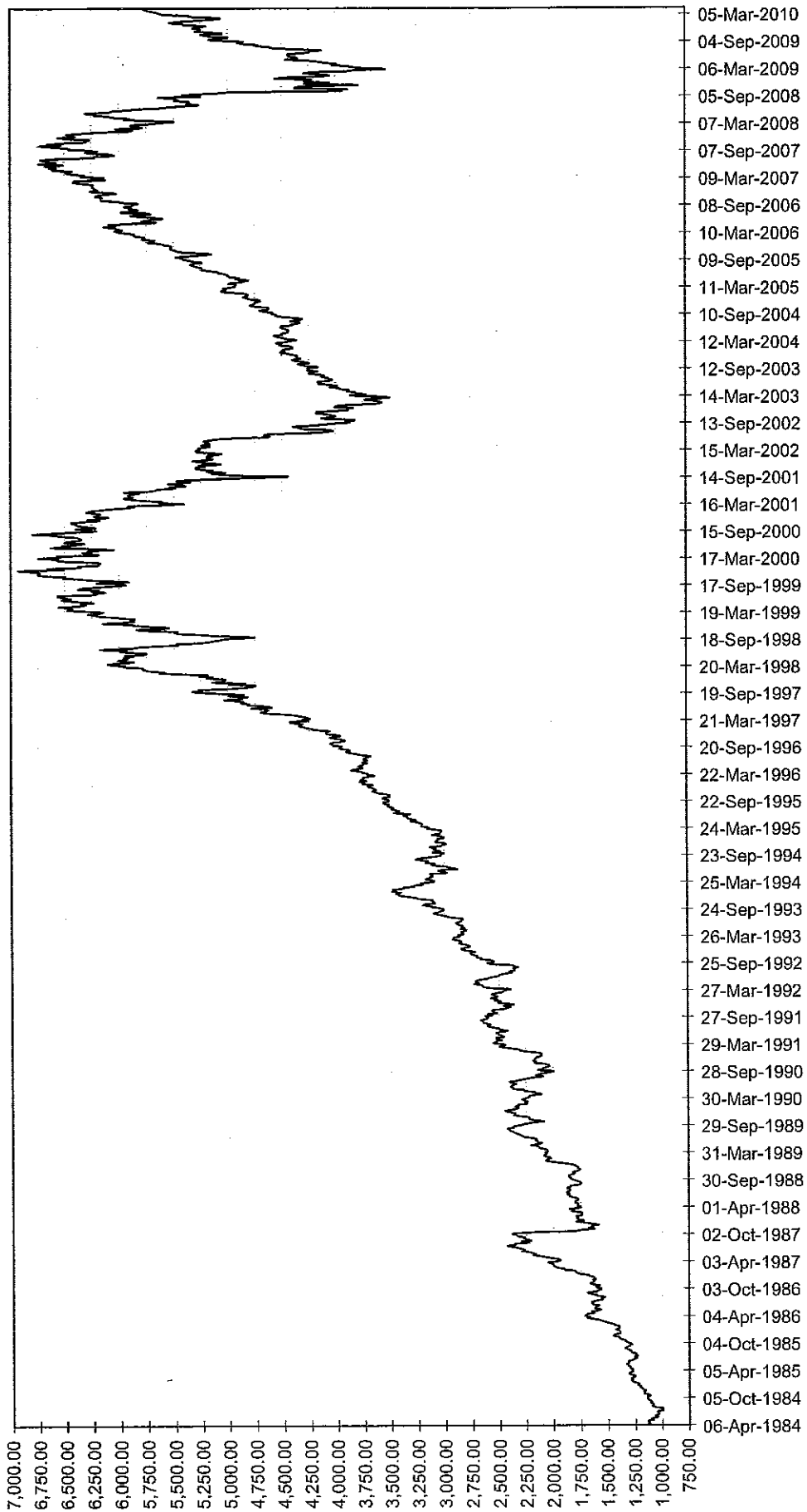
APPENDIX A

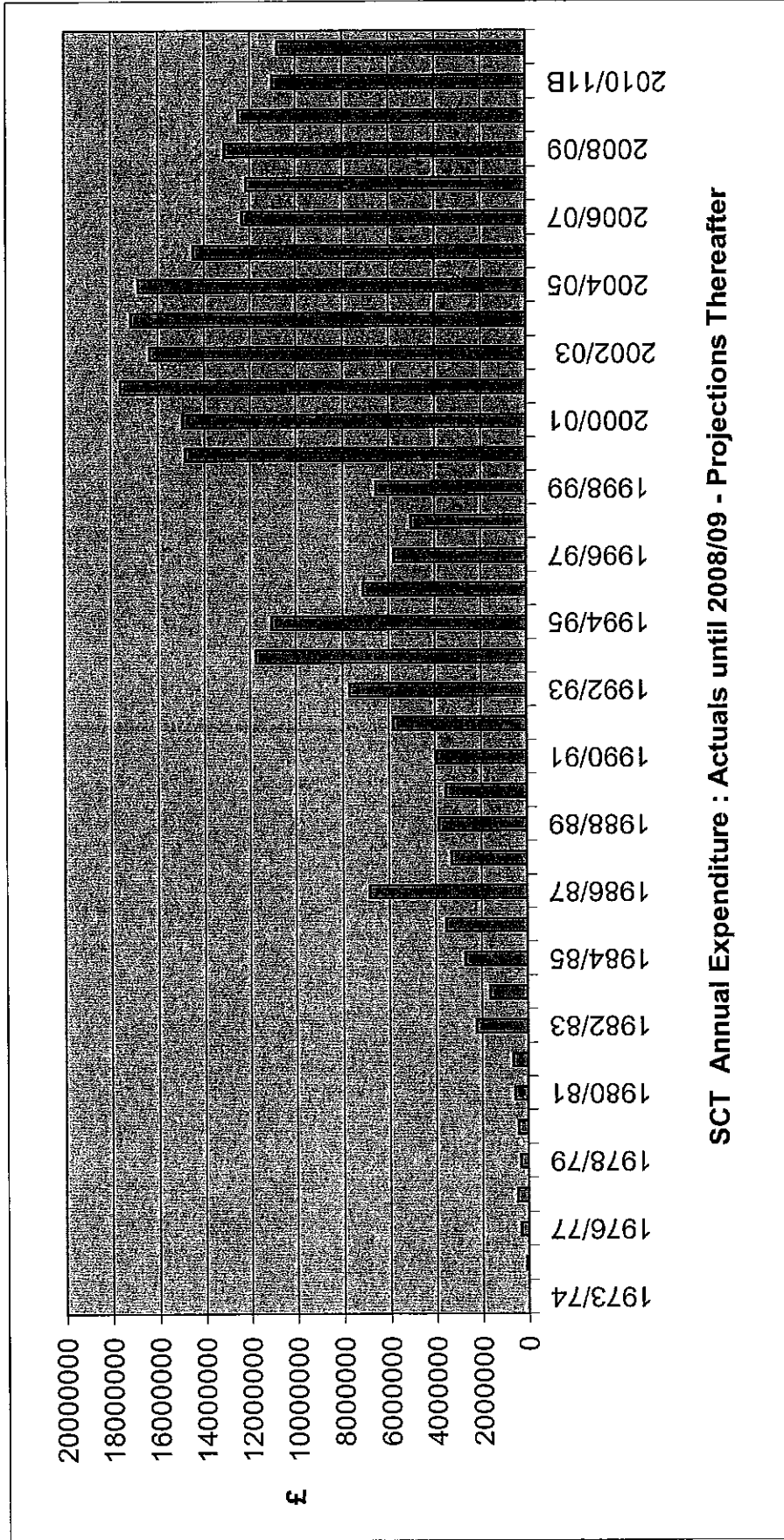
	2009/10 £ million	2009/10 £ million	2008/09 £ million	2008/09 £ million	2007/08 £ million	2007/08 £ million
Fixed Assets including Donated Properties	12.2		12.2	12.2		11.7
Managed funds	179.6		143.0	143.0		193.0
Local investments						
Equity	53.5		51.0	51.0	51.3	
Agricultural loans	1.2		1.2	1.2	1.6	
Current assets	54.7		52.2	52.2		52.9
Debtors	0.0		1.4	1.4	2.0	
Bank	4.8		5.3	5.3	2.6	
	4.8		6.7	6.7	4.6	
Less current liabilities						
Creditors	-1.0		-1.6	-1.6	-4.5	
Net current assets	3.8		5.1	5.1		0.1
SLAP Borrowing	-31.0		-35.5	-35.5		-38.0
Pension Liability (Unadjusted from 2009 to 2010)	-0.7		-0.7	-0.7		-0.3
	<u>218.6</u>		<u>176.3</u>	<u>176.3</u>		<u>219.4</u>
Financed by						
Reserves b/fwd	176.3		219.4	219.4	246.1	
Deficit for year	43.2		-50.2	-50.2	-25.9	
Movement on donated properties	-0.9		7.1	7.1	-0.8	
	<u>218.6</u>		<u>176.3</u>	<u>176.3</u>		<u>219.4</u>

CT1006035 - APP A
Sheet 2

APPENDIX B

FTSE100 from 6 Apr 1984 (inception) to 16 Apr 2010





REPORT**To: Shetland Charitable Trust****13th May 2010****4.****From: Financial Controller****Report : CT1005031****Fund Management Annual Review 2009/10
Report No: CT1005038****1. Introduction**

- 1.1 The purpose of this report is to inform Trustees of the up to date position and performance of the Trust's external investments with fund managers.
- 1.2 The Shetland Charitable Trust has a Service Level Agreement with the Shetland Islands Council for Treasury Services. This report is presented to the Shetland Charitable Trust under the terms of this Service Level Agreement.
- 1.3 The Charitable Trust has three fund managers with total investments under management at the end of March 2010 of £181 million. These investments are split between the following managers and asset classes as follows:

Funds under Management as at 31 March 2010

Manager	Fund	% of Reserves
BlackRock, previously Barclays Global Investors (BGI)	Equity	66%
Insight Investment Management	Bond	27%
Schroders	Property	7%

- 1.4 There are no fund manager presentations accompanying this report at this meeting. Due to the current situation where the Charitable Trust's fund managers also manage mandates for the Council or the Pension Scheme, the decision was taken to ask the fund managers to give one presentation, at the Special Shetland Islands Council

