

**Chief Executive: Dr Ann Black**

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

Our Ref: TA48

Date: 5 February 2025

Dear Sir/Madam

You are invited to the following meeting:

**Shetland Charitable Trust**  
**22-24 North Road, Lerwick, ZE1 0NQ (and remotely via Zoom)**  
**Thursday 13 February 2025 at 11.00am**

Apologies for absence should be notified to Edna Flaws on 01595 744994.

*(Please note that a Zoom invitation will be sent separately for those attending remotely)*

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 21 November 2024 (*enclosed*).

***For Information***

1. Investment Performance Update – Nine Months to 31 December 2024. *Report enclosed.*
2. Management Accounts – Nine Months to 31 December 2024. *Report enclosed.*
3. Capital Works Bridging Loan Scheme. *Report enclosed.*

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

***For Decision***

4. Large Grant Scheme 2025/26 – Outcome Evaluation Plans. *Report enclosed.*
5. Recruitment of Trustees. *Report enclosed.*
6. Appointment of Director: CT Shetland™ Limited. *Report enclosed.*
7. Belmont Built Heritage Grant Scheme. *Report enclosed.*
8. Implementation of External Investment Review. *Report enclosed.*
9. Strategic Risk Assessment – Review. *Report enclosed.*

***For Information***

10. Update from Chairs of Advisory Committees.
11. Update from Subsidiary Companies.

## **REPORT**

**To:** Shetland Charitable Trust

**Date:** 13 February 2025

**From:** Chief Executive

**Report:** CT2502001

### **Investment Performance Update – Nine Months to 31<sup>st</sup> December 2024**

#### **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 nine months to 31 December 2024.

#### **2. Market Performance**

- 2.1 Quarter four of 2024 saw continued trends of the past 18 months, with the markets mainly propelled by artificial intelligence related stocks and highly concentrated by geography and by individual companies in the US.
- 2.2 The strength in equities has reflected higher growth expectations, particularly in the US, where optimism exists for deregulation and tax cuts. This leaves equities vulnerable to any correction because of specific policy measures introduced.

#### **3. Overall External Fund Performance**

- 3.1 This report concentrates on the nine months from April 2024 to December 2024. However, as the Trust is a long-term investor, the report also considers the performance over one, three and five years.
- 3.2 The Trust has four fund managers with total investments under management at the end of December 2024 of £468.9 million. The funds, type of mandate and market values at the end of December 2024 are as follows:

<b>Manager</b>	<b>Mandate</b>	<b>Market Value Dec 2024 (£m)</b>	<b>% of Reserves</b>
Baillie Gifford	Active Equities	222.3	47.4
BlackRock	Passive Equities	118.0	25.2
Schroders	UK Property	77.7	16.6
Insight	Diversified Growth	50.8	10.8
<b>Total</b>		<b>468.9</b>	<b>100.0</b>

- 3.3 The return on the Trust's external investments over the nine-month period was 9.6%.
- 3.4 The Trust's Financial Plan 2020-25 assumes a medium term return of 6.5% per annum. This is the return the Trust seeks over the medium term to meet its planned expenditure and to preserve the value of reserves in real terms.
- 3.5 The Trust also agrees a benchmark return for each fund manager to assess their performance against. Detailed below is the overall returns achieved against the combined benchmark:

Annualised Performance over	Actual Return %	Benchmark Return %	Over/ (Under) Performance %
9 Months	9.6	6.7	2.9
1 Year	17.2	12.9	4.3
3 Years	1.0	5.9	(4.9)
5 Years	10.4	7.9	2.5

- 3.6 The returns achieved over the short term have been above composite benchmark, and over one year the returns have exceeded the Financial Plan target return. Similarly, with a longer-term lens, the Trust's external investments have exceeded the composite benchmark return and have met the Financial Plan target return over a five-year period.

