

Chief Executive: Dr Ann Black

22-24 North Road
Lerwick
Shetland
ZE1 0NQ

Telephone: 01595 744994
mail@shetlandcharitabletrust.co.uk
www.shetlandcharitabletrust.co.uk

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

Our Ref: EM/TA48

Date: 22 November 2017

Dear Sir/Madam

You are invited to the following meeting:

**Shetland Charitable Trust
Shetland Charitable Trust Boardroom, Lerwick
Thursday 30 November 2017 at 5.30pm**

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

(Please note the venue for this meeting)

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 14 September 2017 (enclosed).

For Decision

1. Budget 2018/19. Report enclosed.
2. Schedule of Meetings 2018. Report enclosed.

For Information

3. Investment Review Report – Quarter to 30 September 2017. Report enclosed.
4. Management Accounts – Six Months Ended 30 September 2017. Report enclosed.
5. Capital Works Bridging Loan Scheme. Report enclosed.

The following items contain **CONFIDENTIAL** information

For Decision

6. Shetland Leasing and Property Developments Limited (SLAP). *To follow.*
7. Viking Energy Shetland LLP. Report enclosed.

For Information

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

REPORT

To: Shetland Charitable Trust

Date: 30 November 2017

From: Chief Executive

Report: CT1711027

Budget 2018/19

1. Introduction

- 1.1 The purpose of this report is to seek Trustee approval of the recommended budget and disbursements for 2018/19.

2. Background

- 2.1 The Trust's long term financial strategy is to use the average investment growth above inflation on the Trust's reserves to support annual expenditure, and so be able to pass on the reserves, preserved against inflation, to future generations (Min Ref CT/34/08). This financial strategy is known as "self-sustainable use of reserves" or sometimes simply "self-sustainability".
- 2.2 In order to meet its financial strategy the Trust approved its new Financial Plan (CT1505022) at its meeting on 28 May 2015. This financial plan will see expenditure reduce to £8.5 million over the four years to 31 March 2020.
- 2.3 Following the implementation of the Trust's Investment Review the Trust appointed an active equity manager. As a result, the Trust's fund management fees are around £0.5m higher than when the Financial Plan was approved. Therefore, the financial plan will see expenditure reduce to £9.0 million over the four years to 31 March 2020.
- 2.4 A disbursement review was carried out in 2014/15, to bring the Trust's disbursements into line with its Financial Plan. Trustees agreed to enter into a 4 year funding period which ends at 31 March 2020. An indicative budget for 2017-2020 was approved at the Trust meeting on 28 May 2015 (CT1505038).

3. Present Position

- 3.1 The table below provides a summary of the overall recommended budget for 2018/19 against the approved 2017/18 budget:

	Recommended Budget 2018/19 £'000	Approved Budget 2017/18 £'000
Income	4,644	5,236
<u>Expenditure</u>		
Disbursements (See 3.2 below)	(7,721)	(8,061)
Trust Administration	(650)	(663)
Investment Management	(935)	(805)
Total Expenditure	9,306	9,529
Investment Recall (See 3.3 below)	(4,662)	(4,293)

3.2 A full list of the Trust's budgets is given in Appendix A. In summary, the proposed budget shows an investment recall is required.

3.3 The budget does not take into account possible gains or losses on the value of the Trust investments over the year.

4 Income - £4,644,351

4.1 The budgeted income has been restated to exclude managed fund dividend interest. Managed fund dividend interest is included as income in the Trust's Annual Accounts for accounting purposes. The Trust does not receive this income as cash, but it is automatically reinvested in the Trust's managed funds.

4.2 The budgeted income for Local Equity Gift Aid is based on business plan projections and takes no account of subsequent events.

5. Disbursements - £7,720,979

5.1 Funding up to a maximum of £7,720,979 is recommended. This is a decrease of £340,260 on the prior year. These savings have been made through the agreed changes in disbursements to help the Trust to achieve its financial plan.

	<u>2018/19 Budget</u>	<u>2017/18 Budget</u>
Revenue Grants	7,685,979	8,007,238
Local Charitable Organisations*	-	14,000
Arts Grant Scheme	20,000	25,000
Senior Citizens Clubs	15,000	15,000

*From 2018/19, these disbursements are included in Revenue Grants

5.2 Revenue Grants - £7,685,979

- 5.2.1 Full details of the service targets for each organisation have been included in Appendix B.
- 5.2.2 **Shetland Amenity Trust (SAT)** – funding of **£1,189,045** is recommended. The grant provides core and project funding to support the organisational and staffing costs of SAT. External funding is levered in where possible especially for capital projects. SAT seeks to deliver an effective holistic service which enhances all aspects of Shetland's cultural and natural heritage. The service supports, encourages and facilitates the sound management and sustainable development of Shetland's natural and cultural resources.
- 5.2.3 **Shetland Arts Development Agency (SADA)** – funding of **£633,974** is recommended. The grant goes towards meeting some of the core and project costs of promoting, developing and delivering activities in the fields of dance, drama, theatre, film, literature, music, crafts and visual arts with a view to the advancement of arts and culture and improving the quality of life for the inhabitants of Shetland. External funding is levered in where possible.
- 5.2.4 **Shetland Recreational Trust (SRT)** – funding of **£3,082,989** is recommended. The grant assists with the cost of providing leisure and sports facilities at locations throughout Shetland. The facilities are seen as places where communities meet, socialise and play, as well as an attraction for tourists in Shetland's unpredictable climate.
- 5.2.5 **Disability Shetland (Recreation Club & Social Activities)** – funding of **£12,641** is recommended. The grant supports the running costs of the Adult Recreation club and also contributes to the costs of delivering the Social Club and Yoga Club activities at Islesburgh.
- 5.2.6 **The Swan Trust** – funding of **£17,913** is recommended. The grant assists with the cost of keeping the restored Swan available for use as an approved sail training vessel. Young people are encouraged to sail on the Swan, to appreciate Shetland's fishing history and experience wildlife and culture.
- 5.2.7 **Shetland Churches Council Trust** – funding of **£13,501** is recommended. The grant is used to provide financial support to churches for maintaining and improving the fabric of the church buildings. Part of the grant (10% max.) is also used to support Christian community events and training.
- 5.2.8 **Shetland Befriending Scheme** – funding of **£54,418** is recommended. The scheme provides young people with an

opportunity to form a trusting relationship with an adult, to promote the young person's welfare and personal development. The grant covers salary costs and volunteers' expenses. Funding also supports the salary costs of the overall Project Coordinator for the Befriending Scheme.