meeting on the 25th May 2010. All Shetland Charitable Trust Trustees will be invited by the Council to attend the Council meeting if they so wish to hear the presentations. This allows the Trustees to meet, hear and question their fund managers. As a fund manager's investment process is broadly similar for all of their mandates it was decided to adopt this approach for the annual review. This will save time at the Charitable Trust meeting and avoid unnecessary repetition of presentations.

- 1.5 This report does not cover or look at the Charitable Trust's investment strategy and should not be used for that purpose. Any decisions on investment strategy, i.e. alterations to investment managers or the asset allocation should only be considered when all relevant factors and issues are addressed, and this report would only be one contributing factor.
- 1.6 This report reviews the annual performance of each manager and concentrates mainly on each fund over the short term i.e. 2009/10. I will review each fund manager in turn and compare their performance against the market performance where they were asked to invest, and also against the additional out performance target we asked them to achieve.
- 1.7 Due to the nature of the investments, we take a long-term investment view, generally a five-year period. I will therefore not only look at each manager's performance over 2009/10 but will also look at their performance over a five year period, or from the inception of the mandate if that is shorter.

2. Background

- 2.1 The external investments of the Charitable Trust (ie other than those invested in the local economy) are co-ordinated by the Council's Treasury function. The Council and Pension Fund's reserves are also co-ordinated by the Council's Treasury function. This approach delivers a unified approach; ensures that all the funds benefit from the knowledge and experience of Council Officers; and provides useful comparisons.
- 2.2 The Charitable Trust's Funds, their managers, type of mandate and market value are listed below:

Manager	Mandate	Market Value (£m)	
		2010	2009
BGI	Equity	119	93
Insight	Bonds	49	45
Schroders	Property	13	4
Record	Currency	0	2
		181	144

During 2009/10 the value of the Charitable Trust's funds increased by £37 million.

2.3 At last year's annual performance review Record Currency Management were sacked by the Charitable Trust. Their £2 million mandate was cashed in and transferred back into the Charitable Trust's bank on 12 June 2009.

2.4 In the main, this report concentrates on manager performance relative to the markets but we also need to consider the effect of any cash withdrawals or injections to the funds and the performance of the markets themselves. These influences can easily alter the absolute fund value.