#### 4. Fund Manager Performance Baillie Gifford

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

Annualised Performance over	Actual Return %	Benchmark Return %	Over/(Under) Performance %
9 Months	16.2	9.5	6.7
1 Year	27.9	19.6	8.3
3 Years	0.2	8.2	(8.0)
5 Years	15.5	11.3	4.2

- 4.3 Baillie Gifford returned 16.2% over the nine months to 31 December 2024, compared to the broad market return of 9.5%, which was 6.7% above the benchmark return.
- 4.4 Over the three-year period, Baillie Gifford have returned 0.6%, equivalent to a return of 0.2% per annum. However, over the five-year period Baillie Gifford have returned 105.6%, equivalent to a return of 15.5% per annum.

## 5. Fund Manager Performance BlackRock

- 5.1 The fund with BlackRock is invested passively in equities, and the product invested in is the iShares MSCI World SRI UCITS EFT. This fund focuses on “socially responsible investment” (SRI).
- 5.2 The benchmark for this fund is the MSCI World SRI Select RFF Index. However, this is not currently available to Northern Trust and therefore it has been agreed that they will continue to use the previous benchmark, which is made up of the All Share indices in each region the funds are invested in.
- 5.3 Detailed below is BlackRock’s performance for the last nine months, one-year, three years and five years.

Annualised Performance over	Actual Return %	Benchmark Return %	Over/ (Under) Performance %
9 Months	6.1	4.9	1.2
1 Year	12.7	10.8	1.9
3 Years	5.3	6.1	(0.8)
5 Years	7.8	7.0	0.8

- 5.3 The mandate with BlackRock over the nine months to 31 December 2024 produced a return of 6.1%, which was 1.2% above the benchmark for the period.
- 5.4 Over the last three years, BlackRock have returned 16.8%, equivalent to a return of 5.3% per annum. Over the five-year period, BlackRock have returned 44.2%, equivalent to a return of 7.8% per annum.

## 6. Fund Manager Performance Schroders

- 6.1 Schroders invests in property via a fund of funds approach where they invest in various different property funds to spread investment risk. The Benchmark for Schroders is the IPD UK All Balanced Fund Index.
- 6.2 Detailed below is Schroders’ performance for the last nine months, one-year, three years and five years.

Annualised Performance over	Actual Return %	Benchmark Return %	Over/ (Under) Performance %
9 Months	3.7	4.9	(1.2)
1 Year	4.8	5.4	(0.6)
3 Years	0.6	(2.0)	2.6
5 Years	3.0	2.0	1.0

- 6.3 Over the nine months to 31 December 2024 Schroders have returned 3.7%, which was 1.2% below the property benchmark.

- 6.4 Over the last three years, Schroders have returned 1.8%, equivalent to a return of 0.6% per annum. Over the five-year period, Schroders have returned 15.9%, equivalent to a return of 3.0% per annum.

## 7. Fund Manager Performance Insight

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

Annualised Performance over	Actual Return %	Benchmark Return %	Over/ (Under) Performance %
9 Months	0.8	6.8	(6.0)
1 Year	6.2	9.3	(3.1)
3 Years	0.4	7.8	(7.4)
5 Years	1.5	6.3	(4.8)

- 7.3 Over the nine months to 31 December 2024 Insight have returned 0.8% over the period, which was 6.0% below the benchmark return.
- 7.4 Over the last three years, Insight have returned 1.2%, equivalent to a return of 0.4% per annum. Over the five-year period, Insight have returned 7.7%, equivalent to a return of 1.5% per annum.

## 8. Financial Implications

- 8.1 The long-term investments and their performance are important to the Trust and the achievements of its outcomes and objectives.
- 8.2 The Trust undertook an External Investment Review during 2024 and the recommendations of this review were approved at the Trust meeting held on 12 September 2024 (CT2409024). A new Investment Plan 2025-2030 (CT249025) was also approved on 12 September 2024 which agreed changes to the investment portfolio. These will be implemented during the Strategy period.
- 8.3 The Investment Plan for the Trust is overseen by the Investment Advisory Committee (IAC), who meet regularly and report to the Board of Trustees. It is recognised that the actual investment performance each year will be different to what is expected. The IAC monitor the medium to long term performance against the Trust's objectives.