- 5.2.9 **Citizens Advice Bureau (CAB)** – funding of **£132,265** is recommended. The grant is used towards the core costs of providing a general information and advice service.
- 5.2.10 **Voluntary Action Shetland (Core and Market House)** – funding of **£144,361** is recommended. The grant funds some of the core costs of providing a central point for advice and information to the voluntary sector in Shetland and the operation of Market House.
- 5.2.11 **Shetland Folk Festival** – funding of **£4,500** is recommended. The grant is used to assist with the core costs of organising the annual Folk Festival including artist's fees, transport and venue costs.
- 5.2.12 **Shetland Accordion and Fiddle Festival** – funding of **£3,000** is recommended. The grant is used to assist with travel expenses for visiting musicians performing at the annual Accordion and Fiddle Festival.
- 5.2.13 **Royal Voluntary Service** – funding of **£46,985** is recommended. The grant funds much of the core costs of providing a range of community projects for elderly and disabled people in Shetland.
- 5.2.14 **COPE Ltd** –funding of **£154,967** is recommended. The grant funds some of the core costs of the organisation to allow it to provide focused placements, training, support and employment opportunities to adults with learning and/or physical disabilities.
- 5.2.15 **Shetland Link Up** –funding of **£47,994** is recommended. The grant funds the core costs of the organisation enabling it to provide an informal meeting place to support people who are affected by mental health problems.
- 5.2.16 **Bus Services for Elderly and Disabled Persons** – funding of **£44,358** is recommended. This scheme supports the cost of daily transport services in Lerwick, to/ from clients' homes and/ or various social work establishments for elderly and disabled persons.
- 5.2.17 **Rural Care Model** - funding of **£2,091,516** is recommended. The funding is used to add value to the community care provided in Shetland, as the level of service is over and above that which would normally be provided by a local authority.
- 5.2.18 **Shetland Samaritans** – funding of **£4,000** is recommended. This budget supports the organisation to provide care/welfare services and activities in the community.

5.2.19 **Dunrossness Inter-Church Fellowship** – funding of **£7,552** is recommended. This budget supports the organisation to provide care/welfare services and activities in the community.

5.3 **Other Schemes - £35,000**

5.3.1 **Arts Grant Scheme** – funding of **£20,000** is recommended, which has been included in the overall budget. This budget is designed to assist and support individuals aged under 18 and/or community groups who are working with those aged under 18, or carrying out projects that are for the benefit of people aged under 18 with a wide range of arts genres, development projects and activities.

5.3.2 **Senior Citizens Clubs** – funding of **£15,000** is recommended. This budget supports senior citizens clubs with a programme of activities.

5.4 **Draw Down of Funding**

5.4.1 Trustees are required to formally agree the “draw down” (ie paying the grant) of funding to each of the organisations, which have successfully applied for funding from the Shetland Charitable Trust. Rather than considering each application separately, Trustees are asked to approve drawing down funding for all the organisations as listed above.

5.4.2 The costs highlighted above and the level of service set out in Appendix B have been agreed as part of the budgeting process through the application process. This enables payment (usually 50% of the total grant) to be made to the organisations on, or as soon as possible after, 1 April 2018.

5.4.3 The service provision targets for Shetland Amenity Trust, Voluntary Action Shetland, Shetland Befriending Scheme and the Royal Voluntary Service are being revised and are yet to be agreed. These will be presented to Trustees for approval at the next Trust meeting. This supports the Trustees’ request to review and revise service targets.

6. **Management and Administration – £649,753**

6.1 Funding of **£649,753** is recommended. The 2018/19 budget is shown in detail in Appendix A.

6.2 This is a reduction of £13,108 on the prior year. The main reasons for the reduction are:

- A reduction of £17,668 in bought in services, following a review of Service Level Agreements with Shetland Islands Council

7. **Investment Management - £935,304**

7.1 This takes full account of the Investment Review and the changes in asset allocation and fund managers implemented on 30 September

2016. It is a best estimate of fees as it is not possible to predict the cost with certainty as it is linked to the value of investments.

8. Financial Implications

8.1 If approved, the budgeted income will be £4,644,351 with expenditure of £9,306,037 giving a projected recall from investments of £4,661,686 for the year to 31 March 2019. This does not take into account any increase or decrease in the value of Trust investments in the year.

9. Conclusion

9.1 The recommended disbursements and management and administration costs of the Trust are £9,306,037 for the year to 31 March 2019.

9.2 The projected recall from Investments is £4,661,686 for the year to 31 March 2019.

10. Recommendations

10.1 It is recommended that Trustees approve:

- a) budgeted income of £4,644,351 as detailed at 4 above.
- b) budgeted disbursements of **up to** £7,720,979 as detailed at 5 above.
- c) grant budgets detailed in 5.2.1 to 5.3.2
- d) the drawdown of the approved grant budgets in 5.2.1 to 5.3.2, including the preparation of the Grant Offer Letters, which set out simple statements of the services and standards expected to be received for the grants awarded.
- e) budgeted management and administration expenses of £649,753 as detailed at 6 above.
- f) budgeted investment management expenses of £935,304 as detailed at 7 above.