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

	SCT Funds £ million
As at 31.03.09	144
(Withdrawals)/Additions	(13)
Market Movement	50
As at 31.03.10	181

The figures show how the market movement has benefited the overall investments by £50 million during the year, which easily covers the withdrawals from the investments. This is a remarkable market return, 35% return on the opening investment value. It also shows the volatile nature of investing over the short term, while over the long term the returns are netted off to give a more balanced long-term figure. All assets classes where the Charitable Trust invested produced positive returns in 2009/10. This is a direct consequence of the world's major economies coming out of the recent economic recession.

2.6 The 2009/10 market performance by asset class is set out below:

		%
Equities:	UK	52.3
	North America	43.2
	Europe	48.8
	Japan	29.6
	Pacific (Ex Japan)	67.2
	Emerging	46.8
Bonds:	UK	0.8
	Overseas	0.0
	Index-Linked	10.3
Property		16.0
Cash		0.4

As can be seen from the asset returns in 2009/10 equities produced some stellar returns with almost all regions returning over 40%, with the UK returning 52.3% and Pacific (Ex Japan) 67.2%. All asset classes produced positive returns. The fund manager has negligible influence over the market's return but they maybe 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 is only asked to out perform the market return, i.e. a European equity scenario in 2009/10 where a fund manager is asked to out perform the market by 1% would equate to a 49.8% return.

- 2.7 This report reviews performance in 2009/10; a quick update for the start of this financial year 2010/11 shows a rather more unsettled global economic situation with concerns over a few economies such as Greece, Portugal and Spain dominating market sentiment.

3. Fund Manager Review

- 3.1 The rest of this report takes each mandate in turn and discusses manager performance.

- 3.2 A Fund Manager's performance is measured against a specific fund benchmark, which is made up of market indices of the countries where they invest.

- 3.3 A Fund Manager's target is a level of out performance above the benchmark that is seen as achievable with a low level of measured risk on a given mandate. The Manager will actively seek to produce investment returns in order to achieve the stated target. Performance at or above target is desirable but any returns above the benchmark will add value to the fund above the market return.

3.4 BGI / BlackRock – Equity Fund

- 3.4.1 During the financial year many of the UK's main banks were selling off any non-core assets to raise cash, rationalise the business etc. Barclays Bank was no exception and sold their fund management business BGI to BlackRock. BlackRock were initially a large US fund management business but over the past few years they have acquired Merrill Lynch and now BGI, to become one of the largest global fund managers.

- 3.4.2 Any change to a fund manager is monitored closely. The Charitable Trust's investment consultants Hymans Robertson were consulted and they were comfortable with the purchase of BGI by BlackRock. BlackRock are any active investment manager so their purchase of BGI, a passive fund manager, fits well into the overall company with no disruption to BGI's operations. A passive investment process is predominately computer controlled and as expected no issues or problems have

occurred. In fact the larger BlackRock business may produce investment opportunities for the Charitable Trust.

- 3.4.3 BGI were initially appointed as the Charitable Trust's transition manager and in that role they have the capability to hold funds on a passive basis, i.e. track the market indexes. The Charitable Trust is currently making use of this facility after the decision to terminate Capital International's management of their mandate in 2008, and until an investment review is conducted, which will form part of the Charitable Trust's three yearly financial review in 2011.
- 3.4.4 BGI conducted the transfer of the assets from Capital International in 2008 and performance monitoring commenced on 1st October 2008.
- 3.4.5 This is a pure equity fund with a benchmark of 50% UK Equities and 50% Overseas Equities. As the fund is invested passively the benchmark and the target return are the same, i.e. one aim, the index return. For performance comparison purposes the fund return is only compared against the benchmark (index) return. Given the fund is trying to achieve the index return; it is the closeness of the performance to the index which is important. A passive investment is intended to take away the manager risk and just have a market return risk, which over the long term generally provides a positive return.
- 3.4.6 The following table sets out in summary the performance of BGI / BlackRock versus the benchmark return for 2009/10 and also on a cumulative basis since October 2008.

Fund Performance versus Benchmark

	Fund Return (%)	Performance v Benchmark (%)
2009/2010	49.1	-0.2
One and a half years Oct 08 – Mar 10	26.2	0.1

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

- 3.4.7 The Equity fund with BGI / BlackRock increased in value by 49.1% in 2009/10, which is only 0.2% below the benchmark return. This shows the fund has mirrored the market return very closely.
- 3.4.8 On a cumulative basis over the one and a half year rolling monitoring period the fund has increased in value by 26.2%.

BGI and then BlackRock have only managed this mandate for a short period of time but the fund return is very close to the benchmark return, which is the investment aim of the fund manager.

3.5 Insight - Bonds

- 3.5.1 The Bank of Scotland in line with many of the UK's main banks sold off certain non-core assets to raise cash, rationalise the business etc. During the financial year the Bank of Scotland sold Insight Investment Management, their fund management business to Bank of New York Mellon (BONYM). BONYM have various investment businesses throughout the world but generally leave the companies alone to continue with their specialist services. Again Hymans Robertson were consulted and they were positive on this sale, as BONYM did not own a UK investment house with Insight's specialities, and they were aware of BONYM's history of buying good companies and leaving them alone. No issues or problems were incurred around the take-over with the mandate, or since the ownership change.
- 3.5.2 Insight Investment Management's bond mandate started performance monitoring on 1st October 2003.
- 3.5.3 Insight's performance target for the Bond Fund is to beat a specific benchmark by 0.5% per annum.
- 3.5.4 The following table sets out in summary the performance of Insight versus the benchmark and the performance target in 2009/10, and also on a cumulative basis over a five-year investment period.

Bond Fund Performance versus Benchmark and Target

	Fund Return (%)	Performance v Benchmark (%)	Performance v Target (%)
2009/10	14.5	5.1	4.6
Five years 05/04 to 09/10	32.6	2.0	-0.5

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

The performance v target figure gives the percentage that the fund has out or under performed their set target.

- 3.5.5 The Bond Fund with Insight returned 14.5% in 2009/10, which was 5.1% above the benchmark return and 4.6% above the target set by the Trust. This is a very good performance by Insight and they have taken good advantage of opportunities in last year's rising market.

- 3.5.6 On a cumulative basis over the five-year rolling monitoring period Insight, due mainly to 2009/10 are 2.0% above the benchmark return and just 0.5% below the target. The fund over the five-year period has increased in value by 32.6%.