## 9. Recommendations

- 9.1 Trustees are asked to note this report.

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# REPORT

To: Shetland Charitable Trust

Date: 13 February 2025

From: Chief Executive

Report: CT2502002

## Management Accounts – Nine Months to 31 December 2024

### 1 Introduction

1.1 The purpose of this report is to present Shetland Charitable Trust's (the Trust) Management Accounts for the nine months ended 31 December 2024, for noting. These Management Accounts deal with all income and expenditure of the Trust.

### 2 Management Accounts

2.1 Table 1 below shows the Summary Budget for the Trust for 2024/25 and the results in the nine months to 31 December 2024.

**Table 1: Summary Management Accounts 2024/25**

<b>Item</b>	<b>Annual Budget £m</b>	<b>Actual to Dec 2024 £m</b>
Income	2.5	2.5
Disbursements	(9.0)	(8.9)
Management and Administration	(1.0)	(0.7)
Fund Managers Fees	(1.5)	(1.3)
Gain/(Loss) on Investments	28.0	40.8
<b>Total</b>	<b>19.0</b>	<b>32.4</b>

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

2.3 In the nine months ended 31 December 2024 the Trust made a gain on its investments of £40.8m.

### **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 financial position at the nine months ended 31 December 2024 as shown in the Management Accounts in Appendix A.

Reference: DA5/1

Report No: CT2502002



# Shetland Charitable Trust

## Management Accounts

9 Months Ended 31 December 2024

**Shetland Charitable Trust  
Income and Expenditure  
Period to 31 December 2024**

	9 Month Actual £	9 Month Budget £	Variance £	Annual Budget £
<b>Income</b>				
Managed fund dividends	4,792	0	4,792	0
Managed fund interest	2,187,143	1,500,000 *	687,143	2,000,000
Local equity gift aid	0	0	0	0
Rental income	293,885	375,000	-81,115	500,000
Bank interest	0	0	0	0
Miscellaneous income	14,424	0	14,424	0
	<u>2,500,244</u>	<u>1,875,000</u>	<u>625,244</u>	<u>2,500,000</u>
<b>Expenditure</b>				
Disbursements	-8,938,200	-8,975,000	36,800	-9,000,000
Management and administration	-647,055	-738,750	91,695	-985,000
Fund managers	-1,319,238	-1,122,750	-196,488	-1,497,000
	<u>-10,904,493</u>	<u>-10,836,500</u>	<u>-67,993</u>	<u>-11,482,000</u>
Gain on investments	40,829,412	21,003,750	19,825,662	28,005,000
<b>Surplus/(Deficit)</b>	<u><b>32,425,163</b></u>	<u><b>12,042,250</b></u>	<u><b>20,382,913</b></u>	<u><b>19,023,000</b></u>

\* Managed Fund Interest is not cash funds received by the Trust. It represents income that the fund managers receive (mainly property rental), that for Accounting purposes the Trust is required to show as income. These funds are reinvested by the fund managers.

**Shetland Charitable Trust**  
**Balance Sheet**  
**Period to 31 December 2024**

	Dec-24	
	£	£
Tangible fixed assets		23,000
Investments		<u>480,393,432</u>
		480,416,432
Trade debtors	23	
Prepayments and Accrued income	274,983	
Other debtors	603,986	
Bank	<u>668,834</u>	
	1,547,826	
Trade creditors	33,891	
Accruals and Deferred income	3,843,708	
Other creditors	<u>123</u>	
	3,877,722	
Net current assets		<u>-2,329,896</u>
		478,086,536
Pension liability		<u>-388,000</u>
		<u>477,698,536</u>
Opening reserves		445,273,373
Surplus for period		<u>32,425,163</u>
Closing reserves		<u>477,698,536</u>

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**Shetland Charitable Trust**  
**Rental Income**  
**Period to 31 December 2024**

	9 Month Actual £	9 Month Budget £	Variance £	Annual Budget £
Sullom Voe Site	293,385	374,625	-81,240	499,500
Shetland Golf Course	500	375	125	500
	<u>293,885</u>	<u>375,000</u>	<u>-81,115</u>	<u>500,000</u>