Reference: DA1 & DA5
Date: 15 November 2017

Report Number: CT1711027

	FY 19 Budget £	FY 18 Budget £
<u>Income and Expenditure</u>		
Managed fund dividends	1,842,792	1,686,255
Agricultural loan interest	1,059	1,787
Local Equity Gift Aid	2,000,000	2,547,692
Rental income	800,500	1,000,500
Miscellaneous income	-	-
Total Income	<u>4,644,351</u>	<u>5,236,234</u>
Revenue Grants	7,685,979	8,021,239
Total schemes	35,000	40,000
Total Disbursements	<u>7,720,979</u>	<u>8,061,239</u>
Total Staffing Costs	304,600	303,600
Property Costs	61,700	57,000
Insurance	9,500	9,500
Administration	2,250	3,000
Supplies and services	6,000	7,000
Legal fees	50,000	50,000
Professional fees	20,000	20,000
Financial Advice	50,000	50,000
External audit fees	23,250	21,600
Trustees expenses	5,000	5,000
Meeting expenses	3,000	4,000
Trustee recruitment	5,000	5,000
Bank charges	250	250
Bought in services	109,203	126,871
Total management and admin	<u>649,753</u>	<u>662,821</u>
Fund managers fees	935,304	805,299
Total investment costs	<u>935,304</u>	<u>805,299</u>
Total Expenditure	<u>9,306,037</u>	<u>9,529,359</u>
Investment Recall	<u>(4,661,686)</u>	<u>(4,293,125)</u>

Shetland Arts Development Agency

Purpose

The objects of SADA shall be to **advance the education of the public resident in Shetland in the Arts**, in particular the Arts of Dance, Drama, Theatre, Film, Literature, Music, Crafts, Visual Arts and any new form of Media.

In furtherance of the said objectives but not otherwise, the Trustees shall seek to:

- I. **encourage and assist in promoting and advancing the creation, practice, presentation and study** of all forms of art – visual, performing and creative;
- II. **support and encourage the continual development** of all arts forms;
- III. **support existing and encourage new work;**
- IV. **improve access** to the arts and **create opportunities** for individuals, geographical communities and communities of interest, at all levels of expertise and ability, to participate in and enjoy a diverse range of arts activity through performance, exhibitions and educational activities;
- V. **create opportunities for personal development** through arts activities;
- VI. **promote a culture of lifelong learning** through a community development approach within the arts;
- VII. **support professional artists** through residencies, workshops and performances;
- VIII. **promote excellence** in artistic quality;
- IX. **develop the skills experience** of artist practitioners, and participants and encourage learning; and
- X. **provide facilities** to support artistic activities

Key Targets 2018-19

Concerts/screenings/exhibition days – 4,219

Audience attendances – 155,962

Development sessions – 2,052

Participations – 18,587

Practitioners supported – 1,850

Groups supported – 200

Micro Businesses supported – 70

Total voluntary hours – 2,000

Shetland Recreational Trust

Purpose

To provide a wide range of leisure and sport activities and facilities at 8 locations throughout Shetland.

The facilities are professionally operated, well maintained to a high standard with appropriate opening hours.

The facilities are seen as places for whole communities to meet, socialise and play.

They are a major attraction for local residents and an important factor in attracting tourists.

Key Targets 2018-19

Continue to manage and operate 8 leisure facilities across Shetland, whilst maintaining the minimum number of opening hours for each facility at:

Annual Target Opening Hours:

Clickimin Leisure Complex	4,900
Unst Leisure Centre	3,500
Yell Leisure Centre	3,500
North Mainland Leisure Centre	3,640
Whalsay Leisure Centre	3,255
South Mainland Pool	2,450
Scalloway Pool	2,625
West Mainland Leisure Centre	3,380

Annual Target Admissions

Clickimin Leisure Complex	380,000
Unst Leisure Centre	29,000
Yell Leisure Centre	38,500
North Mainland Leisure Centre	50,000
Whalsay Leisure Centre	44,000
South Mainland Pool	31,000
Scalloway Pool	33,000
West Mainland Leisure Centre	44,000

Maintain an average of 400 SRT and rural subscription members.

Maintain an average of 470 corporate subscription members.

Achieve attendances of 26,000 through swimming classes and courses.

Achieve attendances of 25,000 in sport and exercise classes.

Achieve attendances of 1,470 at health specific promoting classes

Undertake an annual survey to assess customer satisfaction rates with the services and facilities being provided by SRT

Continue to provide Senior Leisure Clubs for older adults at West Mainland, Clickimin, Unst, Whalsay and Yell.

Maintain attendance figure of 3,200 for Senior Leisure Clubs.

Work in partnership with local event organisers to deliver a minimum of 6 large scale community events at Clickimin for the people of Shetland.

Ensure that a consistent charging policy is implemented across all facilities, including standard and concessionary charges for those below 18 years of age, people with a disability and older adults (60+).

Provide 8 case studies which highlight the positive impact of SRT services on the lives of service users.

Disability Shetland

Purpose

To support the running costs of the Adult Recreation Club, including hiring venues, transport, volunteer expenses and training.

To contribute to the costs of delivering the Social Club and Yoga Club.

Key Targets 2018-19

Dry Sports – 36 sessions

Bowls Competitions – 1 per year

Swimming – 9 sessions

Swimming Gala – 1 per year

Yoga – 20 sessions

Wednesday Social Club – 48 sessions

Arts and crafts club – 12 sessions

Case studies – 2 per year

The Swan Trust

Purpose

To make the Swan available for viewing, restored in good working order and registered as an approved sail-training vessel.

To encourage young people to sail on the Swan, to appreciate Shetland's sailing and fishing history and experience our wildlife and culture.

Key Targets 2018-19

Increased awareness of marine environment and heritage:

- Shetland schools – 8 schools, 150 pupils
- Additional Support Needs groups – 1 group, 5 people
- Youth groups – 2 groups, 20 young people
- Adult groups – 4 groups, 40 adults
- Special Interest groups – 2 groups, 10 adults

Improved sail training skills for young people:

- 4 Trips, 40 young people
 - 90 days at sea
 - 1 satisfaction survey
 - 2 case studies
-

Shetland Churches Council Trust

Purpose

To maintain church buildings and support community events along with support for training and education.