3.6 Schroders - Property

- 3.6.1 Schroders were awarded a £20 million UK property mandate, and performance monitoring began on the 1st July 2009. So far they have invested £8.3 million. They are only investing, as opportunities appear with good long term potential.

- 3.6.2 The benchmark for this fund is based on a 100% UK property investment. The fund manager does however have the scope to invest up to a maximum of 30% of the fund in overseas property, if attractive investment opportunities exist. Their performance target for this fund is to beat this specific benchmark by 1.0% per annum.

- 3.6.3 Schroders also hold for the Charitable Trust, in a separate account, the Lionbrook Property Unit Trust. Rothschild originally acquired the Lionbrook Property Unit Trust, but when Insight bought Rothschild's investment business they were asked to hold the investment on behalf of the Charitable Trust. This investment was transferred to Schroders in 2009/10 and they will reorganise the investment, sell units etc to achieve a position where they can transfer the reorganised fund into the main £20 million mandate. Any performance returns during this reorganisation are not a reflection of Schroders management but merely due to the changes Schroders require to make, before they have an investment that can be transferred. The market value of this fund at 31st March 2010 was £4.9 million and it has returned 26.7% over the nine-month period in this account. The reorganisation of this fund should be completed during 2010/11.

As Schroders have just started building up the portfolio during 2009/10 it is an unfair comparison to review their return against the nine-month market return, given that the majority of their property investments were only made during the last four months of the financial year. The fund though has increased in value and at 31st March 2010 was £8.8 million.

4. **Financial Implications**

- 4.1 Performance by a Fund Manager will have long-term financial consequences for the Charitable Trust.
- 4.2 Long-term positive absolute returns will benefit the capacity of the Trust to finance Trustees spending plans.

- 4.3 There are no decisions from this report, so there are no immediate financial consequences.

5. Policy and Delegated Authority

- 5.1 At the meeting of Trustees on 24 July 1996 the decision was taken to homologate actions taken by the Head of Finance (minute reference 48A/96) on most aspects of Fund Management subject to such actions being reported to the next meeting of Trustees. This report does not relate to any such actions, but gives Trustees the opportunity to review the performance of the Fund Managers.

6. Conclusions

- 6.1 The Charitable Trust is taking advantage of BGI's ability, now BlackRock, to hold the equity fund and invest it on an index-tracking basis. This allows the Charitable Trust to stay invested in the market place and achieve market returns until a financial review is conducted by the Trust in 2011. BGI / BlackRock have managed the fund for eighteen months and, as expected, have produced a return over this period that is very close to the markets they are investing in.
- 6.2 Insight out performed the benchmark and the target in 2009/10. Cumulatively over the five-year monitoring period they are above the benchmark and just below the target. Insight are using the flexibility afforded to them with this mandate to achieve long term returns above the markets they invest into, they are therefore adding real value to the fund.
- 6.3 Schrodgers are building up an active property fund for the future, and have so far invested £8.3 million over the first nine months of the mandate. This mandate has only just started but it is good to see the fund has already increased in value. The Charitable Trust are using Schrodgers expertise to reorganising the Lionbrook unit trust investment, which once reorganised will be transferred to the main fund.
- 6.4 The Trust's fund managers have been investing in global markets throughout 2009/10, and they witnessed a very different investment climate to the one in 2008/09, where an ever changing and astonishing global economic crisis unfolded, and stock markets fell accordingly. In 2009/10 the market sentiment changed completely due to unprecedented intervention by governments and the belief the major world economies would survive the crisis. This relief boosted investor confidence and quickly created a large recovery in the markets, with some very high market returns, e.g. the UK equity market increased by 52.3% in 2009/10.
- 6.5 The Charitable Trust has always invested with a long-term investment view, intended to smooth out market returns to give a

long-term overall positive return. These last two years were exceptional in many ways and it is probably more important now to stay with the same long-term investment view, which has proved successful.

7. Recommendations

- 7.1 I recommend the Charitable Trust note with satisfaction the performance of BGI, BlackRock and Insight Investment Management in 2009/10.
- 7.2 I recommend the Charitable Trust note the performance of Schroders in 2009/10.

Date:

Rep No:

REPORT

5.

To: Shetland Charitable Trust

13 May 2010

From: Financial Controller

Report: CT1005034

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 during the period from 1 December 2009 to 31 March 2010.

2.2 Appendix B lists the investment decisions made by BlackRock Investment Management (UK) Limited during the period from 1 December 2009 to 31 March 2010.

2.3 Appendix C lists the investment decision made by Schroder Investment Management Limited during the period from 1 December 2009 to 31 March 2010.

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 on the Charitable Trust funds for both the previous financial year and current financial year to date:

2009/10 to 31 Mar 2010		2010/11 to 23 Apr 2010	
	£ million		£ million
Market Value at start	143.1	Market Value at start	180.9
Market Movement	51.1	Market Movement	(0.9)
Injection/(Withdrawal)	(13.3)	Injection/(Withdrawal)	(4.3)
Market Value at close	<u>180.9</u>	Market Value at close	<u>175.7</u>

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

4. Recommendation

4.1 The Trustees are asked to note this report.

3.