**Shetland Charitable Trust  
Disbursements  
Period to 31 December 2024**

	9 Month Actual £	9 Month Budget £	Variance £	Annual Budget £
<b><u>Main Grant Scheme</u></b>				
Ability Shetland	33,500	33,500	-	33,500
Alzheimer Scotland	23,000	23,000	-	23,000
Clan Cancer Support	20,500	20,500	-	20,500
COPE Limited	242,300	242,300	-	242,300
Dogs Against Drugs	21,500	21,500	-	21,500
Gaada	30,000	30,000	-	30,000
Mind Your Head	63,500	63,500	-	63,500
Moving On	37,700	37,700	-	37,700
NSPCC Scotland	-	4,000	4,000	4,000
OPEN Project	32,900	32,900	-	32,900
Royal Voluntary Service	67,400	67,400	-	67,400
Shetland Amenity Trust	1,261,700	1,261,700	-	1,261,700
Shetland Arts Development Agency	752,400	752,400	-	752,400
Shetland Befriending Scheme - 16+	13,600	13,600	-	13,600
Shetland Befriending Scheme - CYP	56,200	56,200	-	56,200
Shetland Care Attendants Schme	54,300	54,300	-	54,300
Shetland Community Connections	17,700	17,700	-	17,700
Shetland Islands Citizen Advice Bureau	286,000	286,000	-	286,000
Shetland Islands Council Rural Care Model	1,986,200	1,986,200	-	1,986,200
Shetland Link Up	58,000	58,000	-	58,000
Shetland Recreational Trust	3,389,200	3,389,200	-	3,389,200
Shetland Women's Aid	105,100	105,100	-	105,100
The Compass Centre	48,000	48,000	-	48,000
The Swan Trust	29,700	29,700	-	29,700
Voluntary Action Shetland - Core	93,100	93,100	-	93,100
Voluntary Action Shetland - Market House	100,200	100,200	-	100,200
Voluntary Action Shetnad - Carers Service	37,000	37,000	-	37,000
Who Cares? Scotland	35,300	35,300	-	35,300
<b>Sub Total Main Grant Scheme</b>	<b>8,896,000</b>	<b>8,900,000</b>	<b>4,000</b>	<b>8,900,000</b>
<b><u>Small Grant Scheme</u></b>	<b>42,200</b>	<b>75,000</b>	<b>32,800</b>	<b>100,000</b>
<b><u>Capital Grant Scheme</u></b>	-	-	-	-
<b>Surplus Grants Refunded</b>	-	-	-	-
<b>Total</b>	<b>8,938,200</b>	<b>8,975,000</b>	<b>36,800</b>	<b>9,000,000</b>