Key Targets 2018-19Appropriate management of trust affairs

To hold regular meetings of Trustees, around 6 per year, to consider Grant applications and to receive reports from Trust representatives on various groups that the trust is involved in.

Maintenance and enhancement of church buildings

To continue to assist Christian congregations with the upkeep and repair of their buildings, particularly where they have a wider architectural or community benefit, in order to ensure that these buildings can continue to provide satisfactory places of worship.

To facilitate the provision of access to church buildings and to the activities taking place therein, for those who have disabilities or other physical impairments

To ensure, where reasonably practical, that entrances are not a barrier to wheelchair bound users and that other impairments such as deafness, are mitigated by provision of loop systems.

To facilitate congregations of differing denominations to come together and provide an opportunity for all people in Shetland to join with the whole church in worship

To work together to co-ordinate and facilitate services and events.

To encourage members of congregations to be trained to carry out their functions despite the high cost of travel to mainland training

Provide travel grants to defray some of the costs of travel from Shetland.

To provide Christian representation on secular organisations and to be "salt" in the community

Sit on committees and bodies dealing with issues such as drugs and alcohol and Emergency Planning Forum.

Shetland Islands Citizens Advice Bureau

Purpose

Providing an independent advice and information service to:

1. Ensure that individuals do not suffer through lack of knowledge of their rights and responsibilities, or of the services available to them, or through an inability to express their need effectively and
2. To exercise a responsible influence on the development of social policies and services, both locally and nationally.

Key Targets 2018-19

- Deliver information and advice services for at least 30.5 hours per week
 - Number of new clients / new cases opened – 2,000
 - Total number of issues supported – 8,000
 - Confirmed financial gains from generalist advice - £15,000
 - Collaboration with partner organisations – 10
 - Training and supported work experience for volunteers – 25
 - Including new trainees – 4
-

COPE Limited

Purpose

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

Key Targets 2018-19

1. Maintain accountable relationships with funding stakeholders.
 2. Maximise each business unit's performance and set clear goals in relation to its income and expenditure.
 3. Identify target markets, explore and adopt innovative strategies, including the use of digital technologies, to attract new customers.
 4. Develop a strong, communicative and connected workforce.
 5. Sustain and promote the social aims of the organisation.
-

Shetland Link Up

Purpose

Providing support to people who are affected by mental health problems

Key Targets 2018-19**PROPOSED OUTCOMES.**

- **Promotion and extension of social inclusion**

a. Support up to 37 clients a year by attendance at drop-in, telephone and other contacts to access and maintain social contact. (Measured by maintaining a log of the number of and type of contacts.)

b. Number of clients who see company, opportunities for social inclusion, contact with others and friendship as their main need from the service to be identified from service agreements and reviews and success of this measured from reviews as well as the quarterly satisfaction ballot (anonymous).

c. Achievement of greater social inclusion measured by satisfaction ballot and service reviews.

d. Aim to support clients from all over Shetland.

- **Enabling people to access other services and facilities more easily and be more easily integrated into the wider community.**

a. Number of referrals to other agencies to be recorded by staff (on contact log?) Uptake or otherwise and reasons to be sought (but not obligatory).

b. In a year, at least 5 other services/support agencies or facilities to be invited to come to Link Up for clients to find out more about them and how to access them and for clients to meet staff.

c. At least 6 activities to be organised each year to for users of Link Up which enable access to other facilities (e.g. Clickimin, Shetland Arts) or build/improve skills (e.g courses/workshops in a variety of subjects such as crafts, cookery, sports etc.) These to be chosen from annual activities questionnaire. Feedback to be obtained.

- **Support clients in recovery and maintaining it but also in relapse. Recognising that for some clients prevention of mental health deteriorating may be an outcome.**

a. Measured by comments on service agreement reviews and satisfaction ballot

b. Number of people returning to the service to be recorded from contact logs.

- **Promotion of factors which may assist improvement in mental health, for example improvement of self-esteem, exercise, diet etc (see above). May also be done by provision of information , e.g. MIND's leaflets, relaxation techniques etc.**

a. Measured as activities

b. Provision of information within drop-in recorded

Shetland Accordion and Fiddle Club

Purpose

To provide opportunities for the performance of accordion and fiddle music at a festival. To provide the opportunity for visiting musicians to meet and play with local musicians thereby imparting knowledge and styles to each other. To provide an opportunity for young Shetland musicians to broaden their horizons and perform to large audiences.

Key Targets 2018-19

Shetland Accordion and Fiddle Festival, October 2018 (To maintain and build on the very high standard achieved in previous years.)

To encourage as wide a range of traditional music as possible. (To bring musicians from Scandinavia, Scotland, England and Ireland to the festival).

To increase Club membership numbers. (Over 450 memberships)

To increase audience numbers at the venues. (Approximately 2,200)

To increase the number of club members from outside Shetland thus boosting off season tourism. (Approximately 140)

To maintain revenue from tickets, raffle and memberships. (Over £30,000)

Shetland Folk Festival Society

Purpose

To assist with the costs of providing artists to perform at the 36th Shetland Folk Festival and to help cover the costs of providing transport and venues.

Key Targets 2018-19

Festival club – A central meeting place for members and artistes. Open to members who just wish to listen and participate alongside visiting artistes.

1 “open to all” concert on Thursday lunchtime

At least 5 workshops over the weekend

1 dedicated youth concert featuring Shetland’s up and coming talent

Session opportunities and 7 informal concerts through the Late Night gigs.

The whole community having access to concerts by programming events throughout Shetland

Approx 23 ticketed concerts held throughout Shetland attended by 5,500 plus

The provision of an outreach concert in an outlying community

At least one outreach concert held in either Unst, Yell, Fetlar, Skerries, Whalsay or Fair Isle. Up to 100 in attendance.

Additional Support Needs Concert

A free and private concert for adults and children with additional support needs. Up to 100 in attendance.