INSIGHT INVESTMENT MGMT REPORT - PURCHASES

NAME OF SECURITY	AREA	DATE	NUMBER OF UNITS	PURCHASE PRICE (£)
	QF = quoted fixed UF = unquoted fixed			
UNITED KINGDOM				
UK(GOVT OF) 4% TSY GLT 07/03/22 GBP0.01	QF GB GB	18/12/2009	1,252,000.00	1,240,481.60
UK(GOVT OF) 6.25% STK 25/11/2010 GBP100	QF GB GB	23/03/2010	1,125,000.00	1,168,233.75
UK(GOVT OF) 4.75% STK 07/06/2010 GBP100	QF GB GB	15/12/2009	976,000.00	996,154.40
UK(GOVT OF) 4% GILT 22/1/2060 GBP0.01	QF GB GB	08/02/2010	1,005,000.00	941,283.00
UK(GOVT OF) 4.75% STK 07/06/2010 GBP100	QF GB GB	15/12/2009	832,000.00	849,180.80
UK(GOVT OF) 4.5% GILT 07/03/13 GBP0.01	QF GB GB	02/02/2010	738,500.00	791,081.20
UK(GOVT OF) 4.5% GILT 07/03/13 GBP0.01	QF GB GB	02/02/2010	738,500.00	790,859.65
UK(GOVT OF) 4.25% STK 07/06/2032 GBP100	QF GB GB	16/12/2009	803,401.00	786,609.92
UK(GOVT OF) 6.25% STK 25/11/2010 GBP100	QF GB GB	23/03/2010	582,000.00	604,238.22
UK(GOVT OF) 4.5% GILT 07/03/19 GBP0.01	QF GB GB	17/12/2009	489,000.00	512,569.80
UK(GOVT OF) 1.25% I/L STK 22/11/27 GBP	QF GIL GB	26/01/2010	405,000.00	475,904.17
UK(GOVT OF) 4% TSY GLT 07/03/22 GBP0.01	QF GB GB	17/12/2009	460,171.00	451,657.84
UK(GOVT OF) 2.25% TSY GILT 07/03/14 GBP	QF GB GB	11/02/2010	445,485.00	440,272.83
UK(GOVT OF) 2.25% TSY GILT 07/03/14 GBP	QF GB GB	11/02/2010	445,483.00	440,048.11
UK(GOVT OF) 1.25% I/L STK 22/11/27 GBP	QF GIL GB	29/01/2010	359,000.00	417,832.74
UK(GOVT OF) 4% GILT 22/1/2060 GBP0.01	QF GB GB	10/02/2010	446,000.00	414,512.40
UK(GOVT OF) 0.625% IDX/LKD 22/03/40 GBP	QF GIL GB	27/01/2010	419,000.00	409,459.37
UK(GOVT OF) 0.625% IDX/LKD 22/03/40 GBP	QF GIL GB	18/02/2010	438,000.00	409,177.10
UK(GOVT OF) 4.25% STK 07/12/2055 GBP100	QF GB GB	11/01/2010	412,432.00	402,781.09
UK(GOVT OF) 4% TSY GLT 07/03/22 GBP0.01	QF GB GB	16/12/2009	409,829.00	401,878.32
UK(GOVT OF) 6.25% STK 25/11/2010 GBP100	QF GB GB	22/02/2010	374,651.00	390,611.13
UK(GOVT OF) 2.25% TSY GILT 07/03/14 GBP	QF GB GB	11/02/2010	308,032.00	304,304.81
UK(GOVT OF) 4.25% STK 07/12/2055 GBP100	QF GB GB	08/01/2010	312,302.00	304,088.46
UK(GOVT OF) 1.25% I/L STK 22/11/17 GBP	QF GIL GB	11/03/2010	246,000.00	288,265.87
UK(GOVT OF) 6.25% STK 25/11/2010 GBP100	QF GB GB	22/02/2010	266,349.00	277,682.15
UK(GOVT OF) 4.25% STK 07/06/2032 GBP100	QF GB GB	16/12/2009	204,866.00	200,645.76
UK(GOVT OF) 3.75% GILT 7/9/2019 GBP	QF GB GB	22/02/2010	199,092.00	191,301.93
UK(GOVT OF) 2.5% I/L STK 17/07/24 GBP	QF GIL GB	22/01/2010	71,000.00	187,227.00
UK(GOVT OF) 1.25% I/L STK 22/11/17 GBP	QF GIL GB	21/01/2010	159,000.00	186,212.32
UK(GOVT OF) 2.5% I/L STK 17/07/24 GBP	QF GIL GB	21/01/2010	71,000.00	185,736.00
UK(GOVT OF) 1.25% I/L STK 22/11/27 GBP	QF GIL GB	26/01/2010	158,000.00	185,661.38
UK(GOVT OF) 4.25% STK 07/12/2055 GBP100	QF GB GB	08/01/2010	139,133.00	135,543.37
UK(GOVT OF) 4.25% STK 07/12/2055 GBP100	QF GB GB	08/01/2010	139,133.00	135,112.06
UK(GOVT OF) 3.75% GILT 7/9/2019 GBP	QF GB GB	22/02/2010	138,566.00	133,258.92
UK(GOVT OF) 3.75% GILT 7/9/2019 GBP	QF GB GB	22/02/2010	128,960.00	123,898.32
UK(GOVT OF) 1.875% I/L STK 22/11/22 GBP	QF GIL GB	11/02/2010	108,000.00	122,986.79
UK(GOVT OF) 1.25% I/L STK 22/11/17 GBP	QF GIL GB	22/03/2010	83,000.00	98,552.06
UK(GOVT OF) 0.625% IDX/LKD 22/03/40 GBP	QF GIL GB	26/03/2010	102,000.00	98,311.56
UK(GOVT OF) 1.25% I/L STK 22/11/17 GBP	QF GIL GB	30/03/2010	82,000.00	97,916.06
UK(GOVT OF) 1.25% I/L STK 22/11/17 GBP	QF GIL GB	16/03/2010	82,000.00	96,568.89
UK(GOVT OF) 1.25% I/L STK 22/11/17 GBP	QF GIL GB	11/02/2010	82,000.00	94,415.54
UK(GOVT OF) 1.125% I/L STK 22/11/37 GBP100	QF GIL GB	15/01/2010	77,000.00	93,745.62
UK(GOVT OF) 1.875% I/L STK 22/11/22 GBP	QF GIL GB	12/01/2010	79,000.00	93,468.21
ILF GBP LIQUIDITY FD	DEP	01/12/2009	80,000.00	80,000.00
ILF GBP LIQUIDITY FD	DEP	09/12/2009	80,000.00	80,000.00
UK(GOVT OF) 3.75% GILT 7/9/2019 GBP	QF GB GB	22/02/2010	66,382.00	63,750.02
UK(GOVT OF) 1.25% I/L STK 22/11/17 GBP	QF GIL GB	19/03/2010	41,000.00	48,683.21
ILF GBP LIQUIDITY FD	DEP	29/01/2010	40,000.00	40,000.00
UK(GOVT OF) 4.125% I/L STK 22/07/30 GBP	QF GIL GB	08/01/2010	15,000.00	37,995.00
ILF GBP LIQUIDITY FD	DEP	01/12/2009	997.43	997.50
ILF GBP LIQUIDITY FD	DEP	04/01/2010	817.93	817.95
ILF GBP LIQUIDITY FD	DEP	01/02/2010	363.67	363.68
ILF GBP LIQUIDITY FD	DEP	01/03/2010	148.42	148.42
TOTAL UNITED KINGDOM				<u>17,442,486.30</u>