**Shetland Charitable Trust**  
**Management and Administration Expenditure**  
**Period to 31 December 2024**

	9 Month Actual £	9 Month Budget £	Variance £	Annual Budget £
<b>Staffing Costs</b>				
Basic Pay and Allowances	231,074	301,650	70,576	402,200
Professional Membership Fees	210	375	165	500
Staff recruitment	-	1,125	1,125	1,500
Travel and Subsistence	1,602	3,750	2,148	5,000
Training and Staff Development	1,417	3,900	2,483	5,200
<b>Sub Total Staffing Costs</b>	<b>234,303</b>	<b>310,800</b>	<b>76,497</b>	<b>414,400</b>
<b>Operating Costs</b>				
Insurance	10,165	12,375	2,210	16,500
Administration	6,551	4,725	-1,826	6,300
Supplies and Services	2,651	4,688	2,037	6,250
Bank Charges	68	300	232	400
Professional Fees	56,584	56,250	-334	75,000
External Audit Fees	19,185	19,125	-60	25,500
Financial advice	105,360	75,000	-30,360	100,000
Trustees Expenses	-	750	750	1,000
Meeting expenses	920	1,313	393	1,750
Legal Fees	71,684	56,250	-15,434	75,000
Trustee Recruitment Costs	-	1,125	1,125	1,500
<b>Sub Total Operating Costs</b>	<b>273,167</b>	<b>231,900</b>	<b>-41,267</b>	<b>309,200</b>
<b>Property Costs</b>				
Energy Costs	5,727	5,250	-477	7,000
Water Rates	1,174	1,125	-49	1,500
Building Maintenance	59,500	108,750	49,250	145,000
Cleaning	1,291	1,350	59	1,800
<b>Sub Total Property Costs</b>	<b>67,691</b>	<b>116,475</b>	<b>48,784</b>	<b>155,300</b>
<b>Bad debt write off</b>	-	-	-	-
<b>Bought In Services</b>				
Treasury	15,300	15,300	0	20,400
Payroll	525	525	0	700
Building Maintenance	37,350	37,350	0	49,800
Committee Services	5,625	5,625	0	7,500
Computer Services	5,418	7,500	2,082	10,000
Peninsula	1,675	2,025	350	2,700
Public Relations	6,000	11,250	5,250	15,000
<b>Sub Total Bought In Services</b>	<b>71,893</b>	<b>79,575</b>	<b>7,682</b>	<b>106,100</b>
<b>Total</b>	<b>647,055</b>	<b>738,750</b>	<b>91,695</b>	<b>985,000</b>

**Shetland Charitable Trust**  
**Investment expenses**  
**Period to 31 December 2024**

	9 Month Actual £	9 Month Budget £	Variance £	Annual Budget £
Management Expenses	114,528	- *	-114,528	-
Northern trust fees	36,762	36,750	-12	49,000
Insight investment fees	171,879	161,250	-10,629	215,000
BlackRock	177,056	157,500 *	-19,556	210,000
Schroders fees	128,336	141,750	13,414	189,000
Baillie Gifford fees	690,677	625,500	-65,177	834,000
<b>Total</b>	<b>1,319,238</b>	<b>1,122,750</b>	<b>-196,488</b>	<b>1,497,000</b>

\* Management Expenses and BlackRock Management Fees are not invoiced. It represents expenditure that the fund managers deduct, that for Accounting purposes the Trust is required to show as expenditure.



## REPORT

**To:** Shetland Charitable Trust

**Date:** 13 February 2025

**From:** Chief Executive

**Report:** CT2502003

### Capital Works Bridging Loan Scheme

#### 1. Introduction

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

#### 2. Background

- 2.1 On 18 March 2010, Trustees agreed to provide short term bridging finance to community organisations undertaking capital projects. The interest free loans are used to alleviate cash flow problems when waiting for funding from EU, Scottish Government, SRDP, LEADER, ERDF and/or lottery grants to be received. (Min. Ref. CT15/10)
- 2.2 Funding for capital projects is often only released once work has been completed and invoices paid. This can create insurmountable cash flow burdens for some organisations.
- 2.3 A total of £1 million was set as the maximum available at any one time.
- 2.4 At the Trust meeting on 27 February 2020 it was noted that in future, only the projects relating to the current financial year would be reported on rather than including all the historical information.
- 2.5 At the Trust Meeting on 25 November 2021, Trustees agreed to increase the maximum loan capital available at any one time under the Scheme to £1.5 million (CT2111026).

#### 3. Present Position

- 3.1 As at 1 April 2024, there were eight loans outstanding.
- 3.2 In the period 1 April 2024 to 31 December 2024, four organisations were awarded a new loan.

3.3 In the period 1 April 2024 to 31 December 2024, seven organisations fully repaid their loans

3.4 Some organisations are experiencing delays as a result of difficulty in securing contractors and materials. The Trust is in contact with all organisations to receive updates on repayments.

#### **4. Financial Implications**

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

4.2 As at 31 December 2024, Capital Works Bridging Loans totalling £603,080 are outstanding.

#### **5. Conclusion**

5.1 Two loans brought forward at 1 April 2024 remain active and three loans awarded in the current year are active.

#### **6. Recommendation**

6.1 Trustees are asked to note this report.

Reference: D19

Report Number: CT2502003