Eric Gray Resource Centre Musical Session

A free session with up to 50 service users in attendance.

Playgroup Concert

A free playgroup concert organised in partnership with the Association of Shetland Playgroups. Over 300 in attendance.

School Visit

At least 1 visit to a primary school for exchange of music and culture.

Educational/Youth Event

1 Youth Event or Project – featuring young musicians from throughout Shetland.

Bus Service for the Elderly and Disabled

Purpose

To assist with the costs of providing bus transport with additional support needs (whether through age or disability), providing access to day services, lunch club and other opportunities..

Key Targets 2018-19

To maintain the current number of bus users and increase provision where scheduling allows and opportunities are identified.

Shetland Islands Council – Rural Care Model

Purpose

To Deliver a Rural Care Model

The Trust's contribution is to assist with cost of the additional overheads/fixed costs associated with the diseconomies of scale and the additional costs due to providing local services throughout Shetland.

Key Targets 2018-19

In 2018/19, Shetland islands Council – Rural Care Model is expected to achieve the following targets: -

- To maintain the number of permanent beds available for residential and respite care;
 - To ensure resources are used effectively, maintaining high Care Home occupancy;
 - To maintain performance against the national health and wellbeing outcomes;
 - To maintain positive Care Inspectorate results.
-

Shetland Samaritans

Purpose

To support the organisation to provide care/welfare services and activities in the community.

Key Targets 2018-19

1. To continue to offer services at the same level e.g. telephone/face to face service.
 2. To continue to offer an email/SMS service.
 3. To offer a service to Shetland Schools
 4. To recruit and train more volunteers, both listening and support.
-

Dunrossness Inter-Church Fellowship

Purpose

To support the organisation to provide care/welfare services and activities in the community.

Key Targets 2018-19

1. To provide a central weekly day care service for house bound or otherwise isolated elderly people within the South Mainland area.
 2. To provide weekly meeting including lunch and transport from home to hall.
 3. To provide an opportunity for social inter-action with regular entertainment.
 4. To provide a range of stimulating social, recreational and educational activities.
-

REPORT

To: Shetland Charitable Trust

30 November 2017

From: Chief Executive

Report: CT1711028

Schedule of Meetings 2018

1. Introduction

- 1.1 The purpose of this report is to seek Trustees' approval as to the schedule of meetings for 2018. It is proposed to schedule four meetings for the year.

2. Present Position

- 2.1 The Audit & Governance Advisory Committee took into consideration the views of all Trustees and it was agreed to change the frequency and timing of the meetings during 2017. It is proposed to continue with this for the 2018 meetings.

3. Proposed Schedule

- 3.1 For 2018, the following meeting dates are proposed:

Thursday 8 March 2018

Thursday 14 June 2018

Thursday 13 September 2018

Thursday 29 November 2018

- 3.2 The meetings will take place in Islesburgh Community Centre and will start at 5.30pm.

4. Recommendations

- 4.1 The Audit & Governance Advisory Committee recommend that Trustees adopt the diary of meetings set out above for 2018.

Ref: TA48
9 November 2017

Report Number CT1711028

REPORT

To: Shetland Charitable Trust

Date: 30 November 2017

From: Chief Executive

Report: CT1711029

Investment Review Report - Quarter to 30 September 2017

1. Introduction

- 1.1 The Trust's external investments are managed on its behalf by fund managers. The purpose of this report is to review investment performance for the quarter to 30 September 2017.

2. Detail

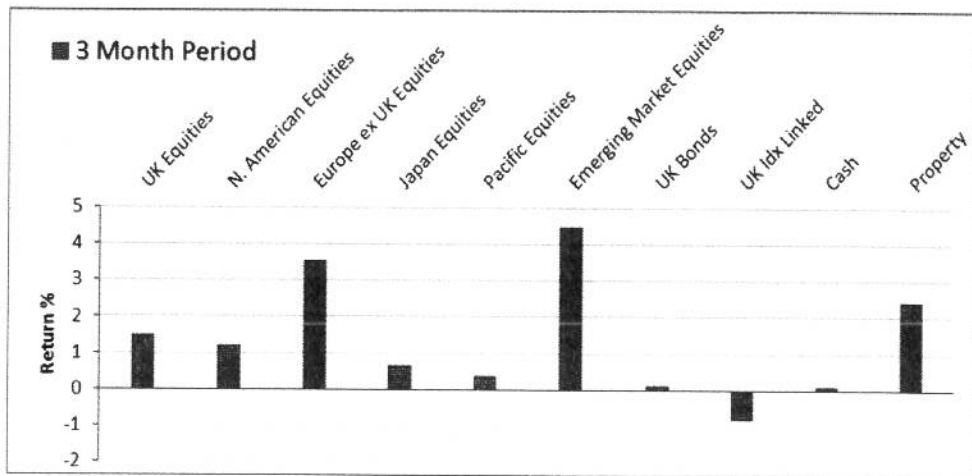
- 2.1 This report concentrates on the three-month period from July to September 2017. The report looks at the performance of the Trust's fund managers, the overall investment performance relative to the markets, the physical movement of funds, any changes from the investment strategy, and any other relevant issues relating to the investments over the period.
- 2.2 The Trust has four fund managers with total investments under management at the end of September 2017 of £249 million. The funds, type of mandate and market values at the end of September 2017 are as follows:

Manager	Mandate	% of Reserves	Market Value £m
Baillie Gifford	Active Equity	40%	101
BlackRock	Passive Equity	35%	87
Schroders	Property	15%	37
Insight	Diversified Growth Fund	10%	24