OVERSEAS

NO OVERSEAS INVESTMENTS PURCHASED

TOTAL

0.00

INSIGHT INVESTMENT MGMT REPORT – SALES

NAME OF SECURITY	AREA	DATE	NUMBER OF UNITS	SELLING PRICE (£)	PROFIT/ (LOSS) (£)
	QF = quoted fixed UF = unquoted fixed				
UNITED KINGDOM					
UK(GOVT OF) 2.5% I/L STK 26/07/16 GBP	QF GIL GB	26/01/2010	161,000.00	477,382.71	30,358.04
UK(GOVT OF) 2.5% I/L STK 16/8/13 GBP	QF GIL GB	11/03/2010	108,000.00	289,026.36	29,561.53
UK(GOVT OF) 1.25% I/L STK 22/11/55 GBP	QF GIL GB	29/01/2010	82,000.00	121,232.55	17,434.80
UK(GOVT OF) 1.25% I/L STK 22/11/55 GBP	QF GIL GB	15/01/2010	61,000.00	94,404.67	17,189.27
UK(GOVT OF) 2.5% I/L STK 16/8/13 GBP	QF GIL GB	21/01/2010	70,000.00	184,555.00	16,383.35
UK(GOVT OF) 0.625% IDX/LKD 22/11/42 GBP	QF GIL GB	18/02/2010	256,000.00	249,409.35	12,690.26
UK(GOVT OF) 2.5% I/L STK 26/07/16 GBP	QF GIL GB	26/01/2010	63,000.00	186,895.80	11,973.10
UK(GOVT OF) 2.5% I/L STK 26/07/16 GBP	QF GIL GB	21/01/2010	63,000.00	185,944.50	11,021.80
UK(GOVT OF) 2.5% I/L STK 16/8/13 GBP	QF GIL GB	16/03/2010	36,000.00	96,487.20	9,998.92
UK(GOVT OF) 2.5% I/L STK 26/07/16 GBP	QF GIL GB	22/01/2010	50,000.00	148,400.00	9,572.46
UK(GOVT OF) 2.5% I/L STK 16/8/13 GBP	QF GIL GB	11/02/2010	36,000.00	94,968.00	8,479.72
UK(GOVT OF) 1.25% I/L STK 22/11/27 GBP	QF GIL GB	30/03/2010	82,000.00	99,161.61	7,344.90
UK(GOVT OF) 1.25% I/L STK 22/11/55 GBP	QF GIL GB	22/01/2010	25,000.00	38,222.11	6,576.45
UK(GOVT OF) 1.25% I/L STK 22/11/55 GBP	QF GIL GB	19/03/2010	34,000.00	49,577.77	6,539.68
UK(GOVT OF) 1.25% I/L STK 22/11/27 GBP	QF GIL GB	22/03/2010	83,000.00	98,425.20	5,488.77
UK(GOVT OF) 1.25% I/L STK 22/11/55 GBP	QF GIL GB	26/03/2010	31,000.00	44,320.20	5,079.50
UK(GOVT OF) 2.5% I/L STK 26/07/16 GBP	QF GIL GB	12/01/2010	26,000.00	76,521.90	4,331.50
ARTESIAN FINANCE 3.625% NOTES 30/9/32 GBP100	QF CIL GB	08/01/2010	26,000.00	38,615.20	4,247.01
UK(GOVT OF) 1.25% I/L STK 22/11/55 GBP	QF GIL GB	12/01/2010	11,000.00	17,040.98	3,116.89
UK(GOVT OF) 1.125% I/L STK 22/11/37 GBP100	QF GIL GB	18/02/2010	141,000.00	159,931.59	3,025.31
UK(GOVT OF) 1.25% I/L STK 22/11/2032	QF GIL GB	26/03/2010	49,000.00	53,601.21	892.62
UK(GOVT OF) 4.5% GILT 07/03/13 GBP0.01	QF GB GB	17/12/2009	476,000.00	511,433.44	834.83
UK(GOVT OF) 4.5% GILT 07/03/13 GBP0.01	QF GB GB	11/02/2010	407,204.00	436,773.12	637.28
UK(GOVT OF) 1.25% I/L STK 22/11/17 GBP	QF GIL GB	29/01/2010	252,000.00	294,547.89	581.27
UK(GOVT OF) 4.5% GILT 07/03/13 GBP0.01	QF GB GB	11/02/2010	407,204.00	436,545.49	409.65
UK(GOVT OF) 4.5% GILT 07/03/13 GBP0.01	QF GB GB	11/02/2010	281,592.00	301,922.94	323.83
UK(GOVT OF) 2.25% TSY GILT 07/03/14 GBP	QF GB GB	22/02/2010	398,982.00	394,293.96	95.17
UK(GOVT OF) 2.25% TSY GILT 07/03/14 GBP	QF GB GB	22/02/2010	278,682.00	275,365.68	24.67
ILF GBP LIQUIDITY FD	DEP	21/12/2009	1,260,000.00	1,260,000.00	0.00
ILF GBP LIQUIDITY FD	DEP	28/01/2010	400,000.00	400,000.00	0.00
ILF GBP LIQUIDITY FD	DEP	12/02/2010	120,000.00	120,000.00	0.00
ILF GBP LIQUIDITY FD	DEP	15/03/2010	40,000.00	40,000.00	0.00
ILF GBP LIQUIDITY FD	DEP	17/03/2010	20,000.00	20,000.00	0.00
ILF GBP LIQUIDITY FD	DEP	18/03/2010	110,000.00	110,000.00	0.00
ILF GBP LIQUIDITY FD	DEP	29/03/2010	30,000.00	30,000.00	0.00
UK(GOVT OF) 2.25% TSY GILT 07/03/14 GBP	QF GB GB	22/02/2010	122,355.00	120,862.27	-25.87
UK(GOVT OF) 2.25% TSY GILT 07/03/14 GBP	QF GB GB	22/02/2010	132,994.00	131,371.47	-28.13
MOYLE INTERCONNECT 2.9376% IND LNK 03/33GBP	QF CIL GB	31/03/2010	453.55	453.55	-45.00
UK(GOVT OF) 2.25% TSY GILT 07/03/14 GBP	QF GB GB	22/02/2010	265,987.00	262,741.96	-56.25
UK(GOVT OF) 4.75% STK 07/06/2010 GBP100	QF GB GB	16/12/2009	391,922.00	399,878.02	-137.17
UK(GOVT OF) 4.75% STK 07/06/2010 GBP100	QF GB GB	17/12/2009	442,294.00	451,250.45	-176.92
UK(GOVT OF) 4.75% STK 07/06/2010 GBP100	QF GB GB	16/12/2009	973,784.00	993,551.82	-340.82
UK(GOVT OF) 4.5% GILT 07/03/13 GBP0.01	QF GB GB	10/02/2010	381,000.00	407,612.85	-457.20
UK(GOVT OF) 4.25% STK 07/06/2032 GBP100	QF GB GB	08/01/2010	139,899.00	135,128.44	-1,855.20
UK(GOVT OF) 4.25% STK 07/06/2032 GBP100	QF GB GB	08/01/2010	139,898.00	134,721.77	-2,260.89
UK(GOVT OF) 4.25% STK 07/06/2032 GBP100	QF GB GB	08/01/2010	314,070.00	303,203.18	-4,321.90
UK(GOVT OF) 4.25% STK 07/06/2032 GBP100	QF GB GB	11/01/2010	414,400.00	400,683.36	-5,080.94
UK(GOVT OF) 4% GILT 22/11/2060 GBP0.01	QF GB GB	15/12/2009	888,000.00	847,063.20	-7,366.71
UK(GOVT OF) 4% GILT 22/11/2060 GBP0.01	QF GB GB	15/12/2009	1,042,000.00	991,463.00	-11,145.07
UK(GOVT OF) 4% TSY GLT 07/03/22 GBP0.01	QF GB GB	02/02/2010	805,000.00	790,027.00	-13,999.76
UK(GOVT OF) 4% TSY GLT 07/03/22 GBP0.01	QF GB GB	02/02/2010	805,000.00	789,785.50	-14,241.26
UK(GOVT OF) 4.25% STK 07/12/2046 GBP100	QF GB GB	23/03/2010	633,000.00	607,680.00	-16,871.28
UK(GOVT OF) 4% TSY GLT 07/03/22 GBP0.01	QF GB GB	08/02/2010	947,000.00	925,787.20	-20,067.88
UK(GOVT OF) 4% TSY GLT 07/03/22 GBP0.01	QF GB GB	23/03/2010	1,212,000.00	1,188,729.60	-21,805.09
TOTAL UNITED KINGDOM				17,317,001.07	103,928.79