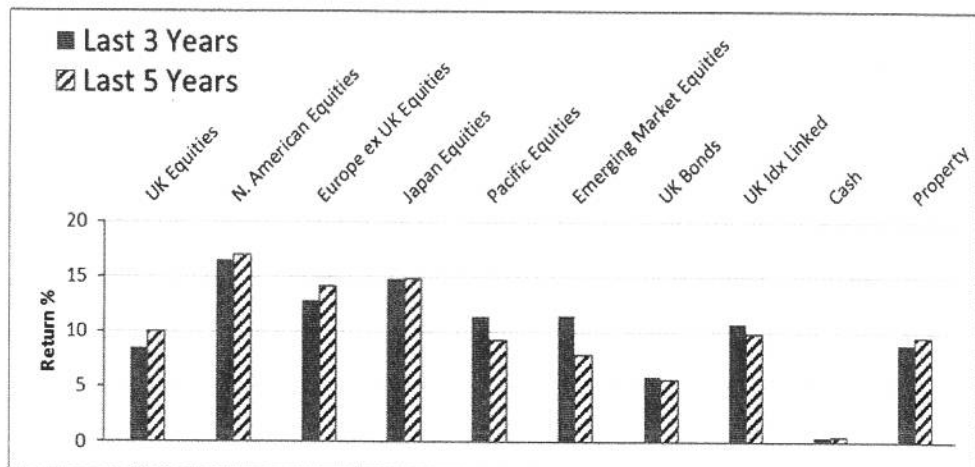
- 2.3 Individual fund manager performance is detailed later but there is the need to consider the effect of the markets themselves and of any cash withdrawals or injections into the funds. The following table shows the effect on the overall investments of these factors during the three month period.

	3 Months Jun – Sep	6 Months Apr – Sep
	£m	£m
Opening Market Value	241	232
Additions / (Withdrawals)	(2)	(2)
Investment Return	<u>10</u>	<u>19</u>
Market Value Sep 2017	<u>249</u>	<u>249</u>

- 2.4 The figures show an overall £8 million increase in value over the three month period. This increase in value is due to investment returns from various asset classes, with equities being the best returning asset class over the period.
- 2.5 There was a withdrawal of £1.0 million from the investments during the three month period to September 2017. This withdrawal was made in September from BlackRock to ensure the Charitable Trust had enough cash to cover its half yearly disbursements.
- 2.6 The Trust also received £0.5 million of dividend income during the three month period to September 2017. This dividend was from BlackRock and is their quarterly dividend distribution from the UK equity investment, which is automatically paid into the Trust's bank account
- 2.7 Over the six month period to September 2017 the Charitable Trust's investments have returned £19 million, which is a return of 8.2% over the six month period. This was during a period where the UK, France and Germany all had elections. North America increased their interest rates and the uncertainty over the Brexit negotiations continued. The markets have shrugged off most of these events, and the six month period has seen most investments rise.
- 2.8 Over the three month period to September 2017 major hurricanes hit North America, and there was a war of words with North Korea that increased the tension between the two countries, but the US equity markets posted record highs. Japan saw improving economic data and the Prime Minister's popularity rose with his handling of the North Korean situation, which helped their equity markets. Improved economic data helped European markets, and the UK gained over the quarter boosted by good retail sales and low steady unemployment figures. The investment markets performance by asset class over the three month period therefore looks like this:



2.9 This is only a three month snapshot of how the various investment classes and sectors have performed and it shows how, in the short term, values do fall as well as rise. History shows that investments in these asset classes over the long term are usually positive, which is the reason the investment strategy is based on a long term investment horizon. As an example of the differences in market returns over a slightly longer time period the following graph shows the same asset class returns per annum over the last three and five years.



2.10 The fund manager has negligible influence over the market return but they may be required by the mandate agreement to invest into these markets. The main constituent of a fund's performance is the market return, where the fund is invested. A fund manager with an active mandate is asked to outperform a benchmark made up of market indexes, or cash plus a percentage return, whereas a fund manager with a passive mandate is aiming to match the market return.

2.11 In this environment the Trust's fund managers have, over the three month period to the end of September 2017, performed as follows:

Manager	Mandate and Benchmark	Fund Return	Benchmark Return	% Return Compared to Benchmark
Baillie Gifford	Activity Equity	5.6	1.8	3.8
BlackRock	Equity (Passive)	1.6	1.6	0.0
Schroders	Property	2.6	2.4	0.2
Insight	Bonds	1.9	1.0	0.9

2.12 Baillie Gifford's fund is invested actively in equities. The fund only holds between 30 and 60 shares world-wide, and Baillie Gifford takes a long term investment view so the number of share purchases and sales are low. This fund is therefore volatile with returns that can be very different to the benchmark index. Over the three month period Baillie Gifford returned 5.6% which was 3.8% above the benchmark.

2.13 The fund with BlackRock is invested passively in equities, so the fund is aiming to equal the benchmark return. BlackRock achieved this aim over the three month period in a rising equity market place producing a return of 1.6%, which is a reflection of the mixture of returns from the various equity markets the fund invests into.

2.14 Schroders invests into property via a fund of funds approach where they invest in various different property funds to spread investment risk. Over the three month period the fund returned 2.6% which was just above the property benchmark.

Schroders current portfolio structure is to maintain an overweight position to industrials and an underweight position to central London offices, as this sector is being affected by the uncertainty over the UK's Brexit negotiations. They are also looking to increase exposure to regional offices.

2.15 Insight has a diversified growth fund mandate which invests into various different asset classes to spread risk and smooth returns. The majority of investment sectors produced positive returns, the best performing sector was equities but specifically emerging markets. Performance within fixed income was driven by emerging market bonds and high yield debt. Overall Insight produced a 1.9% return which was 0.9% above the benchmark return.

2.16 The overall investment return for all of the Trust's investments for the three month period to the end of September 2017 was 3.4%, which was 1.6% above the benchmark return.

2.17 Since the end of September 2017 the financial markets have remained positive, and at the end of October 2017 the Charitable Trust's investments had a value of 258 million.

3. Financial Implications

3.1 The long term investments and their performance are important to the Trust and the achievements of its outcomes and objectives.

3.2 It is recognised that the actual investment performance each year will be different to what is expected or required however over the long term this will be monitored and reviewed to ensure that the Trust's external investments work towards meeting its long term objectives.

3.3 It is not likely that the Trust can expect a positive investment return from its investments every year but having robust governance and monitoring in place mitigates the financial risks and enables the Trust to take action at appropriate times to address poor performance by the fund managers.

4. Recommendations

4.1 Trustees are asked to note this report.

Reference: IA7
Date: 20 November 2017

Report Number: CT1711029

REPORT

To: Shetland Charitable Trust

Date: 30 November 2017

From: Chief Executive

Report: CT1711030

Management Accounts – Six Months Ended 30 September 2017

1 Introduction

1.1 The purpose of this report is to present the Trust's Management Accounts for the six months ended 30 September 2017, 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 2017/18 and the results in the six months to 30 September 2017.

Table 1: Summary Management Accounts 2017/18

Item	Current Budget £m	Spend to Sept 2017 £m
Income	5.2	2
Disbursements	(8)	(5.1)
Management and Administration	(0.7)	(0.2)
Fund Managers Fees	(0.8)	(0.5)
Gain on Investments	-	17
Total	(4.3)	13.2

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

2.3 In the six months ended 30 September the Trust made a gain on its investments of £17m.

3 Financial Implications

3.1 No direct financial implications flow from this information report.

4 Recommendations

4.1 Trustees are asked to note the Trust's satisfactory financial performance to 30 September 2017 as shown in the Management Accounts in Appendix A.

Reference: DA5/1
Date: 15 November 2017

Report No: CT1711030



Shetland **Charitable Trust**

Management Accounts

6 Months Ended 30 September 2017

**Shetland Charitable Trust
Income and Expenditure
Period to 30 September 2017**

	<u>6 Month Actual £</u>	<u>Annual Budget £</u>	<u>Variance £</u>
<u>Income</u>			
Managed fund dividends	978,473	1,686,255	(707,782)
Managed fund interest	666,720	-	666,720
Agricultural loan interest	965	1,787	(822)
Local equity gift aid	9,994	2,547,692	(2,537,698)
Rental income	383,395	1,000,500	(617,105)
Bank interest	1,601	-	1,601
Miscellaneous income	-	-	-
	<u>2,041,148</u>	<u>5,236,234</u>	<u>(3,195,086)</u>
<u>Expenditure</u>			
Disbursements	(5,141,050)	(8,061,238)	2,920,188
Management and administration	(205,667)	(662,821)	457,154
Fund managers	(454,917)	(805,299)	350,382
	<u>(5,801,634)</u>	<u>(9,529,358)</u>	<u>3,727,724</u>
Gain on investments	16,987,484	-	16,987,484
Surplus/(Deficit)	<u>13,226,998</u>	<u>(4,293,124)</u>	<u>17,520,122</u>

Shetland Charitable Trust
Balance Sheet
Period to 30 September 2017

	Sep-17	
	£	£
Tangible fixed assets		493,000
Investments		<u>275,419,443</u>
		275,912,443
Trade debtors	1,933	
Prepayments and Accrued income	180,414	
Other debtors	141,720	
Bank	<u>3,424,006</u>	
	3,748,073	
Trade creditors	110,467	
Accruals and deferred income	267,730	
Amounts owed to subsidiary	-	
Other creditors	<u>(779)</u>	
	377,418	
Net current assets		<u>3,370,655</u>
		279,283,098
Pension liability		(1,939,000)
		<u>277,344,098</u>
Opening reserves		264,117,100
Surplus for period		<u>13,226,998</u>
Closing reserves		<u>277,344,098</u>

Shetland Charitable Trust
Rental Income
Period to 30 September 2017

	<u>6 Month Actual £</u>	<u>Annual Budget £</u>	<u>Variance £</u>
Sullom Voe Site	382,895	1,000,000	(617,105)
Shetland Golf Course	500	500	-
	<u>383,395</u>	<u>1,000,500</u>	<u>(617,105)</u>

Shetland Charitable Trust
Disbursements
Period to 30 September 2017

	6 Month Actual £	Annual Budget £	Variance £
Shetland Amenity Trust	617,551	1,235,102	(617,551)
Shetland Arts Development Agency	332,213	664,426	(332,213)
Shetland Recreational Trust	1,596,588	3,193,176	(1,596,588)
Support to Rural Care Model	2,196,844	2,196,844	-
<u>Other Revenue Grants</u>			
Disability Shetland Recreation Club	12,641	12,641	-
The Swan Trust	17,913	35,825	(17,912)
Shetland Churches Council Trust	13,501	27,002	(13,501)
Shetland Befriending Scheme	27,209	54,418	(27,209)
Citizens Advice Bureau	66,133	132,265	(66,132)
COPE Limited	77,484	154,967	(77,483)
Shetland Link Up	23,997	47,994	(23,997)
Voluntary Action Shetland	72,181	144,361	(72,180)
Festival Grants	15,000	15,000	-
Local Charitable Organisations	11,552	14,000	(2,448)
Buses for Elderly and Disabled	23,116	46,232	(23,116)
Royal Voluntary Service	23,493	46,985	(23,492)
Sub Total Charitable Organisations	5,127,416	8,021,238	(2,893,822)
<u>Schemes</u>			
Arts Grant Scheme	7,036	25,000	(17,964)
Senior Citizens Clubs	7,600	15,000	(7,400)
Sub Total Schemes	14,636	40,000	(25,364)
Surplus Grants Refunded	(1,002)	-	(1,002)
Total	5,141,050	8,061,238	(2,920,188)

Shetland Charitable Trust
Management and Administration Expenditure
Period to 30 September 2017