OVERSEAS

NO OVERSEAS INVESTMENTS SOLD

TOTAL OVERSEAS

0.00 0.00

BGI REPORT - PURCHASES

NAME OF SECURITY	AREA	DATE	NUMBER OF SHARES	PURCHASE PRICE (£)
	QE = quoted equity UE = unquoted equity			

UNITED KINGDOM

NO UK INVESTMENTS PURCHASED

TOTAL UNITED KINGDOM	<u>0.00</u>
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OVERSEAS

BLACKROCK AM (IE) IDX SELECTION EURO EX UK AC	UE UT IE	10/02/2010	1,903.42	21,808.89
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TOTAL OVERSEAS	<u>21,808.89</u>
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BGI REPORT - SALES

NAME OF SECURITY	AREA	DATE	NUMBER OF SHARES	SELLING PRICE (£)	PROFIT/ (LOSS) (£)
	QE = quoted equity UE = unquoted equity				

UNITED KINGDOM

BLACKROCK ADV (UK) CHARITRAK COMMON INVEST IN UE UT GB		08/03/2010	111,030.36	1,100,000.00	55,419.66
BLACKROCK ADV (UK) CHARITRAK COMMON INVEST IN UE UT GB		11/12/2009	263,757.73	2,430,000.00	-51,448.66
BLACKROCK ADV (UK) CHARITRAK COMMON INVEST IN UE UT GB		11/11/2009	308,710.03	2,800,000.00	-104,362.60

TOTAL UNITED KINGDOM	<u>6,330,000.00</u>	<u>-100,391.60</u>
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ERSEAS

BLACKROCK AM (IE) BGI PACIFIC RIM INDEX ACC	UE UT IE	08/03/2010	53,808.40	1,205,113.19	332,489.23
BLACKROCK AM (IE) BGI NORTH AMERICAN IDXNAV	UE UT IE	08/03/2010	239,530.50	1,909,822.18	247,078.98
BLACKROCK AM (IE) INDEX SELECTION JAPAN IDX	UE UT IE	08/03/2010	77,709.08	452,207.13	62,308.18
BLACKROCK AM (IE) IDX SELECTION EURO EX UK AC	UE UT IE	08/12/2009	81,474.44	980,076.95	29,050.34
BLACKROCK AM (IE) IDX SELECTION EURO EX UK AC	UE UT IE	08/03/2010	27,785.54	351,802.12	27,477.17
BLACKROCK AM (IE) BGI NORTH AMERICAN IDXNAV	UE UT IE	08/12/2009	222,842.77	1,559,619.15	12,716.77

TOTAL	<u>6,458,640.72</u>	<u>711,120.67</u>
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SCHRODERS REPORT - PURCHASES

NAME OF SECURITY	AREA	DATE	NUMBER OF SHARES	PURCHASE PRICE (£)
	QE = quoted equity UE = unquoted equity			

UNITED KINGDOM

HENDERSON UK RETAIL WAREHOUSE	UP UT GB	25/02/2010	170.45	1,837,722.02
SCHRODER PROP U/TS EXEMPT PROPERTY	UP UT GB	19/03/2010	41,546.00	1,299,974.34
SCHRODER PROP U/TS EXEMPT PROPERTY	UP UT GB	31/03/2010	22,054.00	699,993.96
INDUSTRIAL PPTY INVESTMENT FD	UP UT GB	02/02/2010	870.22	453,395.14
HANSTEEN UK INDL PROPERTY UNIT TR	UP UT GB	14/01/2010	426,203.00	420,000.00
THREADNEEDLE INV STRATEGIC PROPRTY FUND IV T	UP UT GB	17/12/2009	240.00	240,000.00

TOTAL UNITED KINGDOM				<u>4,951,085.46</u>
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OVERSEAS

NO OVERSEAS INVESTMENTS PURCHASED

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

NAME OF SECURITY	AREA	DATE	NUMBER OF SHARES	SELLING PRICE (£)	PROFIT/ (LOSS) (£)
	QE = quoted equity UE = unquoted equity				

UNITED KINGDOM

NO UK INVESTMENTS SOLD

TOTAL UNITED KINGDOM				<u>0.00</u>	<u>0.00</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**6.****To:** Shetland Charitable Trust

13 May 2010

From: General Manager

Report No. CT1005037

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 development and community support grants to organisations operating within Shetland. (Min. Ref. CT/19/00)
- 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. CT/02/06)
- 1.3 It is a requirement that all approvals are reported to subsequent Trust Meetings.

**2. Community Development Grants
2010/11 - £3,668**

- 2.1 The following community development grants were approved by the Head of Service, Community Development in the period from 27 February to 23 April 2010: -

Name of Organisation	Grant Approved (£)
Hjaltland Explorer Scout Unit	1,500
1 st / 2 nd Lerwick Sea Scout Group	1,500
Westsandwick Public Hall	<u>668</u>
	<u>3,668</u>

**3. Community Support Grants
2009/10 - £3,276**

3.1 The following community support grants were approved by the Head of Service, Community Development in the period from 27 February to 23 April 2010: -

Name of Organisation	Grant Approved (£)
Girlguiding Shetland – Lerwick District	<u>3,276</u>

**4. Community Arts Grants
2009/10 - £338
2010/11 - £4,111**

4.1 The following community arts grants were approved by the Head of Service, Community Development in the period from 27 February to 23 April 2010: -

Name of Organisation/ Individual	Grant Approved (£)
<u>2009/10</u>	
Ms Anne Eunson	185
Ms Joy Duncan	<u>153</u>
	<u>338</u>
<u>2010/11</u>	
Shetland Folk Society	463
Mr Malachy Tallack	1,000
Serpentine Drama	1,500
Mr Thomas Cockayne	574
Mr Fraser Mouat	<u>574</u>
	<u>4,111</u>

5. Recommendation

5.1 Trustees are asked to note the approvals listed in paragraphs 2.1, 3.1 and 4.1.

Shetland Charitable Trust
Date: 27 April 2010
Our Ref: AJ/DA1

Report Number CT1005037

REPORT

7.

To Shetland Charitable Trust

13 May 2010

From: General Manager

Report No. CT1005032

RECOMMENDED DISBURSEMENTS – SOCIAL CARE**1. Background**

- 1.1 This report concerns approvals by the Council's Head of Community Care in the period 27 February to 23 April 2010, in terms of Report Number CT/030/94, which was approved by the Trustees on 8 April 1994.

2. Social Assistance Grant Scheme**2009/2010 Approvals – £708.31****2010/2011 Approvals - £777.40**

- 2.1 The Head of Community Care approved the following;

	(£)
<u>2009/2010</u>	
2 Social Assistance Grants of up to £2,000 (Appendix A)	709.03
Add: Additional funding	36.28
Less: Refund to budget	<u>(37.00)</u>
	<u>708.31</u>
<u>2010/2011</u>	
5 Social Assistance Grants of up to £2,000 (Appendix B)	<u>777.40</u>

- 2.2 The grants would be allocated from the Social Assistance Grant Scheme budget head.

3. Independence at Home Scheme**2009/2010 Approvals - £1,107.44**

- 3.1 In order to make allowances for ongoing technical support fees and contract retentions, Trustees approved an Independence at Home Scheme 2009/2010 budget enhancement of £10,000 (Min ref. CT/38/09).

3.2 In terms of Report Number CT/007/94, which was approved by Trustees on 8 April 1994, the Head of Community Care approved Independence at Home Scheme expenditure totalling £1,107.44 (Appendix C). These are the final approvals for this scheme, and no further enhancement of budget is required.



4. Recommendations

4.1 Trustees are asked to note the 2009/2010 Social Assistance approvals shown in Appendix 1, totalling £708.31.

4.2 Trustees are asked to note the 2010/2011 Social Assistance approvals shown in Appendix 2, totalling £777.40.

4.3 Trustees are asked to note the 2009/2010 Independence at Home Scheme final approvals totalling £1,107.44.

Shetland Charitable Trust

Date: 3 May 2010

Ref: AJ/DS1

Report No: CT1005032

SOCIAL ASSISTANCE GRANT SCHEME at 31 March 2010

Funds available in 2009/2010	£ 35,000.00
Add enhancements from 2008/09	£ 7,987.00
Less previously allocated	£ 21,114.97

Less the following:-

<u>Reference</u>	<u>Amount</u>
09/10 41	£ 209.03
09/10 42	£ 500.00

(3) Approvals by Executive Director, Education and Social Care		£	
709.03			
Add: Additional funding	09/10 35	£	36.28
Less: Refund to budget	09/10 40	£	37.00
Balance of Funds remaining (not required)		£	21,163.72

I confirm the above grants have been approved, for the relief of vulnerable persons in need by reason of age, ill health, disability or financial hardship.

Executive Director, Education and Social Care
Agent for the Trustees of Shetland Charitable Trust

SOCIAL ASSISTANCE GRANT SCHEME at 23 April 2010

Funds available in 2010/2011

£ 35,000.00

Less the following:-

<u>Reference</u>	<u>Amount</u>
10/11 01	£ 166.84
10/11 02	£ 46.00
10/11 03	£ 123.16
10/11 04	£ 100.00
10/11 05	£ 341.40

(5) Approvals by Executive Director, Education and Social Care **£**
777.40

Balance of Funds remaining

£ 34,222.60

I confirm the above grants have been approved, for the relief of vulnerable persons in need by reason of age, ill health, disability or financial hardship.

Executive Director, Education and Social Care
Agent for the Trustees of Shetland Charitable Trust

INDEPENDENCE AT HOME SCHEME at 23 April 2010

Budget enhanced	£10,000.00
Less previously allocated	£ 92.00

<u>Reference</u>	<u>Amount</u>
1255	£235.00
1305	£872.44

(2) Approvals by Executive Director, Education and Social Care **£1,107.44**

Balance of Funds remaining (not required) **£ 8,800.56**

I confirm that the above grants has been approved for the relief of vulnerable persons in need by reason of age, ill health, disability or financial hardship and I accordingly recommend that Shetland Charitable Trust note the grant as approved above. These grants are for consultant's fees and relate to committed expenditure.

pp
 Executive Director, Education and Social Care
 Agent for the Trustees of Shetland Charitable Trust