	6 Month Actual £	Annual Budget £	Variance £
Basic Pay and Allowances	125,922	290,000	(164,078)
Professional Membership Fees	170	500	(330)
Staff recruitment	-	1,000	(1,000)
Travel and Subsistence	2,822	7,240	(4,418)
Training and Staff Development	1,964	4,860	(2,896)
Sub Total Staffing Costs	130,878	303,600	(172,722)
Operating Costs			
Insurance	9,397	9,500	(103)
Administration	1,138	3,000	(1,862)
Supplies and Services	2,192	7,000	(4,808)
Bank Charges	74	250	(176)
Professional Fees: Other	2,269	20,000	(17,731)
External Audit Fees	22,080	21,600	480
Financial advice - internal investments	-	50,000	(50,000)
Trustees Expenses	756	5,000	(4,244)
Meeting expenses	886	4,000	(3,114)
Legal Fees	17,629	50,000	(32,371)
Trustee Recruitment Costs	323	5,000	(4,677)
Sub Total Operating Costs	56,744	175,350	(118,606)
Property Costs			
Energy Costs	1,815	8,000	(6,185)
Water Rates	371	1,500	(1,129)
Maintenance - Garrison Theatre	279	32,500	(32,221)
Maintenance - 22-24 North Road	2,426	13,500	(11,074)
Cleaning	611	1,500	(889)
Sub Total Property Costs	5,502	57,000	(51,498)
Bad debt write off	-	-	-
Bought In Services			
Treasury	-	36,153	(36,153)
Payroll	-	1,000	(1,000)
Pension	-	3,600	(3,600)
Building Maintenance	-	51,984	(51,984)
Committee Services	-	12,731	(12,731)
Computer Services	4,080	4,328	(248)
Messenger Service	-	515	(515)
Peninsula	1,063	2,160	(1,097)
Public Relations	7,400	14,400	(7,000)
Sub Total Bought In Services	12,543	126,871	(114,328)
Total	205,667	662,821	(457,154)

Shetland Charitable Trust
Investment expenses
Period to 30 September 2017

	6 Month Actual £	Annual Budget £	Variance £
Managed fund misc	42,691	-	42,691
Fund managers fees	-	-	-
Black Rock fees	45,340	87,915	(42,575)
Northern trust fees	22,244	56,800	(34,556)
Insight investment fees	50,735	105,930	(55,195)
Schroders fees	43,910	73,402	(29,492)
Baillie Gifford fees	249,996	481,252	(231,256)
	454,917	805,299	(350,382)



REPORT

To: Shetland Charitable Trust

Date: 30 November 2017

From: Chief Executive

Report: CT1711031

Capital Works Bridging Loan Scheme

1. Introduction

- 1.1 This report updates Trustees on the Capital Works Bridging Loan Scheme.

2. Background

- 2.1 On 18 March 2010, Trustees agreed to provide short term bridging finance to community organisations undertaking capital projects. The interest free loans are used to alleviate cash flow problems when waiting for funding from EU, Scottish Government, SRDP, LEADER, ERDF and/or lottery grants to come through. (Min. Ref. CT15/10)
- 2.2 Funding for capital projects is often only released once work has been completed and invoices paid. This can create insurmountable cash flow burdens for some organisations.
- 2.3 A total of £1 million was set as the maximum available at any one time.

3. Present Position

- 3.1 Appendix A lists each bridging loan made to date. In total 30 projects have received bridging loans, totalling £2,236,216. Of these, 27 projects have fully repaid their loans.
- 3.2 In 2017/18, the Trust has provided four organisations with bridging loans totalling £141,720 with repayment due within the next 12 months as they receive their grants.
- 3.3 Feedback on the scheme from organisations has been very positive.

4. Financial Implications

- 4.1 There are no new implications arising from this report. However, it should be noted that the provision of interest free loans means that the capital involved is not generating investment return.

5. Conclusion

- 5.1 Thirty projects have been undertaken by community groups throughout Shetland. For many of these projects it would have been very difficult for them to proceed without the support of the Trust's scheme.

6. Recommendation

- 6.1 Trustees are recommended to note this report.

Reference: D19
Date: 14 November 2017

Report Number: CT1711031

Capital Works Bridging Loan Scheme

CT1711031 – Appendix A

Project	Project Costs £	Bridging Loan £	Repaid £	Due to SCT £	Notes
Burravoe Pier	57,000	25,650	25,650		
Ollaberry Hall	272,878	110,000	110,000		
Bressay Sports Park	300,572	114,537	114,537		
Scalloway Museum	814,460	345,000	345,000		
Fair Isle Hall	137,806	62,000	62,000		
Sandsayre Pier	790,000	170,000	170,000		
Sandness Hall	168,160	100,000	100,000		
Northmavine Club	77,175	26,640	26,640		
Hillswick Hall	347,887	100,000	100,000		
Fetlar Electric Minibus	83,275	35,600	35,600		
Mareel	276,505	276,505	276,505		
Sumburgh Lighthouse	178,769	120,000	120,000		
Aith Public Hall	21,664	9,900	9,900		
Collafirth Marina	72,000	58,320	58,320		
South Nesting Public Hall	233,786	88,442	88,442		
Aithsvoe Marina	144,000	68,202	68,202		
Ormatwatt Centre	24,730	10,000	10,000		
Shetland Skatepark Association	211,229	62,179	62,179		
Hoswick Visitor Centre	52,000	46,000	46,000		
Scalloway Boating Club	108,396	49,022	49,022		
Aithsvoe Marina-Loan 2	82,700	41,867	41,867		
Scalloway Museum-Loan 2	153,940	41,041	41,041		
Burravoe Public Hall	206,500	43,000	43,000		
Shetland Moving Image Archive (SMIA)	12,000	3,231	3,231		
Fetlar Developments Ltd - Loan 2	143,733	84,360	84,360		
Sumburgh Lighthouse – Loan 2	5,400,000	132,300	132,300		
Fetlar Developments Ltd – Loan 3	81,202	55,000		55,000	Loan issued May 2017 Repayment expected by May 2018
Tresta Boating and Fishing Club	27,612	12,420	12,420		
Tingwall Public Hall	119,854	50,000		50,000	New loan issued October 2017 Repayment expected March 2018
Whalsay Model Yacht Club	54,000	24,300		24,300	New loan issued October 2017 Repayment expected December 2017
TOTAL	10,653,833	2,365,516	2,236,216	129,300	

